



To: Members of the Audit & Governance Committee

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

Wednesday, 8 May 2024 at 2.00 pm

Room 2&3 - 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

29 April 2024

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

Membership

Chair – Councillor Roz Smith
Deputy Chair - Councillor Brad Baines

Councillors

Nigel Champken-Woods
Ted Fenton
Jenny Hannaby

Nick Leverton
Ian Middleton
Glynis Phillips

Richard Webber

Co-optee

Dr Geoff Jones
Vacancy Co-Optee

Notes:

- ***Date of next meeting: 17 July 2024***



AGENDA

- 1. Apologies for Absence and Temporary Appointments**
- 2. Declaration of Interests - see guidance note**
- 3. Minutes (Pages 1 - 14)**

To approve the minutes of the meeting held on 13 March 2024 (**AG3**) and to receive information arising from them.

4. 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. Requests to speak should be sent to committeesdemocraticservices@oxfordshire.gov.uk

If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that 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.

5. Chief Internal Auditor's Annual Report (Pages 15 - 70)

This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2023/24, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.

The basis for the opinion is set out in paragraphs 22 – 35, followed by the overall opinion for 2023/24 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

Recommendation: That the Audit and Governance Committee consider and endorse the Annual Report of the Chief Internal Auditor.

6. Internal Audit Strategy & Plan 2024/25 (Pages 71 - 84)

This report presents the Internal Audit Strategy and Internal Audit Plan for 2024/25. A separate plan for Counter-Fraud activity will be presented to the July 2024 Committee.

Appendix 2 sets out the annual Internal Audit plan for 2024/25.

The key focus of audit activity during the year includes:

- Financial Management
- Contract Management
- Directorate Strategic Risks
- Governance

Recommendation: That the Audit & Governance Committee comment and note the Internal Audit Strategy and Internal Audit Plan for 2024/25.

7. Audit Working Group Update (Pages 85 - 88)

The Audit Working Group (AWG) met on 27 March 2024. The group received and update on the implementation of management actions arising from the audits of Corporate and Statutory Complaints and Physical Security Systems, which were both undertaken during 2023/24.

Recommendation: That the Audit & Governance Committee note the report.

8. 2022/23 Oxfordshire Pension Fund Provisional Audit Results Report (Pages 89 - 134)

In our Provisional Audit Planning Report presented to the 4 January 2024 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan as detailed in Section 02 of this report. There were no changes in scope of the audit.

9. Oxfordshire County Council Provisional Audit Planning Report Year Ending 31 March 2024 (Pages 135 - 188)

10. Review of the AGS - Progress on Actions (To Follow)

11. Audit & Governance Committee Work Programme (Pages 189 - 190)

The Committee to consider the 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.

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Agenda Item 3

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 13 March 2024 commencing at 1.00 pm and finishing at 4.30 pm

Present:

Voting Members:

Councillor Roz Smith – in the Chair
Councillor Brad Baines (Deputy Chair)
Councillor Ted Fenton
Councillor Jenny Hannaby
Councillor Nick Leverton
Councillor Ian Middleton
Councillor Glynis Phillips
Councillor Richard Webber
Dr Geoff Jones

By Invitation:

Officers:

Whole of meeting

Lorna Baxter (Executive Director Resources), Anita Bradley (Director of Law and Governance and Monitoring Officer), Sarah Cox (Chief Internal Auditor), Simon Harper (Head of Governance), Paul Grant (Head of Legal), Shilpa Manek (Senior Democratic Services Officer) and Mohamed Cassimjee (Democratic Services Officer)

Part of meeting

Adrian Balmer (Ernst and Young), Tim Chapple (Treasury Manager), Richard Quayle (Chief Accountant), Declan Brolly (Counter Fraud Team Manager), Chloe Taylor (Head of Economy), Louise Tustian (Head of Insight and Corporate Programmes), Nigel Tipple (LEP Chief Executive) and Stephen Chandler (Executive Director, People and Transformation)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting.

13/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence were received from Councillor Yvonne Constance and Councillor Nigel Champken-Woods was substituting.

14/24 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of Interest received.

15/24 MINUTES

(Agenda No. 3)

The minutes of 13 March 2024 were approved by the Committee as an accurate record.

All actions had been completed or were in the process of being completed.

Further clarity of paragraph 8/24 was requested in response to CIPFA (The Chartered Institute of Public Finance & Accountancy) social standards formulation. The Committee were informed that the policy team had been mandated to draft a policy on social values, as it meant different things to different people.

16/24 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no petitions or requests of public address received.

17/24 TREASURY MANAGEMENT Q3 PERFORMANCE REPORT 2023/24

(Agenda No. 7)

Tim Chapple, Treasury Manager, presented the report and the following was indicated:

- The performance for the three quarters of the year to December 2023 was measured against the budget agreed by the Council in February 2023.
- As of 31 December 2023, Council's outstanding debt totalled £284m and the average rate of interest paid on long-term debt during the year was 4.41%.
- No new external borrowing was arranged during the three quarters of the year, whilst £8m of maturing Public Works Loan Board (PWLB) and £5m of LOBO loans were repaid.
- On the investment side, the average cash balance was £496.422 million with an in-house return of 3.93%, which resulted in a higher-than-expected return of £14.686m.
- On external funds the position has been maintained.
- The return for the nine months was £3.035m, bringing total investment income of £10.05m, giving a net over achievement of £6.916m.
- As of 31 December 2023, the Council's investment portfolio totalled £532.604 million.
- The pooled funds totalled £96.889m and returns exceed expectations.

In response to the Committee Members the following was indicated:

- We couldn't choose to repay the LOBO loans unless the lender exercised the option to increase the interest rate.

- The repayment would be from the cash balances and not external funding.
- At present there were £35million pounds worth of LOBO loans with varying option dates which could be easily absorbed. Maturity dates ranged from 2025-2065.
- The reason that there were two investments with the same start date and counterparty, was because they had different maturity dates.
- Investments with Councils would be repaid even if S114 notices were issued. In terms of the Local Government Act of 2003, in a new authority replaces an all one debts of the old authority are absorbed into a new one.
- Forecast interest rates to start dropping from August 2024 to 3% by June 2026.

The Chair welcomed the positive financial figures presented and the results achieved.

Resolved to:

- Note the Council's Treasury Management activity at the end of the third of 2023/2024 quarter.**

18/24 COUNTER FRAUD UPDATE

(Agenda No. 5)

Sarah Cox, Chief Internal Auditor, presented the report and the following was indicated:

- The team was occupied with a number of sensitive investigations.
- An investigation carried out in 2021, where a supplier overcharged the Council had been successful for the Council.
- While the company had gone into liquidation the Council received an award of £65,000. Although the claim was higher than £100,000 pounds, this was an interim payment. In another case the business school manager had accepted to make repayment.
- Following each investigation, controls are reviewed, and any weaknesses addressed to prevent and minimise future reoccurrence.
- The case of the hacking of the supplier database case highlighted the inherent risks in this area. Fortunately, the controls ensured that the payment was not released and further controls have been implemented to help prevent against future cases. Control reports being issued were not part of the audit follow up process, which was used to report to the Committee, but going through systems update. This would also include the Fraud update which would assist the Committee.
- The new Economic Crime and Transparency Bill would cover local authorities and large organisations and would for the first time hold them liable for the failure to prevent fraud. As we learnt more about this Bill, further updates would be brought back to the Audit & Governance Committee.
- This required that the fraud risk assessment to be in line with best practices.

Action: Once the Fraud Risk Assessment had been updated, add to a future AWG Agenda.

In response to Council members the following was indicated:

- Guidance had been provided in terms of applicable good procedures, and the Council had good internal controls such as the anti-corruption, zero tolerance and conflict of interests' policy. It provided the organisation with the opportunity to ensure all the systems were in place to prevent falling foul of the law.
- The fraud risk register was being reviewed. An assessment had also been done on the Economic Bill and thus far no red flags had been identified.
- The Proactive procurement review was being undertaken.
- Working with Standard Trading Officers was ongoing on investigations.
- When a case went for prosecution, it needed to pass public interest and the evidential test and, in this case of Blue Badge violation, it had passed the test. When it went to the magistrate's court it would be brought to the attention of the Committee.
- The team from the Council accompanied the parking officers to monitor Blue Badge in complaints areas, without any significant cost.

Resolved:

That the Audit and Governance Committee Noted the summary of activity against the Counter Fraud Plan for 2023/24.

19/24 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL

(Agenda No. 6)

Sara Cox, Chief Internal Auditor, presented the report and the following was indicated:

- The report was still at draft stage, but it is important to bring it to the Audit and Governance Committee for approval.

The Chair indicated that it was a broad report and gave a flavour of the work done by the Audit Working Group and the Audit and Governance Committee.

Resolved: that the Audit and Governance Committee reviewed the draft report and agreed to present the report to the Council by the Chair of the Audit & Governance Committee.

20/24 RISK MANAGEMENT UPDATE

(Agenda No. 8)

Louise Tustian, Head of Insight and Corporate Programmes, Stephen Chandler Executive Director, People and Transformation and Lorna Baxter Executive Director of Resources presented the report, and the following was indicated:

- That the team had been going through the necessary training and responsibilities both inhouse and with the councillors.

In response to Members, the following was indicated:

- Referred to page 45 of the report, which provided the Strategic Risk Register overview, this showed the strategic risks and attention was drawn to SR-08 which was the policy and budget risk, for February 2024.
- It was pointed out that the scoring had changed from a previous residual score of 20 to a current residual score of 12.
- On SEND (Special Educational Needs and Disability), the council needed to address concerns raised and at present it could not be said if a point had been reached yet, to show improvements and the DFE was still to determine the progress that has been made.
- The council had made progress, but it was important that it would be validated externally before the risk indicators were changed.
- Regarding the Oxford Core Schemes, there was a positive engagement with the public to explain how the basket of measures had come together to reduce the negative impact on the environment and improve the flow of traffic.
- On point 0.3 (HIF1&HIF2), risks were reduced because of the agreement with Homes of England on a 3 monthly basis on what could be spent.
- Once the planning enquiry was completed in this regard the council would have more clarity.

The Chair agreed that the issue of risk as it related to resilience in the face of Climate Change was an important consideration.

I was agreed that any questions that required comprehensive feedback could be sent to the relevant presenters before the meeting.

Action: To provide a background to the Committee as to the way the risks are managed.

Resolved: That the Committee noted the Risk Management update.

21/24 LEP TRANSITION

(Agenda No. 9)

Lorna Baxter, Executive Director of Resources, Nigel Tipple, CEO Local Enterprise Partnership, Chloe Taylor, Head of Economy, Anita Bradley, Director Law and Governance and Paul Grant, Head of Legal and Deputy Monitoring Officer, presented the report to the Committee.

The following was indicated:

- OxLEP was established in 2011 as a partnership with local authorities, businesses and the education sector. It was part of a linked Council function to look at economic development.
- In 2015 it was incorporated as a not-for-profit company limited by guarantee and the County Council acted as its accountable body in terms of the funding received and how the funds are spent.
- The County Council was always represented on the board in terms of funding oversight.

- In August 2023, government confirmed that from April 2024, the government's sponsorship and funding of LEP's would cease and the functions namely: business representation, strategic economic planning and delivery of government programmes, would be exercised by upper tier local authorities.
- Given the decision to devolve the LEP responsibilities, before the end of March 2024, a revised governance framework was needed that ensured that the County Council, as the accountable body retained ultimate control.
- To ensure orderly transfer of functions a three-phase approach would be used.
- The government had confirmed in December 2023, that they would provide up to £240,000 per local authority area in 2024/25.
- The relationship with the County Council had been exceptional and had also resulted in advancing investment in infrastructure development and borrowing being serviced by business rates.
- The LEP's activities included providing business support through the Growth Hub, providing skills development through work experience and apprenticeship, as well as business development and promoting foreign direct investment and strategic economic planning.
- In facilitating the transition of functions to the County Council a resolution had been passed to change the membership of the company, and the member controlling interest would pass to the County Council on the 1 April 2024.

In response to Members, the following was indicated:

- The transfer of the functions to the Council OxLEP was by law, and since it was a company limited by guarantee rather than by shareholder, the issue was the oversight role that this Committee and the Council would need to play.
- The transfer was treated as an executive function, which was outside the remit of the powers of Council as the decision had been made by Central Government to transfer the functions and the Council must act accordingly.
- The Audit and Governance Committee, had oversight of the governance of the organisation, while Cabinet would have a decision-making function in relation to OxLEP.
- In terms of governance, the County Council would need an appropriate shareholder arrangement as it currently does not have any companies, to ensure accountability.
- The role of members included a mechanism to communicate the member's views to the entity.
- The exact nature of the transfer would differ between local authorities. The proposal was that the County Council controlling interest was created within the existing company structure and for the County to become the sole member of OxLEP Ltd. The company member function would be exercised by Cabinet during the implementation phase.
- A commitment had already been made as part of the development process, to commence a consultation process around reviewing existing documents over the first six months of the transition.
- In terms of the transition the decision was for the board of directors to resign their membership, and on the 1 April for the County Council to become the member corporately, which allowed the County Council to have full control of the activity of the company and the functions.

- The directors remained non-executive directors, as long as the member was satisfied. A business plan and budget would be submitted to Cabinet for approval. A two-year budget had already been agreed.
- The County Council would take over the executive function through the Cabinet.
- Any changes to the constitution would come to the Committee for approval by the full Council as its main governance document and any review of OxLEP would have to form part of changes to the constitution.

Resolved: That the Committee

- Noted the government announcement on the transfer of Local Enterprise Partnership core functions.**
- Noted the approach to LEP transition and proposed change to OxLEP Ltd governance.**
- Noted that there will be further work on the government arrangements during the implementation phase and an update will be brought to committee in approximately six months time.**

22/24 ACCOUNTING POLICIES-STATEMENT OF ACCOUNTS

(Agenda No. 10)

Richard Quayle, Chief Accountant and Lorna Baxter Executive Director of Resources presented the report, and the following was indicated:

- Draft accounts for 2023/24 should be published by end of May 2024 to allow for public consultation.
- It was envisaged that the Statement of Accounts would be signed by the end of June.
- Considering previous years, the County Council was getting closer to the deadline.
- The impact of the 2022/23 accounts not being signed off created challenges to meet the deadline.
- There were no public objections to the accounts which was a positive sign.
- With the audit of 2022/23 not completed, it was not possible to know if there were any audit issues in the 2023/24 account.
- Auditors to clear accounts up to 2022/23 by 30 September 2024.
- Due to the auditors not doing any work on the financial statements for 2022/23 the County Council will receive a "Disclaimed Opinion".
- It could take two years before the County Council would receive a clean opinion due to the audit delays.
- The fee to be chargeable for work done would be determined by the Public Sector Appointments body.
- The present situation created difficulty for the Section 151 Officer in carrying out the required tasks.

The Chair emphasised that the backlog experienced by local councils all over the country was extraordinary.

In response to Members, the following was indicated:

- The accounts for 2023/24 would be audited between July and November 2024.
- In 2021 issues were raised regarding valuation, which meant the risk profile had increased. The risk would not be decreased because no further audit work had been done. The issue was raised with auditors that that the risks level mentioned were no fault of the County Council.
- The delays could impact on credit rating especially if capital needs were to be raised.
- The assumption going forward was that the auditors would look to the 30 September to make an opinion without looking at the 2022/2023 accounts.
- The wording of the actual disclaimer was unclear at this stage.
- A survey was being conducted with other local authorities to determine if the audit firms were being consistent with their approach.
- Public Service Appointments had no power to sanction audit firms for non-delivery.

The Chair raised the concern that in the case of local authorities facing financial difficulties they had no assurance due to the delays.

Resolved: that the Committee

- Endorsed the proposed timetable to produce the draft Statement of Accounts for 2023/24.**
- Noted the consultation for back stop arrangements for the Statement of Accounts for 2022/23.**
- Ratified the accounting policies as approved by the Executive Director of Resources and Section 151 Officer and included an annex to this report.**

23/24 ELECTION FEES AND CHARGES

(Agenda No. 11)

Anita Bradley, Director of Law and Governance and Monitoring Officer and Simon Harper, Head of Governance presented the report, and the following was indicated:

- The Returning Officer, Martin Reeves, was responsible for the conduct of the County Council elections and by-elections.
- The purpose of the scale of expenses was to set out the amounts that could be charged for organising and running council and by- elections. This meant that these were amounts that the City and District Councils would claim back from the County Council.
- The report set out the fees, should there be an election or by-elections in Oxfordshire.
- Election offices and the staff were employed by the Returning Officer and not by the County Council.
- The other Councils within Oxfordshire used the Oxfordshire County Council framework of fees that were set and agreed upon, to set their fees across the County.
- Elections were coming up May 2024 and 2025.

- Department for Levelling Up, Housing and Communities (DLUHC), had proposed pay bands for elections staff in the future. The pay also considered the Oxford Living wage and paying at a sufficient level to attract the appropriate staff.

In response to members of the Council the following was indicated:

- The pay bands had been agreed at a formal level.
- Schools could not be removed from the list for election purposes as the County had a legal right, but it was normally used as a last resort. When schools were used, every effort was made to ensure the school continued to function.
- Significant efforts were made to find alternative sites.
- The District Councils were responsible for finding appropriate venues for elections.

Resolved: that the Committee

Noted the Scale of Election Expenses for the financial year 2024/25, as shown in the Annex to the report, for the election of County Councillors and any other poll associated with the County Council during the year.

24/24 DELIVERING THE FUTURE TOGETHER - GOVERNANCE ARRANGEMENTS

(Agenda No. 12)

Stephen Chandler, Executive Director People and Transformation presented the report to the Committee, and the following was highlighted:

- In 2021, the County Council launched its internal programme for change-Delivering the Future Together (DTFT), this was to help the organisation be the best it could for its people and to manage organisational change.
- The Governance Programme Boards indicated key transformation activities such as agile and accommodation, the People and Culture Strategy and the Special Educational Needs and Disabilities (SEND) Improvement Plan.
- With respect to Portfolio Boards, reference was made to the County Council becoming the employer of Choice (where the People's Strategy would reside) a place shaper of choice and partner of choice (where the SEND Strategy resided).
- Oversight of the Programme Boards and Delivery Boards was with the Senior Leadership Team which reported to Cabinet.
- The relevant Cabinet Member would be responsible to the leader of the Council and through the various Scrutiny Committees.
- The purpose of the report was for the Committee to comment on the governance structure.

Members of the Audit and Governance Committee indicated:

- Consultations In response were regularly held with the Unions, and staff had been engaged on the process of change.

- Major change needed to happen in way that is anticipated and results in a positive experience for Oxford residents and overall efficiency and savings.
- It was important to have a structure to ensure anticipated outcomes were achieved.
- Work was being carried out with technological enhancements through AI and Copilot which would assist to automate many of the envisaged activities.
- Any improvements would require the support of the Committee.
- Projects such as the SEND Improvement Board, would show improvement in the next 18 months and working within a 3-year timeframe.
- In terms of the Culture Strategy that was approved by Cabinet high-level time frames had been created for expected changes.
- The details around delayering had now been worked through, and a figure had already been identified and the consultation process would follow.
- Delivering the future together encompassed all the changes the organisation was undertaking.
- The work that had been done with staff were around supervision appraisals and absence management.
- The Oxford Central Accommodation Strategy is part of the organisation's move to working in a modern building with advanced technology.

Action: The Chair referred to the consultation process and the involvement of the public to be revolutionary and emphasised that such a process be monitored and reported on.

Resolved: That the Audit and Governance Committee Noted the developments in the Delivering the Future Together programme and the governance for transformation activity.

25/24 REVISED WHISTLEBLOWING POLICY

(Agenda No. 13)

Anita Bradley, Director of Law and Governance and Monitoring Officer, Simon Harper, Head of Governance and Paul Grant, Head of Legal presented the report, and the following was indicated:

- The existing Whistleblowing Policy was presented to the Audit and Governance Committee in November 2021 and there was a need to undertake an extensive review of the policy.
- The process of review had resulted in consultations both internally as well with the recognised Union.
- An important factor was to ensure that the policy was user-friendly and understand the processes.
- The new policy provided greater clarity around the six categories set out in the Employment Rights Act 1996.
- The new policy had been drafted to keep complaints within the legal definition of a whistleblowing incident.
- This would ensure that complaints that did not fit the legal definition and follow another council policy, that the monitoring officer was kept informed of the progress the complainant updated.

- References to the previous legal test of good faith was removed to allow for a broader scope in terms of concerns and allegations being made.
- The County Council encouraged the culture of Whistleblowing by creating a conducive environment for people to come forward.

The Chair indicated that Council Members, agency, and temporary workers as well, could use the policy. The new policy also addressed the concerns that the Committee had expressed.

Members of the Committee raised the following points:

- All complaints were examined closely to ensure they are properly assessed.
- The category miscarriage of Justice was from the legislation and related to the cases of malicious prosecution especially in companies and organisations.
- The training would be extended to schools as well to make them familiar with the policy and have a policy that mirrored the policy of the Council.
- In addition to the term “Employee” the word “Complainant” would also be added, which provided the option of using either term in an event of a compliant.

It was resolved that with the understanding to change the form to include the word “Complainant” and the Audit and Governance Committee

- a. Approved the revised Whistleblowing Policy at Annex 1 to this report and provide any comments to the Director of Law & Governance and Monitoring Officer.**
- b. Recommended to Council that the Terms of Reference of the Audit and Governance Committee be amended to include “To monitor whistleblowing arrangements and to approve the Whistleblowing Policy.**

26/24 REVIEW OF MEMBER CODE OF CONDUCT ARRANGEMENTS

(Agenda No. 14)

Anita Bradley, Director of Law and Governance and Monitoring Officer, presented the report to the Committee. The following points were made:

- A detailed review had been undertaken of the “Arrangements” that were created in terms of the Localism Act 2011 and which sets out how a complaint in relation to allegations of breaches of the code of conduct were managed.
- Key changes made to the revised “Arrangements” included identifying the relevant parts of the Members Code of Conduct, changes to the time frames which provide the Monitoring Officer 30 working days to complete the assessment and 30 working days to complete the preparation.
- A more detailed Members’ Hearing Panel replaced the Members’ Advisory Panel. The Panel would also take decisions as to whether there was a breach of the code and to impose sanctions if applicable.

In response to Members, the following was indicated:

- Complaints that were made were assessed against the set criteria.
- The code of conduct provided a high threshold to be observed.
- If the complainant was not satisfied, the matter could be referred to the Ombudsman.
- Electronic e-mail copies of complaints were acceptable.

Resolved: That the Committee

- a. Approved the revised Arrangements for Dealing with Complaints Against Members and to comment upon them.**
- b. Recommended to Full Council that the revised Arrangements for dealing with Complaints Against Members together with annexes 1 to 5 were approved and adopted by the Council.**

27/24 OXFORDSHIRE CODE OF CORPORATE GOVERNANCE

(Agenda No. 15)

Anita Bradley, Director of Law and Governance and Monitoring Officer, presented the report, and the following was indicated:

- The Council's Code of Corporate Governance (the Code) was based on the seven core principles in the 2016 CIPFA & SOLACE: "Delivering Good Governance in Local Government: Framework 2016 Edition.
- The Code showed how Oxfordshire County Council complied with the principles of good governance.

Resolved: That the Committee Approved the Oxfordshire Code of Corporate Governance.

28/24 ERNST AND YOUNG UPDATE

(Agenda No. 16)

Adrian Bulmer, Ernst and Young presented the report, and the following was indicated:

- There were two reports being presented to the Committee, the 2021/2022 Auditors Annual Report and the Auditors Annual Report for Year Ending 31 March 2021
- The 2021/22 Accounts had been signed recently.
- Observations made were that the reports were positive and have no findings.
- In terms of arrangements in place to secure economy, efficiency, and effectiveness in its use of resources; and this was found to be positive.

In response to Members comments, the following was indicated:

- The Auditors were awaiting guidance for the year 2021/22 to issue the certificates.
- Journals were not recognised and this had been raised by external auditors, should they be signed off. This was regarded as low risk.
- For the Audit 2022/23, the backstop date is 30 September 2024 and discussions were taking place with central government to get the audit process back on track.
- The Council had followed the PSAA route for the next 5 years rather than the open market in terms of auditing.
- The audit year would close on the backstop date, and this would prevent delayed audits as was the case in the last few years.

Resolved: that the Committee Noted the two reports and the update.

29/24 MEMBER CODE OF CONDUCT REPORT

(Agenda No. 17)

Anita Bradley, Director Law and Governance & Monitoring Officer presented the report, and the following was indicated:

- The Members' Advisory Panel convened a Panel to consider allegations against the subject Councillor.
- The current "Arrangements" was that the Panel was to advise the Monitoring Officer if the Code has been breached, as the final decision was with the Monitoring Officer.
- The Monitoring Officer's decision was a single breach of the Code of Conduct at the lowest scale of seriousness with the sanction imposed of training.

In response to Member comments, the following was indicated:

- Throughout the process the subject councillor was regretful and understood that outside perceptions could differ from the subject councillor's view.

Resolved: That the Committee noted the decision of the Monitoring Officer regarding a Members' Code of Conduct complaint concerning the subject councillor.

30/24 WORK PROGRAMME
(Agenda No. 18)

The Committee discussed the items on the work programme.

The items for May 2024 were identified as:

- Chief Internal Auditor’s Annual Report (Sarah Cox)
- Internal Audit Strategy 2024/25 (Sarah Cox)
- Risk Management Update (Louise Tustian)
- Ernst & Young update (Maria Grindley/Adrian Balmer)

The items for July were identified as:

- 17 July 2024 Annual Governance Statement 2023/2024

Discussions were held confirming if the Health and Safety Report could be moved to May and to report back.

Resolved: That the Committee noted and commented on the work programme.

..... in the Chair

Date of signing

AUDIT AND GOVERNANCE COMMITTEE

8 MAY 2024

ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR

Report by Chief Internal Auditor

RECOMMENDATION

1. **The Audit and Governance Committee is RECOMMENDED to**

- consider and endorse this annual report.

Executive Summary

2. This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2023/24, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.
3. The basis for the opinion is set out in paragraphs 22 – 35, followed by the overall opinion for 2023/24 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

Background

4. The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The Public Sector Internal Audit Standards 2017 (PSIAS), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor (CIA) to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies and effectiveness of the internal control environment, comprising risk management, control and governance.
5. Oxfordshire County Council's Internal Audit service fully conforms to the PSIAS 2017.
6. The Accounts and Audit Regulations 2015 require the Annual Governance Statement (AGS) to be published at the same time as the Statement of Accounts is submitted for audit and public inspection. In order for the Annual Governance Statement to be informed by the CIA's annual report on the system of internal control, this CIA annual report has been produced for the May Audit and Governance Committee meeting. This is the full and final CIA annual report.

Responsibilities

7. It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.
8. The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working properly (financial and non-financial). It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
 - The Council can establish the extent to which they can rely on the whole system; and,
 - Individual managers can establish how reliable the systems and controls for which they are responsible are.

Internal Control Environment

9. The PSIAS require that the internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
10. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:
 - Achievement of the organisation's strategic objectives;
 - Reliability and integrity of financial and operational information;
 - Effectiveness and efficiency of operations and programmes;
 - Safeguarding of assets; and
 - Compliance with laws, regulations, policies, procedures and contracts.
11. In order to form an opinion on the overall adequacy and effectiveness of the control environment, the internal audit activity is planned to provide coverage of financial controls through review of the key financial systems, and internal controls through a range of operational activity both within Directorates and cross cutting, including a review of risk management and governance arrangements. The Chief Internal Auditor's annual statement on the System of Internal Control is considered by the Corporate Governance Assurance Group when preparing the Council's Annual Governance Statement.

The Audit Methodology

12. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed by the Chief Internal Auditor. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least

every five years. The external assessment was undertaken by CIPFA (Chartered Institute of Public Finance & Accountancy) in November 2023, the results were reported to the January 2024 Audit & Governance Committee meeting. The results of the assessment were very positive, with an overall conclusion that Oxfordshire County Council's Internal Audit Service FULLY CONFORMS to the requirements of the standards. There were no areas of either partial or non-conformance with the standards identified and no recommendations arising.

13. The Monitoring Officer conducted a survey of Senior Management on the effectiveness of Internal Audit in September 2023. The results from this survey were presented to the November 2023 Audit & Governance Committee meeting. The conclusion from the survey was that there was a strong level of satisfaction with the nature and effectiveness of the internal audit service.
14. The Internal Audit Strategy and Annual Plan for 2023/24 was presented to the May 2023 Audit and Governance Committee. The Committee then received quarterly progress reports from the Chief Internal Auditor, including summaries of the audit findings and conclusions.
15. The Internal Audit Plan, which is subject to continuous review, identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. Terms of reference were prepared that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall opinion on the adequacy and effectiveness of the internal control framework.
16. Internal Audit reports provide an overall conclusion on the system of internal control using one of the following ratings:

GREEN	There is a strong system of internal control in place and risks are being effectively managed.
AMBER	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However, some action is required to improve controls.
RED	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.
17. In Appendix 1 to this report there is a list of all completed audits for the year showing the overall conclusion at the time audit report was issued, and the current status of management actions against each audit, (based on information provided by the responsible officers).
18. To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has designated either the Audit Manager or Chief Internal Auditor to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

The Audit Team

19. During 2023/24 the Internal Audit Service was delivered by an in-house team, supported with the specialist area of IT audit. From April 2020 under a joint working arrangement the team also provided the Internal Audit Service to Cherwell District Council, this has continued since the partnership de-coupling and the service is provided to Cherwell District Council under a service level agreement. This arrangement will cease from April 2024, due to the current resourcing difficulties experienced by the internal audit team.
20. Throughout the year the Audit and Governance Committee and the Audit Working Group were kept informed of staffing issues, challenges with recruitment of senior internal auditors and the impact on the delivery of the Plan.
21. It is a requirement to notify the Audit and Governance Committee of any conflicts of interest that may exist in discharging the internal audit activity. There are none to report for 2023/24.

Opinion on System of Internal Control

Basis of the Audit Opinion

22. The 2023/24 revised plan has been completed.
23. The plan is intended to be dynamic and flexible to change. 26 audits were undertaken in the year (30 in 2022/23, 26 in 2021/22). Since the last report of amendments to the plan at the January 2024 Audit and Governance Committee meeting, there has been no further amendments.
24. The completed internal audit activity and the monitoring of audit actions through the action tracker system enable the Chief Internal Auditor to provide an objective assessment of whether systems and controls are working properly. In addition to the completed internal audit work, the Chief Internal Auditor also uses evidence from other audit activity, including counter-fraud activity, and attendance on working groups e.g., Corporate Governance Assurance Group.
25. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance to be placed on our work.
26. A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in Appendix 1.
27. Of the 26 audits undertaken for 2023/24, three were graded as RED. In 2022/23 one audit was graded red, in 2021/22 one audit was graded red, 2020/21 one audit was graded red, in 2019/20, two audits were graded as red. (See also paragraph 36 for trend analysis on individual audit overall conclusions)
28. The overall opinion for each audit, highlighted in Appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive

assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted, in Appendix 1, for each audit. Reports on outstanding actions have been routinely reported to Directorate Leadership Teams, Council Management Team and the Audit Working Group. The Chief Internal Auditor's opinion set out below considers the implementation of management actions.

29. As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Partnership in July 2015, it was agreed that the Southern Internal Audit Partnership (SIAP) would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the partnership, via the Integrated Business Centre (IBC). Due to the onboarding of three additional partners, since 2019/20 the assurance arrangements were amended. The Hampshire Partnership/IBC commissioned Ernest and Young (EY) to undertake a Service Organisation Controls review under International Standard on Assurance Engagements (ISAE 3402). This provides a framework for reporting on the design and compliance with control objectives related to financial reporting. In addition to this Partners can separately take a view on any additional risk-based pieces of assurance work that could be commissioned from SIAP covering any core elements of the control environment.
30. The ISAE 3402 report covering both the design and operating effectiveness of the internal control environment for 2023/24 has not yet been made available to the Executive Director of Resources and the Chief Internal Auditor. The Hampshire Partnership are waiting for EY to complete and report on their work. This report will provide assurance on the operation and effectiveness of internal controls across; Purchase to Pay, Order to Cash, Cash & Bank, HR & Payroll and IT General Controls. It has been confirmed, at draft stage, that there are no substantial risks in relation to the control objectives within these areas. Once the report is received the Audit & Governance Committee will be updated.
31. The anti-fraud and corruption strategy remains current and relevant. In 2023/24 the Audit and Governance Committee and Audit Working Group have been updated on reported instances of potential fraud. Most of these are minor in nature. Work has been undertaken to address the control weaknesses identified in each area identified to reduce the possibility or reoccurrence.
32. Internal Audit continue to manage the National Fraud Initiative data matching exercise which is completed once every two years. Key matches are investigated, and results are reported to the Audit & Governance Committee in the quarterly updates.
33. It should be noted that it is the responsibility of management to operate the system of internal control, not Internal Audit's responsibility. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by Internal Audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit and Governance Committee.

34. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
35. In arriving at our opinion, we have taken into account:
- The results of all audits undertaken as part of the 2023/24 audit plan;
 - The results of follow up action taken in respect of previous audits;
 - Whether or not any priority 1 actions have not been accepted by management - of which there have been none;
(Priority 1 = Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management. Priority 2 = Significant issue that requires prompt action and improvement by the local manager)
 - The effects of any material changes in the Council's objectives or activities.
 - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.
 - Assurance provided by ISAE 3402 report, covering both the design and operating effectiveness of the Hampshire Partnership/IBC internal control environment.
 - Corporate Lead Assurance Statements on the key control processes, that are co-ordinated by the Corporate Governance Assurance Group (of which the Chief Internal Auditor is a member of the group), in preparation of the Annual Governance Statement.

Chief Internal Auditors Annual Opinion

In my opinion, for the 12 months ended 31 March 2024, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

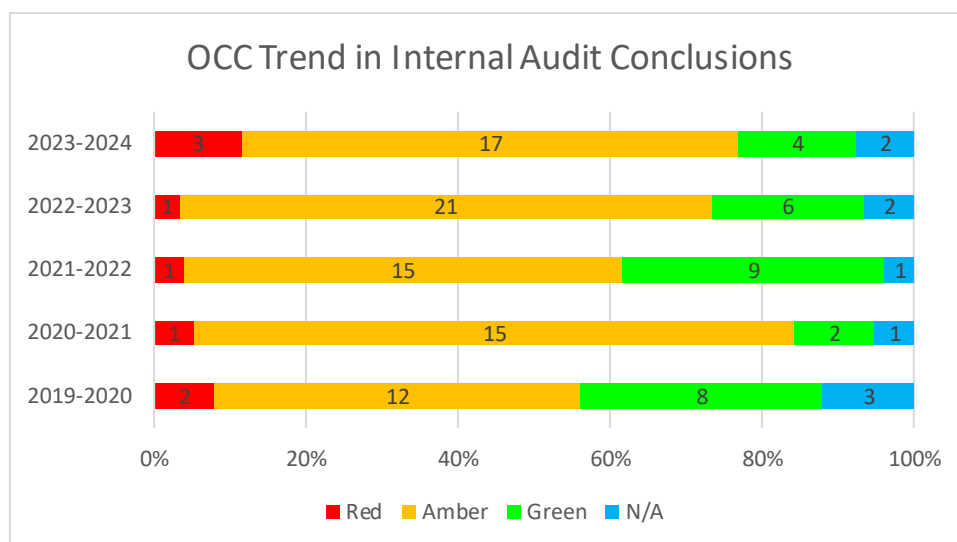
Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective action and timescale for improvement.

This opinion will feed into the Annual Governance Statement which will be published alongside the Annual Statement of Accounts.

Oxfordshire County Council's Internal Audit service conforms to the Public Sector Internal Audit Standards (2017)

See appendix 2 for definitions of overall assurance opinion.

36. The following table shows the percentage trend in individual audit conclusions.



Audits completed since last report to Audit and Governance Committee

37. The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit and Governance Committee. The summaries of the audits completed since the last report (January 2024) are attached as Appendix 3.

- S106 IT System 23/24
- IT Incident Management 23/24
- Adults Payments to Providers 23/24
- Property Health and Safety 23/24
- Pensions Administration 23/24
- Proactive Review of Purchasing Cards 23/24
- Local Transport and Connectivity Plan 23/24
- Feeder System Controls 23/24
- Innovation Hub Governance and Project Management Review 23/24
- Adults Income and Debt Recovery 23/24
- Legal Case Management 23/24
- Childrens Change Programme 23/24
- Primary School Audit 1 23/24
- Risk Management - Directorate/Service Level 23/24
- Health Funded Payments 23/24
- Proactive Review of Expenses 23/24
- Adults Safeguarding 23/24
- Supported Transport 23/24

38. Since the last report to the January 2024 Audit & Governance Committee the following grant certifications have been completed:

- 5G Innovation Regions Programme.

Internal Audit Performance

39. The following table shows the performance targets agreed by the Audit and Governance Committee and the actual 2023/24 performance.
40. Despite the staffing issues, including managing two vacancies throughout 2023/24 and the Principal Auditor being on maternity leave during quarter 4, performance has not declined in achieving the target date for the exit meeting for each audit assignment. This continues to be an area of focus for improvement. Performance for the issue of draft and final reports is good.
41. We are pleased to report the continued improvement with the implementation of management actions by the organisation, with the majority implemented or not yet due (86%)
42. Our customer satisfaction questionnaires continue to provide positive feedback.

Measure	Target	Actual Performance 2023/24 – as at 11/04/2023
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	67% of the audits met this target. 2022/23 67% 2021/22 59% 2020/21 50%
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	96% of the audits met this target. 2022/23 93% 2021/22 86% 2020/21 85%
Elapsed time between receipt of management response to the draft report and the issue of the final report	15 Days	100% of the audits met this target. (Previously measured issue of draft report to the issue of the final report) 2022/23 100% 2021/22 66% 2020/21 80%
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2023.	100% of the plan was completed by the end of April 2023 (including grant certification work). 2022/23 83% 2021/22 87% 2020/21 74%
% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	As at April 2024: 518 actions being monitored on the system. <ul style="list-style-type: none"> • 68.7% implemented • 18% not yet due • 7.5% partially implemented • 5.8% overdue
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 1 - Good 2 – Satisfactory 3 – Unsatisfactory in some areas 4 – Poor	Average score was 1 2022/23 1.2 2021/22 1.1 2020/21 1.06
Directors satisfaction with internal audit work	Satisfactory or above	Review of effectiveness of internal audit completed by Monitoring Officer in September 2023 and reported to the Audit & Governance Committee in November 2023 – Satisfactory

Financial Implications

43. There are no direct financial implications arising from this report.
Comments checked by: Lorna Baxter, Executive Director of Resources
lorna.baxter@oxfordshire.gov.uk

Legal Implications

44. There are no direct legal implications arising from this report.
Comments checked by: Paul Grant, Head of Legal
paul.grant@oxfordshire.gov.uk

Staff Implications

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

Equality & Inclusion Implications

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

Sustainability Implications

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

Risk Management

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

Sarah Cox, Chief Internal Auditor, May 2024.

Annex: Annex 1: Overall conclusion and management action
 implementation status of 2023/24 audits
 Annex 2: Annual assurance opinion definitions
 Annex 3: Executive Summaries of Audits finalised since
 last report to Audit and Governance Committee.

Background papers: None.

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

APPENDIX 1 - Overall conclusion and management action implementation status of 2023/24 audits

Audit	Status	Conclusion	No of Mgmt Actions Agreed	Reported implementation status as at 15/04/2024
Cross Cutting				
Transformation - Programmes & major projects.	Deferred to 24/25 plan	-	-	-
Business Continuity	Final Report	Amber	19	9 implemented, 2 being implemented, 8 overdue.
Strategic Contract Management	Deferred to 24/25 plan	-	-	-
Risk Management – directorate / service level	Final Report	Amber	9	1 implemented, 8 not due for implementation.
Joint Internal Audit & Counter Fraud proactive review – Procurement Cards	Final Report	Amber	21	1 implemented, 20 not due for implementation.
Joint Internal Audit & Counter Fraud proactive review - Expenses	Final Report	Amber	14	14 not due for implementation
Childrens				
Placements – Contract Management / Quality Assurance	Final Report	Amber	17	10 implemented, 4 superseded, 3 not due for implementation.
Transformation Programme – including Financial Management	Final Management Letter – position statement	n/a	-	-
Supported Families	Continuous programme of claim verification throughout year – 4 completed	n/a	-	-
Independent Reviewing Officers	Deferred to 24/25 plan	-	-	-
Primary school 1 – Audit	Final Report	Amber	24	3 implemented, 21 not due for implementation.

Adults				
Payments to Providers	Final Report	Amber	9	4 implemented, 3 not due for implementation, 1 being implemented, 1 overdue.
Health Funded Payments	Final Report	Amber	8	8 not due for implementation
Safeguarding	Final Report	Amber	5	5 not due for implementation.
Income and Debt Recovery	Final Report	Amber	7	1 implemented, 6 not due for implementation
Customer Services				
Corporate & Statutory Complaints	Final Report	Amber	13	6 implemented, 1 superseded, 6 not due for implementation
Property				
Property Health & Safety	Final Report	Amber	30	12 implemented, 11 not due for implementation, 3 implemented, 4 overdue.
Property Strategy Implementation	Deferred to 24/25 plan	-	-	-
Physical Security Systems	Final Report	Red	14	12 implemented, 1 not due for implementation, 1 overdue
Finance				
Pensions Administration	Final Report	Green	3	3 not due for implementation
Pensions Administration – IT Application Audit	Final Report	Amber	6	4 implemented, 1 superseded, 1 being implemented.
Feeder System Controls	Final Report	Green	4	4 not due for implementation

IT				
IT Incident Management	Final Report	Amber	7	5 implemented, 2 overdue
Cyber – Incident Preparedness and Response	Final Report	Green	2	1 not due for implementation, 1 being implemented.
I-Hub Governance and Project Management	Final Report	Amber	9	8 not due for implementation, 1 being implemented.
Legal				
Case Management	Final Report	Red	11	11 not due for implementation.
Public Health				
Pandemic Preparedness	Covered under audit of Business Continuity	-	-	-
Environment & Place				
Supported Transport	Final Report	Red	15	1 implemented, 14 not due for implementation.
Parking Contract – Contract Management	Final Report	Green	0	-
Local Transport Connectivity Plan	Final Report	Amber	9	8 not due for implementation, 1 being implemented.
S106 – New IT System	Final Report	Amber	6	1 implemented, 5 not due for implementation

Grant Certification work completed during 2023/24:

- Business in Rural Oxfordshire Airband
- Business in Rural Oxfordshire BT
- Better Broadband for Oxfordshire
- Top-up Vouchers
- Gigahubs
- Local Authority Bus Subsidy (Revenue) Grant
- Disabled Facilities Grant
- Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance Blocks)
- Local Transport Capital Block Funding (Pothole Fund)
- Homes Upgrade Grant, Phase 1
- 5G Innovation Regions Programme

APPENDIX 2

Overall annual opinion – definitions based upon framework recommended by Institute of Internal Auditors.

Substantial

There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.

- no individual audit engagement graded as “red” or significant “amber”.
- occasional medium risk rated weaknesses identified in individual audit engagements although mainly only low/efficiency weaknesses.
- internal audit has confidence in managements attitude to resolving identified issues.

Satisfactory

The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.

- medium risk rated weaknesses identified in individual audit engagements.
- isolated high risk rated weaknesses identified for isolated issues.
- no critical risk rated weaknesses were identified.
- internal audit is broadly satisfied with management’s approach to resolving identified issues.

Limited

The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.

- significant number of medium and/or critical risk rated weaknesses identified in individual audit engagements.
- isolated critical and/or high risk rated weaknesses identified that are not systemic.
- internal audit has concerns about managements approach to resolving identified issues.

No Assurance

A control framework is not in place to mitigate key risks. The organisation is exposed to abuse, significant error or loss and/or misappropriation. Objectives are unlikely to be met.

- serious systemic control weaknesses identified through aggregation of individual audit engagements.
- significant number of critical and/or high risk rated weaknesses identified for isolated issues.
- internal audit has serious concerns about managements approach to resolving identified issues.

APPENDIX 3

Summary of Completed 2023/24 Audits since last reported to the Audit and Governance Committee - January 2024.

S106 IT System 23/24

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 6	Priority 1 = 0 Priority 2 = 6
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	5

Following the implementation of the new IT system, DEF, to record information across planning operations, this audit was included in the 2023/24 Internal Audit plan to provide assurance over the effectiveness of the system, specifically in the management, oversight, and reporting of S106 contributions.

During the course of this audit, a large piece of work has been underway by the service reviewing all S106 contributions secured, held, and allocated, in order to identify opportunities to release monies to address in-year pressures where it is appropriate and legitimate to do so. More detailed work on governance and spend plans for service areas is scheduled for late 2023/24, including an end-to-end process review. This will cover current S106 workflows, operability of processes, visibility of data and mechanisms for sharing information, which will address a number of previously identified weaknesses, and further weaknesses noted within the report.

While it is acknowledged the new system has led to improved oversight and reporting capabilities, and a review of S106 is currently being carried out within the service, it is noted a number of actions from the previous audit remain outstanding and overdue, with progress tied into the ongoing review work. The 2020/21 Internal Audit of S106 Spend contained six management actions, five of which are yet to be implemented. These cover project closedowns and how the Planning Obligations Team are promptly informed where funds have been spent (thereby enabling accurate reporting of funding held and available for allocation to projects); how funds held by District Councils on behalf of the County Council are secured and transferred in a consistent and timely manner; how longstop dates are recorded and monitored to ensure held monies are appropriately prioritised to maximise utilisation of S106 funding and how and what performance monitoring should be undertaken in relation to S106 expenditure.

In terms of the accuracy and integrity of data held within the system, sample testing identified delays in the recording of received payments, a process that is still manual as there is currently no interface between DEF and SAP. Examples were also noted

in which information was omitted when new agreements were added to the system, as well as an inconsistent approach in how longstop dates are recorded.

In terms of reporting from the system, the audit noted the development of a series of dashboards, run through PowerBI (using data from DEF). It was reported these are mainly used for locality reporting, and as such, are focused on the project side, showing each created project and agreements / funding related to that project.

Reporting in other areas is still under development, including the monitoring of longstops. While projects and associated longstops are now included within the PowerBI reports, further work is ongoing to enable alerts within the system. The end-to-end review of S106 processes will then consider how to ensure prioritisation of spend in relation to longstop dates. Another area of reporting in progress is around unallocated funding. For all agreements entered into, corresponding projects should be created / linked within DEF to record what the secured funding will be spent on, improving oversight of allocations. The creation of this report will allow identification of any secured funding that has not been allocated to a project.

Further areas for development in terms of reporting noted as part of the audit include how supplemental or conditional contributions are recorded on the system. Some agreements reviewed contained requirements for additional contributions dependent on a particular event happening and were therefore found to not fall into regular reporting on secured contributions. The management and spending of late payment interest also needs to be determined. This is an area that has been subject to recent discussion across the Council, with approximately £800k held but no clear governance process as to how this should be monitored or spent.

IT Incident Management 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Service Desk Function	A	0	1
Incident Logging & Tracking	A	0	1
Incident Management & Escalation	A	0	3
Management Reporting	A	0	1
Access Rights	A	0	1
		0	7

Opinion: Amber	
Total: 7	Priority 1 = 0 Priority 2 = 7
Current Status:	
Implemented	5
Due not yet actioned	2
Partially complete	0
Not yet Due	0

All day-to-day IT incidents are reported to IT, Innovation and Digital (ITID) where they are logged and triaged by the customer support team. Incidents that cannot be resolved by the team are escalated to other support teams within the service for resolution. A review of the systems of control for logging and managing incidents has identified a number of improvement opportunities. The two key ones are ensuring all incidents are prioritised in accordance with defined standards and, secondly, introducing more formal monitoring of all open tickets to ensure they are resolved within agreed service levels.

Service Desk Function:

There is a formal and structured service desk function within ITID and details of how it can be contacted are available on the Intranet. Following some staffing changes, there are plans to review the resources required by the service desk team in the new year. IT incident management processes are documented but we found they have not been subject to any recent review and are thus out-of-date.

Incident Logging & Tracking:

All IT incidents are logged on a dedicated service desk system. A review of the incident logging process confirmed that all relevant details are captured, including customer contact details, a brief description and category of incident. As customers enter details of their incident, relevant self-help articles are made available. Incidents should be prioritised as urgent, high, medium or low but we found that this is not done and all incidents are left at the default low priority. This can lead to priority incidents not being clearly identified and resourced over other incidents. Service levels are defined against the different priority levels but are not meaningful as the incidents are not correctly prioritised.

Incident Management & Escalation:

Incidents that cannot be fixed at first contact by the service desk are escalated to one of the support teams for review and resolution. Each support team has their own queue on the service desk system and are responsible for managing tickets that are escalated to them. Each support queue should have a nominated owner but details of these and their responsibilities are not formally documented. There are a significant number of old incidents on the service desk that are still open and have not been recently updated. The management and monitoring of these incidents should be improved to ensure they are closed on a timely basis.

All incidents with a common underlying root cause are logged against a single master ticket for problem management and are reviewed at a weekly problem management meeting. There is a knowledge base on the service desk system and all resolved incidents are confirmed with customers before they are closed.

Management Reporting:

A weekly highlight report is produced showing the number of tickets opened and closed in the past week and includes details on open tickets. This is shared with the Director of Digital and IT and the Head of IT. A similar report but with a trend analysis over a four month period has recently been developed for the Director of Digital and IT. Whilst these reports are useful for seeing activity levels, other indicators would prove more insightful for reviewing the performance of the service desk.

Customers have an opportunity to complete a survey when their tickets are resolved and any with negative feedback are followed up.

Access Rights:

Access within the service desk system is provided through roles. We have identified exceptions with two roles; one is the admin role that is granted to a user who does not require this level of access and the other is a supervisor role which is granted to users outside the customer support team and gives them the ability to delete tickets. Access to both roles should be reviewed.

Adults Payments to Providers 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	A	0	1
Payment Accuracy and Timeliness	A	2	6
Budget Monitoring	G	0	0
		2	7

Opinion: Amber	
Total: 9	Priority 1 = 2 Priority 2 = 7
Current Status:	
Implemented	4
Due not yet actioned	1
Partially complete	1
Not yet Due	3

Payments to providers of Adult Social Care totalled £333M during 2022/23, and for 2023-24 approximately £305.4M has been paid up to and including January 2024. This is an average of £30.5M per month, of which approximately £23M is residential and approximately £3M is home support.

The approach to the delivery of home support, reablement and extra care changed in October 2021 with the introduction of the Live Well At Home model. This model includes the development of supply of both home support and reablement with key delivery partners through the agreement of Guaranteed Minimum Volumes (GMVs) which effectively work as a block contract arrangement where these key partners are paid to provide care but are also supported, through the GMVs to build the market to ensure that going forward they are able to meet the demand for this type of care from the Council. As part of the new arrangements, recording and monitoring of home support provision has moved away from using the ETMS (Electronic Time Management System), with providers either being paid through GMV payments or on the basis of data uploaded via a Provider Portal.

The audit noted that a review was completed of implementation of the model for the first year's activity which resulted in reductions in the agreed GMV's for both reablement and home support.

Internal Audit analysis of accuracy and timeliness of payments found payment processes to be working well with a significant volume of transactions being processed in relation to both residential and non-residential care. However, areas of weakness were identified in relation to the accuracy of provider portal uploads made by providers and in relation to the oversight of Guaranteed Minimum Volumes for reablement as detailed below.

Governance

Roles and responsibilities within the Payments Systems Data team are reflected in job descriptions which include assurance and control processes and segregation of duties. Documented policies and procedures for the Payments Systems Data team are comprehensive and appear to be up to date. There is also detailed guidance available to providers on using the provider portal.

Management information regarding the timeliness, accuracy and completeness of payments is captured, monitored and reported on regularly, this includes reporting on overpayments, closing CPL's (Care Package Line Item) and issues with the provider portal. Review of meeting notes at various levels showed that there is meaningful discussion of performance information, and that the information is used to drive improvements in performance and in quality of data.

Arrangements for the Quality Improvement Team to monitor Home Support provider performance to identify consistent under or over delivery are not yet in place. A process has been designed but has not yet been implemented. There was a management action to address this in the previous audit report which has not been fully implemented.

Payments

It is positive to note that testing on potentially incompatible CPL's carried out by Internal Audit reviewing 11,000 CPL's from the first 6 months of the 2023/24 financial year (covering both residential and non-residential payments), identified a very small proportion of incompatible CPLs (0.2%) and only two of these have resulted in the identification of an overpayment (one of approximately £10,000 and the other approximately £500).

There is no periodic checking to identify instances where there is multiple but incompatible CPL's in relation to individual clients, which has been highlighted during previous audits. There would be value in repeating the analysis undertaken by Internal Audit on a periodic basis to provide ongoing assurance regarding the appropriateness and accuracy of payments.

Residential Care Payments

Sample testing on the set up and approval of care packages for residential care identified two packages which had not been approved in accordance with the Scheme of Financial Delegation specified on LAS (one had been approved by a Team Manager when it should have been approved by a Service Manager and the other had been approved by a Service Manager when it should have been approved by a Deputy Director). Controls in place to challenge non-compliance with delegated approval levels could not be evidenced to have been operating effectively.

A small sample of scheduled payments were tested and were found to be being paid accurately and on time. The process for recovering overpayments made on residential care packages was reviewed and found to be operating satisfactorily.

Non-Residential Care Payments (Home Support)

Sample testing on the set up and approval of care packages for non-residential care was satisfactory.

Some home support payments are paid via invoice, walkthrough testing confirmed that there are satisfactory controls in place to prevent duplicate invoices being processed and that there is a process for checking validity of invoices within defined tolerances. It was also noted that the payments team regularly meet the target of paying 95% of invoices within 30 days.

Audit testing found that whilst there was a significant volume of unmatched visits (for example 463 for August 2023) being identified and resolved each month by the Payments Systems Data Team, the process for review and resolution of these was found to be robust. There are continuing efforts by the team to liaise with providers to address any ongoing accuracy issues identified. They have also reported that refresher training is provided where appropriate and where there are ongoing problems, there is a process in place to involve the QI (Quality Improvement) team and work collectively to ensure performance improves.

It was noted that, until October 2023, there was no checking or validation of the duration of home support visits paid on the basis of visit times uploaded by Providers via the Provider Portal. The Payments Systems Data Team reviewed portal data in October 2023 and confirmed to Internal Audit that they had identified a number of significant errors. Internal Audit completed analysis on portal data prior to October 2023 focussing on data submitted between April and September 2023 for 12 providers (out of 146). Our analysis identified 1 significant overpayment made as a result of visit start and end times being transposed incorrectly (resulting in 23.5 hour visits being submitted for payment which should have been 0.5 hour visits) and 5 of 12 providers entering visit data for visits after the care package had ended which included one provider who had submitted 29 visits after the client had gone into residential care. Other issues which question the credibility of the data submitted via the portal were

also noted, including submission of identical planned and delivered times for care and providers reporting no cancelled or undeliverable visits (typically providers report numerous changes in planned activities due to cancelled or undeliverable visits). The exceptions identified by Internal Audit are being investigated and corrected by the Payment Systems Data team, however at present there is no clear and systematic process for ongoing validation of data received via the Provider Portal or over how this process can be resourced.

Reablement Payments

Reablement is short-term specialist support to help a patient at home regain independence. The majority of reablement payments are paid on the basis of Guaranteed Minimum Volumes (GMVs) whereby we commit to paying a group of nine specialist providers for a minimum number of episodes in a fixed period. The GMVs are in place to try help key providers develop their provision so that they are able to maintain enough capacity to meet demand. If these providers deliver more episodes than the GMV, they get paid accordingly for each additional episode.

There are no robust controls in place to monitor the volume of reablement episodes being delivered under the "Guaranteed Minimum Volume" (GMV) agreed with the 9 strategic partners. The processes and responsibilities for commissioning, deploying, and paying for the reablement payments are carried out in isolation from each other and none of those processes currently includes a robust reconciliation or review of reablement activity versus payments.

Internal Audit testing looked at activity over a six-month period for 6 of the 9 strategic partners, we identified that 3/6 providers are delivering significantly fewer reablement episodes than they are being paid for. This has been discussed with senior management within Commissioning for further investigation. Whilst it is acknowledged that GMV payments are not intended to be matched to a specific number of reablement episodes provided, as the expectation is that the GMV allows the provider to build the market to be able to meet future demand, it is still important that there is some assurance over the appropriateness of GMV levels and the value for money the arrangement provides for the Council.

Budget Monitoring

The audit reviewed budget forecasting and monitoring arrangements and noted that these were working effectively. It is noted that the activity is demand led and statutory. The forecasting process comprises commitments from current placements and extrapolating them to the end of the financial year, this data is refined by both management accountants and commissioning working together to ensure that forecasts are as accurate as possible.

Property Health and Safety 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance, Roles & Responsibilities	A	1	6
Property Health and Safety Compliance	R	0	19
Management Information	A	1	3
		2	28

Opinion: Amber	
Total: 30	Priority 1 = 2 Priority 2 = 28
Current Status:	
Implemented	12
Due not yet actioned	3
Partially complete	4
Not yet Due	11

The safety of Council owned buildings and those used by Council staff to deliver services to the public is the responsibility of a number of different Council teams. Health & Safety assurance on statutory compliance is overseen by the Corporate Health & Safety Team, the Health, Safety & Compliance Team within Property and Facilities Management (FM), the Schools Health & Safety Team and the Fire & Rescue Health & Safety Team. There are also various other teams including Hard FM, Estates and the FM Helpdesk who play a key role in the management of the Council's estate.

Over the last 18 months, there have been a number of changes to staffing, team structures and processes across areas of Property and FM which impact on the way in which building safety is managed, including within the Health, Safety & Compliance Team responsible for providing assurance, and Hard FM and the Helpdesk responsible for coordination and management of statutory compliance checking processes and associated works. In addition to staffing changes, processes across these teams have been reviewed and updated and a new IT system (Concerto) for the tracking and management of checks and works was also introduced in February 2023.

These changes are enabling improvements to processes; however the audit has identified a number of examples where property assurance is not joined up and where there is the potential for duplication and gaps in coverage. The examples identified are expanded on below.

Governance, Roles & Responsibilities

It is positive to note that dedicated resource has been brought in to focus on being able to provide assurance across the Council in relation to statutory compliance and building safety. However, there are examples where the different health & safety assurance functions and the teams involved in ensuring the safety of Council buildings are not working in a coordinated and joined up way. Examples of this include the duplication of activity between the Corporate Health & Safety team and the Health, Safety & Compliance Team and a number of examples where information isn't being effectively and systematically shared (between the different health & safety assurance functions, between Estates and Hard FM and within Hard FM), increasing the likelihood of inefficiencies and silo working, duplication of effort and / or gaps in either assurance or service delivery.

The need to work more collaboratively between the health and safety assurance functions, specifically the Corporate Health & Safety function and the Health, Safety & Compliance function within Property is acknowledged by both teams. Away days have taken place to progress this, however the outputs from these away days have yet to achieve any significant progress. Both teams still complete site visits which duplicate coverage in some areas, information is not being shared effectively and systematically and assurance reporting is very separate.

It is noted that there is a lack of clarity / understanding of the role of the Health, Safety & Compliance Team in providing assurance on building safety and statutory compliance and where this fits with the corporate health & safety function. This distinction is not currently covered within the Health and Safety Part 2 policy. Differences of opinion were also noted in relation to the role that the Health, Safety & Compliance Team should have in providing assurance over properties that the Council use under a contractual arrangement or lease.

There is also a lack of documented team guidance for Health, Safety & Compliance Team specific activities, for example carrying out audit visits and inspections, follow up and escalation processes and performance reporting.

Property Health & Safety Compliance

Over the last year, the responsibilities of Responsible Premises Managers (RPMs) and the way in which they complete and document their checks in relation to building safety have been reviewed and improved. An RPM SharePoint site and virtual logbook have been developed and implemented which will enable real time information and assurance to be available for this activity. Work is ongoing to ensure that all RPMs are aware of what they are required to do and how to use the online system and in being able to ensure any gaps in reporting can be promptly identified and addressed.

For leased properties, work has been undertaken between Hard FM and the Estates team to identify and document the statutory compliance responsibilities and required activities on the new IT system (Concerto). Whilst this is a positive development, audit testing noted that improvements could be made to the way in which information on the statutory compliance requirements and responsibilities is shared. Improved recording on the IT system (Concerto) which would ensure that Hard FM are able to access the required information from the system without having to liaise with a member of the

Estates team would be more efficient and make better use of resources across both teams.

It was also noted that for properties including leased properties that the Council has use of but doesn't own, there is a lack of a clear and systematic process for ensuring that we get positive assurance from landlords where we are not the party responsible for statutory compliance checks, that buildings used by our staff and customers are safe. There is evidence of both the corporate health & safety function and the Health, Safety and Compliance team undertaking reactive reviews and following up where concerns are raised, however this is not always clearly communicated between the teams and there is a lack of clarity over where responsibility for this type of activity should sit. It is understood that there have been some preliminary discussions around this recently with the Director of Property Services who is keen to ensure that there is appropriate and clear oversight.

Assurance activity over statutory compliance and building safety for properties the Council has responsibility for is now concentrated within the Health, Safety & Compliance Team, however it was noted that there is some overlap and duplication between site visits completed by this team and those completed by the Corporate Health & Safety team. Both teams use the same system (Safety Culture) for recording the outcomes from their visits, however it is not used in the same way. Although there have been discussions about the need to work more collaboratively there is a lack of agreement in how this can be achieved. There is therefore currently a risk of duplication of effort, gaps in coverage and inefficient use of available staff resources.

The majority of the assurance activity undertaken by the Health, Safety and Compliance team during the current financial year has been focussed on the review and completion of Fire Risk Assessments (FRA). It is noted that a decision was taken to remove existing information from the system (Concerto) used to monitor required checks and completed works, which means that only the Health, Safety & Compliance team have access to historic fire risk assessment information and that currently, this part of statutory compliance information is not available with the rest of the site information or to other teams involved in coordination and management of checks and works. Regular meetings are held between Health, Safety & Compliance and a member of the Helpdesk where any works required in relation to FRA are arranged on the system (Concerto). However, there is no link between the two teams records to be able to provide oversight and assurance that works required have been completed.

Whilst Hard FM have their own processes for the monitoring and follow up on delayed / overdue works, the Health, Safety & Compliance team do not have any involvement in or visibility of this. Whilst no evidence has been identified to suggest that works required are not being arranged and carried out, there is a lack of joined up assurance in relation to this due to the way in which information on FRA is currently being maintained. It is understood that it is now planned that FRA information will be added back on to the main system (Concerto).

Also in relation to fire risk, there is an ongoing project to complete Fire Line Compartmentation Surveys across approximately 90 council properties. These detailed surveys, carried out by an external contractor commissioned by the Head of FM, and completion of any required associated works, should result in a comprehensive and up to date FRA for each site reviewed. However, it is noted that

there have been delays in obtaining information from the contractor in relation to works completed and an example was noted by Internal Audit where a survey appears to have been completed on a site where we do not have responsibility for the FRA. This project was being managed by an external resource, but this has recently been passed over to the Operations Manager Health, Safety & Compliance. Work is ongoing to review progress across the project to date, to obtain and assess the information and reporting on all the works completed so far and manage the completion of the remaining aspects of this work to enable the survey process to be concluded and updated FRA to be put in place. It was also agreed that the review of progress and activity on the project should include review of the properties being surveyed to ensure that there are no further examples where the Council is funding surveys where we do not have statutory responsibility for the FRA.

Whilst sample testing on statutory compliance checks managed and overseen by Hard FM noted that the majority of checks expected for the sample of properties reviewed had been completed, there were examples where checks are overdue or were delayed as well as where required checks and information on checks were missing from the system. This included examples in relation to remedial works linked to statutory compliance checks. Despite this, it is apparent that there is close monitoring and management of open works including statutory compliance checks and remedials by the Operational Manager Hard FM, his team and the Helpdesk with weekly meetings being held to review and follow up on late and delayed checks and works and to discuss, identify and progress areas where issues are identified with contractor performance. However, the Health, Safety & Compliance Team do not review information on open / outstanding jobs and are not involved in any monitoring activity or oversight in this area. It is acknowledged that the team has limited resources, but without oversight over where works are not completed or are delayed, part of the picture over the assurance the team is able to give in relation to statutory building compliance is missing.

A further project which has been completed this year is the commissioning of a programme of condition surveys across the Council's maintained schools. It is understood that the final reports were due to be received from the contractor by the Head of FM during the summer and that a feedback session was to be delivered to schools on the results of the surveys and how these should be interpreted. There are also plans to offer a repairs and maintenance package which these schools could buy into in order to action remedial works identified as required. This work is still in progress. Neither the Hard FM team or Health, Safety & Compliance were aware of the outcomes from these surveys. It is also unclear how this work is currently able to feed into the Schools Health & Safety Teams monitoring visits as the results of the surveys have not yet been shared.

Management Information

It is recognised that there is work underway to review and improve the management information and performance reporting produced and circulated in relation to statutory compliance and building safety from team level upwards.

Audit testing noted that reporting produced by the Health, Safety & Compliance team to date has been overly complex and detailed with it being difficult to interpret in terms of the safety of Council buildings and whether statutory compliance requirements are

being met. Reporting titled as statutory compliance has focussed on the timeliness of completion of closed jobs across Hard FM rather than being focussed specifically on statutory compliance works. There has not been any reporting on delays in completion of late works (open work orders) or on completion of open remedials relating to statutory compliance checks which are relevant indicators of whether statutory compliance requirements are being met. As noted above, although open work orders are being monitored and managed across Hard FM by the Hard FM team, this is not currently subject to review or monitoring by Health, Safety & Compliance.

It is also noted that the reporting produced for audiences outside of Property and FM in relation to statutory compliance across Council properties (for example reporting to CMT and the Health, Safety & Assurance Board) is produced and reported on in isolation. It is not joined up with corporate health & safety reporting in the same way as other parts of the Council with responsibilities for provision of assurance on health and safety issues is. This is a further area where more joined up and collaborative working could be of benefit.

By using the current review and updating of reporting arrangements to confirm requirements of different stakeholders, the considerable effort going into the production of current reporting can be channelled to ensure that reporting on property compliance is relevant, useful, complete and timely.

Pensions Administration 23/24

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Regulatory Framework	A	0	3
Scheme Employer & Member Lifecycle	G	0	0
Debtor Management	G	0	0
		0	3

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

Regulatory Framework Overall, audit testing found that controls and processes in relation to Pensions Administration are strong and working well. There is comprehensive staff guidance in place for all key team pensions administration processes, with evidence that guidance is being reviewed and updated promptly when processes change.

There is a project ongoing to progress action needed following on from the McCloud judgement (this is a court ruling which provides a remedy following Government reforms to public service pension schemes in 2014 and 2015 which have been found to potentially disadvantage some scheme members), which must be concluded, and any changes required to pension records by the statutory deadline of August 2025. The team is working with Scheme Employers to identify where updates need to be made. Updates on project progress are being reported on to the Pension Fund Committee.

The team continue to monitor and report on performance against SLA targets, with routine reporting to the Pension Fund Committee.

Significant changes to staffing arrangements within the Service are taking place during 2024. The Pension Services Manager retired in the middle of February and the Service Manager Pensions is due to retire during the summer. At the time of writing, the recruitment for replacements for these two key roles had not yet commenced and the interim arrangements for cover of the Pension Services Manager role were in the process of being determined. Although it is planned that the recruitment of both roles is being timed to enable sufficient handover from the Service Manager Pensions, it is acknowledged by management that timescales are tight. Should there be delays in recruiting to either post, there is a risk that the opportunity to ensure that the considerable knowledge and experience of these key officers, who have been in post for a significant amount of time, will be lost. There was no opportunity for a managed handover prior to the Pension Services Manager leaving, although it is understood that handover notes were produced where possible and appropriate.

There are also several other members of staff leaving over the next few months and existing vacancies which are contributing to resourcing pressures within the team. It is noted that the Administration Strategy has been reviewed, consulted on and was relaunched from the start of January 2024. This strategy sets out the role of scheme employers, information to be provided by the Fund, and sets out where the Fund is able to recover costs following unsatisfactory scheme employer performance as well as where the Fund is able to make additional charges for work carried out beyond what is included as part of the scheme employer's general contribution rate.

Scheme Employer & Member Lifecycle The remaining element (Deaths) of the Administration to Pay system implementation is being tested and is due to go live following the February payroll run. It is reported that a decision has been taken to pause implementation of the Fire element of the system due to the low number of transactions and ongoing work on this part of the system by the developer. Ongoing progress with the implementation is being reported to the Pension Fund Committee.

Debtor Management Pension fund debts are now being managed by the Income and Banking team and there is an agreed Standard Operating Procedure (SOP) in place. Debts are being reviewed on a monthly basis with the updated status being communicated to and / or any queries being discussed with the Pensions Administration team. Historic debts are being worked through with a number having been referred to Legal for recovery action and others have been written off or are in the process of being approved for write off. The debtor position is being reported on to the Pension Fund Committee as part of the Administration report on a quarterly basis.

Follow Up – there was 1 management action outstanding from the 2021/22 Pensions Administration audit. This relates to completion of the implementation of the remaining parts of the Administration to Pay system and it is expected that this will be closed following the February payroll run. There were also 3 management actions agreed as part of the 2022/23 Pensions Administration audit. All 3 have been reported as fully implemented.

Proactive Review of Purchasing Cards 23/24

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 21	Priority 1 = 1 Priority 2 = 20
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	20

Oxfordshire County Council operates a purchasing card system that enables authorised employees to purchase goods and services on behalf of the Council. The use of purchasing cards offers benefits including cost savings, enhanced control and visibility, and a streamlining of the purchasing process for low-cost items to the Council over other methods of payment. The total value of purchasing card expenditure over the period covered by the analysis completed as part of this review, from April 2022 to the end of July 2023, was £6.7 million. Children, Education and Families accounted for approximately 65% of the total spend, with 38% attributed specifically to schools.

Purchasing card administration and management has recently become the responsibility of the Financial Systems & Support Team, with some compliance checking also completed by the IBC (Integrated Business Centre). A Purchase to Pay Lead is currently being recruited. This post will have responsibility for purchasing card strategy, policy, and compliance.

This review has identified that a significant amount of VAT is potentially not being coded correctly by cardholders. The audit testing has identified the Council could be

losing more than £200K a year in unclaimed VAT. It is understood that this cannot be retrospectively claimed for past financial years.

Other key areas for improvement have been identified as part of this audit including the need to increase the level of transactions being reviewed by cardholders and then approved by managers and the implementation of the upload of supporting receipts to the system.

Full Population Testing and Sample Testing Methodology

This audit has used data analytics to undertake full population testing and target a sample of transactions. The full population testing covered over 92,000 transactions across 16 months from 1 April 2022 to 31 July 2023.

Data matching with data supplied by IBC, the Financial Systems & Support Team, and HR, enabled comprehensive compliance checking across internal control areas. A sample of 50 transactions were chosen for further review that covered all directorates.

Key Findings

Guidance & Training - Purchasing card holders must complete mandatory e-learning prior to be able to apply for a card, however sample testing identified a lack of awareness of areas of required compliance or process, for example card sharing with other employees being prohibited, and the requirement to cancel cards where appropriate. There is guidance in place from both the Council and IBC, however this requires review and updating to ensure guidance is consistent.

There is a lack of clear guidance and training for purchasing card approvers. It was also noted that there is limited guidance for users of embedded / virtual card accounts.

Receipt Retention - It is positive to note that sample testing confirmed that receipts for purchasing card transactions are being retained locally with receipts provided for 87% of the sample reviewed, however although there is now the functionality (identified and initially discussed with Finance following completion of the Facilities Management Contracts Follow Up audit in March 2023) to be able to upload receipts to the system, this is not currently a requirement. Requiring the upload of receipts would provide a more robust control, mitigating against receipts being lost or losing access when a cardholder leaves the Council, would enable comprehensive remote review by the approver, provide accessible evidence for VAT and accounting purposes and would also act as a fraud deterrent.

VAT - The system allows cardholders to fill in a VAT code during review of their expenditure so that VAT can be reclaimed from HMRC by the Council. This field is currently optional and there is no defined process which reviews or challenges where there is no VAT code entered.

As part of the Facilities Management Contract Follow Up audit, completed in March 2023, transactions were identified which had not been coded correctly in relation to VAT. This was raised with the Chief Accountant, who undertook an analytical review of transactions over the 2022/23 financial year and identified £1.2M spend with no VAT code, and therefore up to £250,000 of VAT which had potentially not been

claimed. Additional analysis completed by Internal Audit as part of this review calculated that transactions worth £552,000 had not been coded in 2023-24 (April to October 2023), with up to £110,000 in potentially unclaimed VAT. Our analysis indicates that the Council could be losing more than £200K per year in unclaimed VAT. It is understood from the Chief Accountant, who has sought advice from the Hampshire VAT Lead, that it has been confirmed that the Council will not be able to go back and reclaim VAT from previous accounting periods.

Whilst the IBC run compliance checks on transactions that have been VAT coded, where individual transactions are followed up with cardholders to confirm that appropriate evidence of VAT has been retained and that VAT coding is accurate, there is no clear process for follow up of non-compliance / failure to provide receipts or for highlighting these instances to colleagues at Oxfordshire County Council. The issues identified by this audit would not have been picked up through the current compliance checking process.

Review and Approval of Transactions – Cardholders are required to review and confirm purchasing card transactions by the 15th of each month. Testing identified 7% of transactions in the testing period had not been reviewed within the spend cycle and remained unreviewed at the time of analysis. Audit testing confirmed that the process of suspending cardholders with three consecutive unreviewed monthly spend cycles was operational. However, it was also noted that it is not uncommon for cardholders to be suspended more than once, suggesting that suspensions are not always producing the desired change in cardholder behaviour.

It is also required that purchasing card spend is approved by managers on a monthly basis (although as noted above, there is currently an absence clear guidance and training for approvers on required processes). Testing identified that 42% of transactions over the time period analysed had not been approved. There is no clear process in place for the follow up or escalation of non-compliance with approval requirements. A management action to review and improve the monitoring of purchasing card approval processes was agreed as part of a school fraud investigation and was due to have been implemented in December 2022. An updated action is agreed within this report.

Monthly Reporting - The Financial Systems & Support Team run a monthly purchasing card spend report that is reviewed for high-cost or unreasonable transactions. The percentage of transactions reviewed and approved are also tracked and reported to the Director of Finance Services. The findings are not currently reported to directorates. However, this is an area where it is recognised that further development and monitoring is required to proactively manage, address, and improve areas of concern. Reporting arrangements that involve the inclusion of Strategic Finance Business Partners and Senior Managers from each Directorate are being planned.

Leavers & Absences – From analysis of leaver data (April 22 to July 23) and absence data (April 23 to July 23) against purchasing card transactions, it was observed that 34 cardholders had purchasing card transactions dated after they had left their role, with 4 school employees having transactions dated after leaving employment at the Council entirely. Follow up of these instances with the Headteachers of the schools concerned, identified that cards had been used by other employees at the school after

the cardholder had left. Guidance in relation to leavers who have purchasing cards was noted to be brief and requires review and updating.

Embedded Cards – There are currently four embedded or virtual card accounts held by the Council, with two in use at the time of testing. Whilst the ability to purchase using these accounts is limited to specific staff, it was noted that transactions are not subject to review or manager approval in the same way as individual purchasing card transactions are. Guidance on card use and process is also limited. Responsibility for the management of embedded card accounts has recently been passed from Procurement to Financial Systems & Support. The Head of Financial Systems & Support has already identified that the governance, processes and controls in this area need to be determined.

Local Transport and Connectivity Plan 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance and Reporting	R	1	1
B: Risk and Issue Management	A	0	4
C: Stakeholder Management	A	0	1
D: Performance Monitoring	A	0	2
		1	8

Opinion: Amber	
Total: 9	Priority 1 = 1 Priority 2 = 8
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	1
Not yet Due	8

The LTCP was adopted in July 2022 and outlines a clear vision to deliver a net-zero Oxfordshire transport and travel system that enables the county to thrive whilst protecting the environment and making Oxfordshire a better place to live for all residents. The aim is to reduce the need to travel, discouraging individual private vehicle journeys and helping to prioritise walking, cycling, public and shared transport. The policy focus areas included in the LTCP (e.g., Walking and Cycling, Road Safety, Public Transport, Local Connectivity etc) represent the tools necessary to achieve this.

The plan focuses on some of the key transport challenges faced by the county including decarbonisation, connectivity, a 36% increase in the use of private vehicles and general travel and transport challenges faced by those living in rural areas. To track delivery of the vision and key themes of the LTCP, a set of headline targets were developed spanning the period from adoption to 2030, 2040 and 2050. The 2030 targets are to:

- Replace or remove 1 out of every 4 current car trips in Oxfordshire,
- Increase the number of cycle trips in Oxfordshire from 600,000 to 1 million cycle trips per week, and
- Reduce road fatalities or serious injuries by 50%.

The LTCP is delivered through several supporting projects, policies and workstreams being delivered across different parts of the department. We selected a sample of two projects, namely Traffic Filters and Zero Emissions Zones (ZEZ), to assess project governance controls. We found that, overall, project level controls are generally adequate and effective with only minor exceptions. However, at an LTCP programme level, whilst good governance arrangements were in place during the development of the LTCP (e.g., defined governance groups and supporting governance documentation such as a risk register and stakeholder plans), these arrangements have not carried on post LTCP adoption as the delivery projects have been passed onto other service areas to put into place.

Governance and Reporting

The LTCP Steering Group and the OCC Task & Finish Group were established to monitor and support the delivery of the LTCP as well as contribute to sharing and shaping the LTCP vision and objectives. One of the key issues we identified during the audit is that these governance groups are not currently carrying out an oversight function post adoption of the LTCP. They have closed down and have not met since June 2023 and the role, remit and purpose of the groups has not been refreshed to ensure they maintain effective oversight over the 39 policies and 42 projects that have been identified as enablers in delivering LTCP outcomes. We also noted a lack of formal documentation setting out roles, responsibilities and accountabilities at an LTCP programme level.

At project level (Traffic Filters and ZEZ), good governance is in place in the form of a defined governance group with regular monitoring and reporting.

Risk and Issue Management

The overarching LTCP risk register only contains risks relating to the development of the LTCP, not the delivery of LTCP outcomes. Once governance arrangements are established, a risk identification and risk assessment process should be carried out to identify risks at an LTCP programme level and ensure they are being adequately managed.

We noted in our testing of two projects (Traffic Filters and ZEZ) that project risk registers are in place. Some gaps in the data fields required in the risk registers were noted across both projects which should be corrected e.g., the next planned review

date was missing from some of the risks in the register. Although these gaps were noted, at a project level, risks are still being regularly discussed and escalated to senior management via the Council's Project Portfolio Management tool.

Stakeholder Management

Stakeholder engagement and communication plans were developed during implementation of the LTCP. These documents have not been reviewed and updated post adoption, and therefore may not be applicable and effective in ensuring all relevant internal and external stakeholders are adequately engaged going forward.

At a project level, we noted stakeholder communication plans were in place to ensure internal and external stakeholders impacted by the project are engaged with regularly.

Performance Monitoring

LTCP targets have been linked to outcomes and outcomes have been linked to set of key performance indicators (KPIs) and their data source (e.g., Outcome 4: Reduce the need to travel by private car by making walking, cycling, public and shared transport the natural first choice has been linked to the KPI: number of bus passenger journeys and its data source: the Department of Transport). Annually, the KPIs are published in a monitoring report to demonstrate progress against the outcomes and targets of the LTCP. The first monitoring report was published in July 2023. As noted in risk area A, there are no longer operational governance arrangements in place at an LTCP level and this includes no performance reporting beyond the annual monitoring report. This frequency does not allow for timely decision making or course correction.

The KPIs have also been mapped at a high level to the policies and projects within the LTCP that play a role in influencing the associated outcome and target. However, further analysis is needed to determine the specific levers that influence a given KPI and which of these are controllable (e.g., via the policies and projects) versus uncontrollable (e.g., the weather). Understanding the Council's scope of influence at a more detailed level would enable more effective monitoring and decision making.

Feeder System Controls 23/24

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance & Oversight	A	0	4
Operational Processes	G	0	0
		0	4

Opinion: Green	
Total: 4	Priority 1 = 0 Priority 2 = 4
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	4

Through the course of the audit it was confirmed that, at an operational level, for the sample of feeder systems reviewed, there are effective controls in place to ensure the accuracy and integrity of data, both within the feeder systems and when it is transferred to the main accounting system, SAP.

Within the Financial Systems Team there are two dedicated posts responsible for the financial configuration of all social care and education systems. It is acknowledged that the bulk of income and expenditure is processed through these feeder systems and therefore this provides corporate oversight and control. The Financial Systems team also manage access to the Business Data Upload and SAP interfaces. There are mechanisms that provide controls over the development of, changes to and operation of feeder systems within the Financial Systems Team. These are currently not formally documented to ensure that roles and responsibilities are clearly understood.

Improvements were noted as being required, but were already in progress, in relation to the governance and oversight across all feeder systems to ensure that assurances are in place and operations are compliant with relevant rules and regulations.

Governance & Oversight

While roles and responsibilities relating to the management of individual feeder systems were found to be assigned and understood for the sample of four feeder systems reviewed, it was noted this is all at service area level. There is currently no Council-wide approach to managing feeder systems, to ensure compliance with corporate financial and procurement procedure rules. This had been recognised by Corporate Finance prior to the audit, with work commencing to develop a more consistent approach in this area. It was reported this will include development of a master list of all feeder systems being used, along with their identified service owner; local finance regulation documentation for each system; an agreed and documented annual assurance approach; and a range of key performance indicators.

The audit also noted further development of guidance is required as to how changes to feeder systems should be authorised and documented; an area stipulated within the Financial Regulations as needing S151 Officer approval, but with no further information around the types of changes requiring this, or how they should be obtained.

Operational Processes

Review of four feeder systems, across different areas of the Council, found there is a good system of internal control to ensure the accuracy and integrity of data being

transferred into the main accounting system, SAP. Of the four systems, guidance and procedure notes within the teams were found to sufficiently document the processes in place, and staff were found to have a clear understanding of their roles and responsibilities in this area. Sample testing reviewing the timeliness and accuracy of the transfer of data identified no issues, with appropriate controls in place to ensure segregation of duties and assurance that data held is both accurate and complete.

Innovation Hub Governance and Project Management Review 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Aims and Objectives	A	0	1
Management Structure	G	0	0
External Funding	A	0	2
Financial Management and Monitoring	A	0	2
Project Management	A	0	4
		0	9

Opinion: Amber	
Total: 9	Priority 1 = 0 Priority 2 = 9
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	1
Not yet Due	8

The Innovation Hub (iHub) was launched in 2018 and moved from the Environment and Economy directorate into IT Services in December 2020. The iHub lead the Council's innovation initiatives, including securing external funding to deliver innovation programmes and projects, often working alongside a range of external partners and organisations. A strategic plan has recently been developed for the service and there is a formal team structure in place. A key area for control improvement is the need to have formally documented operating procedures to ensure minimum standards are in place for operations. Project management and governance is focussed on meeting the needs of external funding bodies and the challenge for the iHub service is balancing this with the internal assurance required that projects are effectively managed and delivered on time and within budget.

Aims and Objectives:

The iHub service has a documented Strategic Innovation Plan that has been shared with members of the Strategic Leadership Team but has not been formally approved. The Strategic Innovation Plan includes overall ambitions, objectives and priorities for the iHub service but there is no action plan to show how individual priorities will be met. This presents a risk that achievement of objectives cannot be measured or monitored. Key performance indicators should also be developed and agreed for the iHub to allow their performance to be evaluated.

Management Structure:

The iHub has a designated head of service who reports to the Director of Digital and IT. There is a formal team structure in place, which is currently being reviewed, and roles and responsibilities are documented. There are regular meetings between the Head of Innovation and the Director of Digital and IT and also regular team meetings within the service.

External Funding:

There is a documented checklist of the actions and sign-offs required before a grant bid can be submitted. Where OCC are the lead bidder, the checklist requires S151 officer sign-off and where OCC are not the lead bidder, sign-off is in accordance with the scheme of delegation. A review of the checklist found it is not dated and there is no evidence of it being approved and our testing found it is not always followed in practice. All successful bids should have a formal signed grant agreement and this was tested and confirmed for a sample of three bids. Staff within the iHub service are not required to declare any conflicts of interest with third-parties with whom the service may engage, which could result in conflicts not being identified and managed.

Financial Management and Monitoring:

Project managers are responsible for the financial management of projects and for ensuring they are delivered within the agreed budget. Each project has its own cost centre and for a sample of three projects it was confirmed that budgets are being managed and that all relevant backing documentation retained. The two main areas of control improvement are that the iHub service do not have any documented procedures governing the financial management of projects and there is no regular reporting on project finances at a team leader level. These areas should be addressed to ensure there is a consistent and agreed approach to managing project finances.

Project Management:

Projects have a nominated project manager and are managed in accordance with requirements specified by the different funding bodies. Whilst this is understandable, there are no internal project management procedures defining minimum standards and documentation that should be in place, especially when it is not specified by funding bodies. From our sample testing of three projects, we found that the grant agreement is used as a basis for starting a project and there is no Project Initiation Document. We also found one project without a risk and issues log and another where the log is not effectively managed. Project structure and key roles and responsibilities are also not documented. Where the iHub contract with a third-party to deliver an aspect of a project, it was confirmed that Legal and Procurement are engaged to ensure corporate procedures are followed.

Adults Income and Debt Recovery 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	G	0	0
Income Collection	G	0	0
Debt Recovery	A	1	2
Management Information & Performance Reporting	A	0	4
		1	6

Opinion: Amber	
Total: 7	Priority 1 = 1 Priority 2 = 6
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	6

As of the end of January 2024, Adult Social Care Debt was at just under £23M (includes approximately £9.4M of secure debt and £13.5M of debt which is not secure). Whilst the level of outstanding debt is still very high, it is noted that a number of initiatives and projects have been implemented over the last 2 years, with some still in progress, to review process, reporting, roles and responsibilities and ensure that any blockages to improving the debt position are identified and addressed. This work included an end-to-end process review from raising of invoices through to enforcement involving corporate finance and Adult Social Care Income teams. It is understood that work is ongoing as part of a recovery plan being led by Service Manager Provider and Finance, which is focused on income and debt.

There has been targeted review of a group of historic debts as part of the Debt Focus project. This involved collaborative review of a group of 544 historic debts with a value of just under £5M involving staff from the Adult Social Care Income team, Financial Assessments and Social Care. It is reported that this project has reduced outstanding debt by just over £1.8M with debts either recovered or in the process of being recovered (e.g. through instalments), referred to legal for further action or written off. At the time of writing it is reported that there are 115 cases still to be resolved.

Governance – It was found that roles and responsibilities across Adult Social Care Income and Corporate Income teams are clearly defined and understood by staff. It was also found that there is clear, accessible, and up to date guidance on key debt recovery processes available to these staff.

There are mechanisms in place for reporting on and oversight of aged debt from team level upwards. There is also information produced and circulated on key initiatives and projects to improve the debt position and progress recovery work (e.g. progress made as part of the debt focus project). It was noted that there have been regular ongoing meetings over the past year between corporate finance and the service where processes have been reviewed, refined and improved. Some improvements are still in the process of being implemented.

Income Collection – Adult Social Care income forecasts are monitored within corporate finance by the business partnering team. There have been some staffing changes over the course of the financial year which has meant that forecasting has not been completed every month, however it is understood this has now been re-established. There are plans to review the income forecasting process over the next few months to ensure that projections are as accurate as possible.

Debt Recovery – Sample testing identified some historic delays in the debt recovery process, this included allocation of debts, progression of debt recovery and the write off process. It is acknowledged by the Service that there have been staffing / resourcing issues which have resulted in debt recovery processes not being as timely as required. Staffing stabilised towards the end of 2022, and this combined with the establishment of the debt focus project has enabled focus on clearing the backlog of debt.

It is noted that improvements to process including the development of forms within LAS to document write off approvals and the referral for further action on to the corporate Income Team are being implemented which will improve consistency of recording and availability of information in relation to individual debts.

There have also been ongoing delays in progression of debt recovery once debts have been referred on to the Adult Social Care & Litigation Team within Legal. Although it is reported that there have been improvements made to process over the last year, in mid-February 2024 there were 28 cases with a total value of just under £670K outstanding. Changes have recently been made to team management and discussions are ongoing between Legal, Corporate Finance and Adult Social Care as to how remaining issues can be resolved.

Audit testing noted that the process for calculation of debt impairment is based on a clearly defined, documented methodology which includes risks assessment of debts to be included in impairment calculations. The application of the methodology is in the process of being reviewed to confirm that it is appropriately aligned with the rate of collection.

Management Information & Performance Reporting – As noted above, there are clear structures in place for reporting on debt recovery performance from team level upwards. The Aged Debt Report (ADR) is in the process of being reviewed, updated and automated which will improve reliability and consistency of information and remove the need for manual aspects of the current reporting process. A real time dashboard is also in the process of being developed.

It is noted that the Debt Focus Project, which was set up in 2022 to review and progress / resolve 544 historic debts valued at just under £5M, is due to end in March 2024. At the time of writing, there were 115 cases left to resolve. It is reported that these have been allocated to specific officers and are being actively managed, with this process being overseen by the Service Manager. It is planned that lessons learnt from this project will be documented and circulated.

Legal Case Management 23/24

Overall conclusion on the system of internal control being maintained	R
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies, Procedures, and Training	A	1	1
B: Case Logging and Allocation	R	0	3
C: Case Management and Time Recording	A	0	2
D: Case Review and Closure	R	2	0
E: Management Information, Reporting and data	R	2	0
		5	6

Opinion: Red	
Total: 11	Priority 1 = 5 Priority 2 = 6
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	11

In January 2023, a Legal Services Improvement Plan was proposed and endorsed by SLT, and proposals for a new staffing structure and other improvement recommendations were put forward. The recommendations were summarised in the form of six key priorities relating to: Embedding Good Practice Standards, Achieving Good Corporate Governance, Growing our Own, Developing a Client Offer, Achieving 'Lexcel Accreditation' and Delivering Financial Management. Whilst the scope of this audit did not directly cover the progress of these priorities and associated recommendations, the audit has identified several control issues within legal case management that would require remediation for the function to meet the requirements of the Improvement Plan and achieve the future vision of the service. Key examples

of actions outlined within the Improvement Plan, relevant to the work performed during this audit, are detailed below:

- **Priority 1 (Embedding Good Practice Standards)** – Improve case management including implementing a standard Operating Manual for IKEN Case Management system and the Practice Management function supporting the delivery of Operational Standards SRA compliance and Case management improvements and monitoring.
- **Priority 3 (Grow Our Own)** – Implement a Core Competency Framework and review skills and development of teams and individuals.
- **Priority 5 (Achieving 'Lexcel' Accreditation)** – Undertake Lexcel assessment and address any gaps and plan for necessary learning and new practice standards and establish a Project Plan and a project team for achieving Lexcel Accreditation in line with the timeline of FY 24/25
- **Priority 6 (Financial Management)** – Provide Directorates with data on case volumes – on a quarterly basis to manage/monitor legal demand and budget provision.

A: Policies, Procedures and Training

Legal Service's 'Office Procedure Manual' and supporting documents detail key processes in relation to legal case management. Although they are easily accessible to staff members, their effectiveness as a reference point is diminished because the documents have not been kept up to date to reflect current ways of working. Training around legal case management and the use of IKEN is ad hoc in nature and further work is needed to identify specific training needs for both permanent and interim (i.e. locum) staff members and produce formally structured training plans. This would not only ensure a baseline level of understanding but would also help to reinforce the importance of using IKEN to appropriately, accurately and consistently log, monitor and closedown cases in a timely manner.

B: Case Logging and Allocation & C: Case Management and Time Recording

The results of our testing over a sample of legal cases confirmed that the IKEN system is not being used appropriately, accurately or consistently. One of the key issues we found were instances where there were significant delays between the date legal case work finished to the date the case was closed in IKEN. Delays in this process of closing cases prevents management from having a complete and ongoing view of fee earner capacity and case allocation, which impacts the effectiveness of monitoring over the function. The largest discrepancy of this we identified was 2540 days (i.e. approximately 7 years). Other examples of sample exceptions noted include case summary forms not being completed, cases allocated to fee earners before being logged in IKEN, and missing case closure form sign offs. Recent staffing changes in the team meant that without adequate case documentation, case knowledge was lost. This not only limited our sample testing but also highlighted that, at present, the Council is unable to effectively monitor the status of legal cases from the case management system to ensure they are being progressed and concluded promptly and appropriately.

D: Case Review and Closure

One of the key detective controls to ensure cases are managed effectively and all interactions, documentation and evidence is maintained appropriately in IKEN is regular file reviews. Currently, the file review control is not formalised and consistent across the four Legal teams. We note that file reviews are a specific requirement of Lexcel and similar to previous years, the expectation will likely be the provision of file reviews across a sample of cases per fee earner. In addition, no assurances are given to the Practice Management team that file reviews are taking place e.g., what files have been selected and what the outcome of the review was. As a result, there is currently a lack of evidence of effective oversight that cases are being managed appropriately, that performance issues and risks are being promptly identified and that staff are effectively discharging their responsibilities.

E: Management Information, Reporting and Data

We noted that a number of weekly and monthly reports are prepared and shared with various stakeholders for monitoring and decision-making purposes. Examples include, locum times vs invoiced hours, income tracker, available hours vs actuals and target vs actuals hours. Internal KPIs to measure the overall performance of the service were scheduled to be reported on and monitored from December 2023 onwards but due to time and resource constraints this did not occur. A revised set of 6 KPIs have been agreed and will be reported on and monitored going forward from April 2024. Whilst these reports and monitoring tools exist as a way to maintain oversight, issues with time recording and how cases are logged diminishes the completeness and accuracy of the data underpinning these reports. This reduces the ability of the Practice Management Team to make well-informed decisions.

As part of the work to implement the Legal Services Improvement Plan, the service has set up two working groups, one to consider how to make systematic Practice Improvements to enable an application for Lexcel accreditation later on in the year, and the other is an IKEN focus group to consider what practical issues there are with the IKEN system and how these can be addressed through targeted and consistent training; and through an upgrade of the IKEN system onto the cloud. The Practice Improvement group has a project plan which is geared towards an application for Lexcel accreditation and is supported by a Project Manager. The IKEN group is supported by the service's IT Business Partner and direct contact with IKEN has been initiated for assistance.

Childrens Change Programme 23/24

Introduction

As part of the 2023/24 Internal Audit plan, it was intended that Internal Audit would review and provide assurance over the implementation of the Children's Change / Transformation Programme, including the improvements made in relation to financial and performance management.

Following scoping discussions, it was agreed with the Executive Director for People that detailed audit testing would not be of benefit at this stage as governance arrangements for oversight of children's change / transformation activity were still in the process of being confirmed. In relation to financial management, within Children's

Social Care, it was noted that there were areas where improvements had been made, but completion of any detailed testing, taking into account the timing of agreement and implementation of the financial strategy, would be more helpful at a later date. In relation to Education, it is acknowledged that improvements are required in relation to financial management, with this still to be actioned.

As part of the 2024/25 Internal Audit Plan, it is intended that a more detailed review will be undertaken in relation to the new governance arrangements in place covering children's transformation / change activity, on the monitoring and reporting on the implementation of the financial strategy, on other improvements to financial management within the directorate and on performance management arrangements.

Conclusion

Following the pausing of the Children's Change Board and Change Team recruitment in the Autumn of 2023, change / transformation governance arrangements have now been confirmed. The Change Board has been removed, with Change / Transformation activity now being reported into Children's Directorate Leadership Team (DLT) as a standing agenda item. There are governance structures in place which will link in with corporate transformation / change oversight. The recruitment of the Children's Transformation Team (previously Change Team) is due to recommence shortly.

Financial improvements made over the last year in relation to Children's Social Care include review and rationalisation of cost centre structures, confirmation of financial roles and responsibilities, the roll out of financial management training and implementation of changes to budget monitoring and forecasting processes with the Finance Business Partnering team providing consolidated oversight, input and guidance. It is acknowledged that financial improvements will be required in relation to Education, however requirements still need to be identified and implemented. It is anticipated that this will be progressed following confirmation of Finance Business Partnering arrangements in this area.

The above summarises the action taken to date, going forward there is a need to understand the impact this has had on the financial management maturity of the managers within the directorate to allow the Finance Business Partnering team to work with the directorate to support making further improvements where required.

Primary School Audit 1 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	A	0	6
Financial Planning & Monitoring	A	1	4

Procurement	A	1	3
Income	A	0	3
Assets	R	0	2
Staffing / Payroll	A	0	4
Unofficial Funds	n/a	-	-
		2	22

Opinion: Amber	
Total: 24	Priority 1 = 2 Priority 2 = 22
Current Status:	
Implemented	3
Due not yet actioned	0
Partially complete	0
Not yet Due	21

This audit was undertaken following concerns raised around financial management and control which became apparent following the appointment of a new Headteacher in September 2023. Our review has covered the financial management practices under the previous Headteacher as well as the arrangements currently in place and being developed. Although the audit has highlighted some areas of concern in relation to financial management processes in place from the time of the previous Head, it is acknowledged that the new Headteacher has made significant progress in improving processes, has been actively engaged with the Local Authority in seeking advice, guidance and support on finance and HR issues and has welcomed the findings of the audit as a means of ensuring that financial processes and controls are appropriate going forward.

It is also noted that the Chair of Governors changed in the autumn of 2023. The audit has noted several areas where it can be observed that the current Headteacher and Chair of Governors are working together to make the required improvements both in relation to financial oversight and ensuring that the governing body are able to perform their role effectively. It is understood that a governance review is in the process of being commissioned by the Chair of Governors.

An action plan has been developed with the Headteacher to improve controls in the areas of Governance, Financial Planning & Monitoring, Procurement, Income, Assets, and Staffing & Payroll.

Risk Management – Directorate/Service Level 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance, Roles and Responsibilities	A	0	6
B: Risk Management Process – Risk Identification and Assessment	A	0	1
C: Risk Management Process – Risk Treatment	A	0	1
D: Risk Management Process – Monitoring, Escalation and Reporting	A	0	1
		0	9

Opinion: Amber	
Total: 9	Priority 1 = 0 Priority 2 = 9
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	8

A: Governance, Roles and Responsibilities

The Council's Risk Management Strategy 2023 – 2024 document, which was approved by the Audit & Governance Committee in September 2023, is the foundation for the Council's approach to risk and opportunities management. The key aspects and requirements of the Strategy are supported by guidance on risk management on the intranet. We noted that the Strategy is detailed and clearly outlines the end-to-end process that directorates/services should follow, including escalation to the Performance & Insight Team where operational risks become strategic risks impacting the achievement of the Council's priorities and objectives.

The Strategy and intranet guidance represent the main reference points for staff across the Council to understand risk management processes, roles, responsibilities and accountabilities.

Risk management training is available to all members of staff in SuccessFactors. Based on our discussions with the directorates/services across our sample (Adult Social Care, Environment & Place and Contracts & Procurement) we noted that staff either had not carried out the training in several years or they were not aware that risk management training was available. Key members of staff within the Adult Social Care directorate referenced risk workshops/sessions they had attended but noted that this

was not a consistent practice. There is a need to confirm who needs to complete risk management training, and once this has been determined, completion needs to be monitored.

Another enhancement we noted that would improve overarching governance included the Performance & Insight team formalising their attendance across all Directorate Leadership Team (DLT) meetings to enable complete and sufficient oversight of operational risk across the Council and to ensure risks are escalated to the strategic risk register if required, in a timely and effective manner. Currently, these structures and mechanisms have been established for all Directorates/services except for Children's Services where discussions are still ongoing.

We also considered how the Performance & Insight team obtain ongoing assurance that the expectations of the Risk Management Strategy are being adhered to within Directorates. Planned arrangements are to perform a health check by use of a questionnaire that is shared with Directorates/Services that asks a series of questions to gauge awareness and compliance with the strategy and its associated processes. The health check approach will need to be adopted and embedded to provide an ongoing assurance and feedback loop to enable continuous improvement.

B: Risk Management Process – Risk Identification and Assessment

Section 2 of the Strategy outlines the steps to be taken to identify and assess risks, considering factors such as an assessment of the likelihood and impact of the risk using a risk scoring matrix and the identification of key controls currently in place to manage the risk. As part of our sample testing over directorates/services, we noted that within the Adult Social Care directorate, risks were captured in multiple RAID (Risks, Assumptions, Issues and Dependencies) logs, rather than being aggregated into a single directorate level risk register using the guidance and templates provided by the Performance & Insight team. The other directorates/services in our sample had a single risk register summarising all the operational risks facing their areas.

C: Risk Management Process – Risk Treatment

The Strategy also goes into detail in terms of how risks, once identified and assessed, should be treated, controlled and managed. We identified in our review of the Procurement function's risk register that for a small percentage of risks within the risk register, details of mitigating actions and action owners were missing or lacking sufficient detail. The other directorates/services' risk registers we reviewed had adequate and complete details in terms of controls and mitigations and appropriate structures in place to ensure they are regularly reviewed and updated if needed.

D: Risk Management Process – Monitoring, Escalation and Reporting

The gaps we identified in the Procurement function's risk register highlighted a failure in the overall monitoring process, in that review and monitoring of the risk register was not taking place on a regular basis. We did however note a good level of monitoring mechanisms in the other directorates/services in our sample tested.

Follow up of Actions from the 2020/21 Risk Management Audit

We followed up on the implementation of the 14 actions arising from the Risk Management audit performed in 2020/21.

- We evidenced 6 out of 14 actions had been fully implemented.

- We found that one action had been partially implemented. This related to the DLT finding noted in this report. The Performance and Insight Team are now attending most DLT meetings except for the Children's DLT whereby attendance still needs to be agreed.
- A further action was confirmed by management as no longer being applicable. This related to developing a process for joint risks. At the time of the 20/21 audit, there was a risk that was jointly shared by Oxfordshire Council and Cherwell District Council. This is no longer applicable.
- The remaining 6 actions were not found to have been effectively implemented and have been incorporated into new actions in the audit report.

Health Funded Payments 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	A	0	1
Payment Accuracy & Timeliness	R	1	6
Budget Monitoring	G	0	0
		1	7

Opinion: Amber	
Total: 8	Priority 1 = 1 Priority 2 = 7
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	8

The Council processes payments on behalf of the Buckinghamshire, Oxfordshire and West Berkshire Integrated Care Board (BOB ICB), as part of the Integrated Commissioning arrangements set up in accordance with Section 75 of the National Health Services Act 2006.

The payments that are within the scope of this audit are those which are processed through the Payments Systems Data Team with the value of these health funded payments forecast to be in excess of £100M for the 2023-24 financial year.

Changes are being made to the types of health funded payments being processed through the Payments Systems Data Team. Some health funded payments are

processed via provider invoices, and the BOB ICB commenced processing their own invoices from July 2023. The BOB ICB has proposed to take over payment of Funded Nursing Care (FNC) from April 2024, and to take over Continuing Health Care (CHC) Nursing Home payments at a date to be confirmed. The details of the proposed transfer of responsibility for health funded payments are yet to be finalised. In any event, a significant portion of health funded payments will continue to be processed through the Payments Systems Data Team, including Supported Living placements and some nursing home placements.

Governance

Responsibilities across OCC and the ICB are defined within the Section 75 agreement. Roles and responsibilities within the Payments Systems Data team and the Finance Business Partnering team are reflected in job descriptions which include assurance and control processes and segregation of duties. Further detail on the arrangements between the two parties should be set out in a Memorandum of Understanding however this is currently under development and has not yet been finalised.

Management information regarding the timeliness, accuracy and completeness of payments, including health funded payments, is captured, monitored and reported on regularly. Recent improvements have been made to the reporting arrangements including the ability to show separate statistics for health funded and council funded people. Review of meeting notes at various levels including the Joint commissioning Executive (JCE), Performance Finance Group (PFG) and the recently implemented “3Ps” meetings (Practice Performance Pounds), showed that there is meaningful discussion of performance information (amongst other things) and that the information is used to drive improvements in performance and in quality of data.

Payment Accuracy & Timeliness

Processes to communicate health funded provisions to the Payments System Data team to enable the correct payments to be made are inefficient, time consuming and cumbersome, increasing the risk of delays and errors.

It is not possible to verify that payments are adequately approved as there is no evidence of an approved scheme of delegation setting out who within the BOB ICB is authorised to approve care. It was also noted that documentation setting out the details and approval of care is often provided several months after the care has started.

During 2023/24 there have been reconciliations between Council and ICB data, which have identified a large number of cases where providers had continued to receive payments for clients who were no longer receiving health funded care. In May 2023, a list of clients had been identified by the ICB as being deceased but were still receiving payment. This included one client who had died in 2015, 20 clients who had died between 2018 and 2021, and 61 clients who had died during 2022. It is noted that, upon receipt of the appropriate notifications from the ICB, Council records have since been corrected and the resulting overpayments recovered from the providers. This is with the exception of 1 case where payments are continuing to be made, and requires further investigation and action. The Payments System Data team are reliant on the information they are provided with by Health. It has not been possible to determine whether the cause of these errors has been due to providers not routinely notifying health of deceased clients or whether there is a weakness in the process for Health notifying the Council of these updates.

Providers receive remittance advice with each payment, with clear details of which clients they are being paid for. A total of 32 different providers were still receiving

payments in May 2023 for clients that had died during or prior to 2022, of which 19 providers had multiple cases. One provider had a remittance in April 2023 which included payment for 54 clients, 10 of whom were deceased, including one who had died in 2020. Another provider had a remittance advice in April 2023 for 32 clients, 4 of whom had died between 2018 and 2021.

The overpayments arising from the May 2023 list, relating to deaths which occurred in 2022 or earlier, are estimated to be in excess of £1.1M. As these are health funded payments, the cost of these payments is met by the ICB.

There is some evidence within individual case notes on LAS that providers have been questioned by the Payments Systems Data team about why they had continued to receive payments after the clients have died. However there has been no overarching reporting to senior management on this issue, there has not been any review of whether there has been any deliberate fraud or irregularity by the providers in continuing to receive these payments and there is no confirmation of how this should be being addressed with providers in relation to contract management or in ensuring processes are improved to minimise the risks of this happening again. It is noted that should any further action be required in terms of fraud, this would be the responsibility of the ICB.

Budget Monitoring

The funding for health payments is held within pooled budgets for Live Well and Age Well. At the start of the financial year, both parties sign a "Section 75 agreement" which includes details of each partner's contribution to the pools, and where the financial risk is held for each element of the pools. In accordance with this agreement, OCC raises a monthly invoice for the BOB ICB contribution to the pools. Audit testing noted that arrangements for forecasting and budget monitoring are working well.

Proactive Review of Expenses 23/24

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 14	Priority 1 = 0 Priority 2 = 14
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	14

Oxfordshire County Council operates a system where employees can be reimbursed for expenses that they necessarily incur in doing their job. Employees are instructed to make expense claims under £1,000 using the employee self-service (ESS) tool, operated by the IBC (Integrated Business Centre). This tool allows the expense claim to be reimbursed to the employee in their next pay slip, without the need for direct manager approval. Where the total monthly claim is over £1,000, or the employee

cannot access ESS, a paper travel and expenses claim form must instead be completed, approved and sent to the IBC Payroll Support Team.

Managers are responsible for reviewing expenses claimed by their team members and are able to access reporting on expenses via an IBC report. The use of the employee self-service tool in the claiming of expenses offers benefits including a streamlining of the expense claim process for low-cost items, and a centralised form of control and visibility for managers.

The audit focussed on a review of expense claims that excluded vehicle mileage claims. The total value of expense claims over the period covered by the analysis as part of this review, from April 2022 to December 2023, was £870,844.

This review has identified that, from the sample of transactions tested, supporting invoices / receipts were provided for 61% of the sample. Supporting documentation for 39% of transactions sampled could not be provided as is required by the Council's Travel Expenses Manual. Issues were also identified with incorrect VAT coding and a lack of appropriate supporting documentation in relation to VAT.

Other areas for improvement have been identified as part of this audit, including the need to remove an obsolete VAT code from the system, and improving corporate oversight of compliance in relation to the claiming of expenses.

Full Population Testing and Sample Testing Methodology

This audit has used data analytics to undertake full population testing and target a sample of expense claims. The full population testing covered over 45,000 individual expense transactions across 21 months from 1 April 2022 to 31 December 2023.

Data matching with data supplied by IBC, HR, and RBS (for purchasing card transactions used in reviewing potential duplicate transactions with expenses claimed), enabled comprehensive compliance checking across internal control areas. A sample of 100 expense claims were chosen for further review which covered all directorates.

Key Findings

Clarification of Roles and Responsibilities – HR, the Chief Accountant Team and the Financial Systems team have a role in relation to the processing and oversight of employee expenses. However, it is noted that roles, responsibilities and oversight would benefit from review and clarification.

Receipt Retention – There was generally a high level of response to requests for receipts in the sample testing at 83%. However, a valid VAT invoice or receipt could only be provided for 61% of expense claims tested. There is not the functionality to be able to upload receipts to a centralised system and at present there is no mechanism to provide any assurance, at a corporate level, that supporting documentation (particularly important in relation to transactions which include VAT) is being retained in accordance with the Travel Expenses Manual. It is understood that there is an automated compliance checking function within the IBC system which could be implemented, however to date this has not been felt to be required.

VAT – When entering expense claims on the IBC system, employees select expense types which are either for specific expenses (e.g. accommodation, eye test,

subsistence) which have VAT coding built in or broad 'other' categories allowing the VAT level to be selected manually. Approximately 60% of expenses within the period tested were coded to an 'other' category. The system is set up so that the claimant does not enter any VAT figures themselves, these are automatically calculated within the system. There were a number of examples noted where there were errors in self-assigned VAT codes and where claimants were not able to provide appropriate supporting documentation in relation to the VAT code processed. There are also concerns relating to the automatically allocated VAT coding for expenses like subsistence, where there could be different VAT coding within one transaction.

In addition, two 'other' expense types with a 12.5% VAT code, a designation which should have been removed from March 2022, were live on the system at the time of testing. Analysis over the testing period identified 68 expense claims which had been coded to these expense types and so where VAT is not correctly coded. These expense types have since been removed from the system.

Compliance Checks and Monthly Reporting – The IBC currently conduct limited compliance checks relating to VAT transactions on a monthly basis. VAT receipts are requested from the employee, and where they are not provided, the VAT is removed from the transaction. There is limited feedback to the Council on these checks and on instances of non-compliance identified. The Chief Accountant Team has identified that these checks are not sufficiently comprehensive and are in discussions with the IBC VAT Team over coverage and reporting on these checks.

Analysis of Duplicated Purchasing Card Transactions – It is positive to note that data matching with purchasing card transactions (from the period April 2022 to April 2023) did not identify any significant instances of duplicate claiming between expenses and purchasing card expenditure. 2 instances were identified where we were able to confirm that an employee has made a purchase on a Council purchasing card, and then reclaimed it as an expense. Both were reported as accidental duplicates, and additional analysis of these employees expense claims and purchasing card transactions over the testing period did not identify any further transactions of concern.

There is no corporate oversight of expenses spend, and it is currently the responsibility of line managers to review the expenses claimed by their direct reports using an IBC HR report. Work is underway within corporate finance to review and develop management reporting to improve visibility in areas including expenses.

Adults Safeguarding 23/24

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance, Policies & Procedures	G	0	1
Operational Processes	A	0	1

Management Information & Performance Reporting	G	0	3
		0	5

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

The Adult Safeguarding Team receive, review and triage safeguarding concerns which can come from members of the public or professionals. If a concern is assessed as meeting a defined threshold it becomes a formal Section 42 enquiry which is investigated further to establish what action should be taken to remove or otherwise manage the risk, with a focus on supporting the adult to achieve their desired outcomes. Concerns that do not meet the threshold for a Section 42 enquiry will be closed but where relevant will be referred or signposted to other teams or services to assist with resolving the concern.

Between 1 April 2023 and 6 March 2024, 6162 safeguarding contacts were received by the Council, of which 1391 progressed to formal Section 42 enquiries. The Oxfordshire County Council Policy for Safeguarding Adults sets out the Council's approach to the safeguarding of vulnerable adults. This policy provides a framework to support professionals and others to take appropriate and timely safeguarding action and it is aligned with the Care Act 2014.

The Adults Safeguarding team take a 'making safeguarding personal' approach to ensure the individual is at the centre of the enquiry and that their wishes are taken into consideration when the Adults Safeguarding team are making decisions about how the enquiry can be resolved. The Adults Safeguarding team take a multi-agency approach in order to complete enquiries, this involves working with other agencies and professionals who are involved with supporting the individual, in order to gather all the relevant information for the enquiry.

There are ongoing issues with the timeliness of response to safeguarding concerns and enquiries. The audit noted that clear mechanisms have been introduced to monitor performance of processing of safeguarding cases which includes regular and detailed reporting up to Deputy Director level. It is noted that performance has improved significantly over the last six months.

Governance, Policies & Procedures

Roles and responsibilities within the Adults Safeguarding team are clearly defined within job descriptions. Documented policies and procedures for the Adults Safeguarding team have been reviewed and an updated Safeguarding Process document is currently at draft stage and needs to be formally finalised. It is noted that members of the Adults Safeguarding team should already be following the process described. There is detailed guidance available to professionals and members of the public through the Council's public website and the Oxfordshire Safeguarding Adults

Board (OSAB) website on what to do if they have a safeguarding concern. There is also information available to Council staff on SASHA about what to do if they have a safeguarding concern.

Operational Processes

Following the appointment of the Safeguarding Mental Health Service Manager in mid-2023, processes and timeliness targets have been reviewed and an action plan has been developed to improve performance in dealing with safeguarding concerns and enquiries. Audit sample testing evidenced improvements in timeliness of response. It was also noted that there are daily reporting arrangements in place with escalation of delayed cases up to Deputy Director level and that further improvements continue to be a priority for the team.

The current version of the action plan, from February 2024, highlights concerns including timeliness of triage and progression of safeguarding enquiries and delays in cases being allocated once triaged. The action plan has clear actions in place which are being monitored by the Deputy Director for Adult Social Care through daily reporting, and as part of weekly Meaningful Measures meetings. These meetings include review of individual cases to ensure themes and opportunities for improvement to process are identified and acted upon.

Testing confirmed that information gathering forms are being completed, including the section on 'wishes and outcomes'. From a sample of closed enquiries reviewed, it was confirmed that the closure forms were appropriately completed including documenting the outcomes of the enquiry and whether the individual's wishes had been met.

Where appropriate, strategy meetings are taking place, and the Adults Safeguarding team are taking a multi-agency approach to conducting safeguarding enquiries. From the sample of enquiries reviewed, it is clear that the Adults Safeguarding team have embedded a 'making safeguarding personal' approach and are ascertaining individual's wishes at the start of the enquiry and working towards implementing those wishes wherever possible and appropriate. A sample of cases where the individuals' wishes and outcomes were not met, was reviewed and the explanations were clearly documented.

For a sample of organisational safeguarding cases reviewed, they all appeared to have appropriate actions being taken in order to improve their service, where necessary providers are being referred to Quality Improvement. There is evidence that Adult Safeguarding and Quality Improvement are working collaboratively with providers to ensure the service improves, and this is being recorded on LAS.

Management Information & Performance Reporting

Management Information regarding the timeliness of review and processing of concerns and enquiries is reported daily to key safeguarding contacts, this information comes from the Social Care Performance Information team and shows all the safeguarding cases open that day and how long they have been open for, all the cases are colour coded with cases not triaged or completed within the defined timescales flagged for review by management.

One anomaly was found with the “Safeguarding Daily Activity Report” which impacted on reporting on the timeliness of triage decisions from contacts however this has been flagged and will now be corrected.

It was highlighted both by the Deputy Director Adult Social Care and within the current action plan, that have been issues with cases which have been triaged but then not allocated promptly. Processes have now been put in place to identify and monitor these cases and ensure that there is appropriate visibility over allocation, and it is reported that performance has now improved.

Supported Transport 23/24

Overall conclusion on the system of internal control being maintained	R
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Contract Procurement	R	4	1
B: Contract Management	R	2	8
		6	9

Opinion: Red	
Total: 15	Priority 1 = 6 Priority 2 = 9
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	14

A: Contract Procurement

The Supported Transport unit of the Council is responsible for the provision of transport of pupils to schools or college, and for pupils who live some distance away from their educational provision. Most of the Supported Transport provision is outsourced to taxi and coach firms. The unit is overseen by the Head of Supported Transport who has direct reports from a team responsible for contract management activities (i.e., Service Planning) and a team responsible for contract procurement activities (i.e., Contracted and Fleet Services).

We noted several weaknesses in the contract procurement processes and controls. Procurement processes are not documented nor consistently followed. There is a lack of segregation of duties, monitoring processes, and service level KPIs have not been defined.

We tested a sample of supported transport contracts and noted instances whereby the call-off contract had either not been signed by the Council or by the supplier or in some cases not signed by either party. There were also instances whereby the call off contract could

not be located. We also tested a sample of 10 direct awards and in all cases, no evidence of the signed contract or agreement was available for review.

B: Contract Management

The Service Planning team are responsible for managing contracts and providers on the DPS (Dynamic Purchasing System) framework as well as contracts relating to direct awards. Contract management activities include monitoring the performance of suppliers, reviewing the split of spend across DPS and direct awards and completion of financial risk assessments where annual and lifetime supplier spend limits have been exceeded. We identified the following contract management control weaknesses within the management of contracts for Supported Transport:

- Annual and lifetime spend limits are not currently being reviewed on a regular, ongoing basis to determine their appropriateness and also to ensure financial risk assessments are completed where limits have been exceeded. Based on testing performed, where limits had been exceeded, we noted that financial risk assessments were not performed for most of our sample.
- The contracts register is not formally reviewed on a regular basis to ensure the accuracy and completeness of data contained within it, including data around financial limits and financial risk assessments.
- Supplier performance is monitored and reported on, however we noted that particularly for establishment checks, which involve a member of the team physically monitoring the start or end point of a particular route, the target number of checks have not been achieved.
- Direct award spend levels are not regularly reviewed and reported on in a formal manner to determine if internal spend thresholds between direct award spend compared to DPS spend is being adhered to.
- There are control gaps relating to a lack of oversight and review over DPS and direct award contract changes. In addition, the LIFT (the system used to log the cost of services) and EYES (the system used to log routes and passengers) systems do not interface with each other resulting in it being necessary to manually extract data from one system and manually enter it into another. Both issues ultimately present the risk that inaccurate payments may be made to suppliers.

Follow up of Actions from the 2018/19 Supported Transport Audit

We followed up on the implementation of the 24 actions arising from the Supported Transport review in 2018/19.

- 22 out of 24 actions are reported as fully implemented by management.
- 1 out of 24 actions was confirmed by management as no longer applicable/no further action required.
- The remaining 1 action was not found to have been effectively implemented and has been superseded with new actions in this report. This action related to reviewing management reporting arrangements for provider performance to ensure sufficient information is produced to the level of visits being undertaken against targets.

Follow up of Actions from the 2021/22 OCC Provision Cycle Audit

We followed up on the implementation of the 5 actions from the OCC Provision Cycle review in 2021/22.

- All 5 actions were not found to have been effectively implemented.
- 3 out of 5 actions have been superseded with new actions in this report.
- The remaining 2 actions will continue to be monitored for implementation.

Follow up of Actions from the May 2022 Supported Transport Investigation

We followed up on the implementation of the 7 actions from the May 2022 Supported Transport Investigation.

- 1 out of 7 actions has been reported as fully implemented.
- The remaining 6 actions have not been implemented. These actions will continue to be monitored for implementation.

AUDIT & GOVERNANCE COMMITTEE

8 MAY 2024

INTERNAL AUDIT STRATEGY & PLAN 2024/25

Report by Executive Director of Resources

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**

Comment and note the Internal Audit Strategy and Internal Audit Plan for 2024/25.

Executive Summary

2. This report presents the Internal Audit Strategy and Internal Audit Plan for 2024/25. A separate plan for Counter-Fraud activity will be presented to the July 2024 Committee.
3. Appendix 2 sets out the annual Internal Audit plan for 2024/25.
4. The key focus of audit activity during the year includes:
 - Financial Management
 - Contract Management
 - Directorate Strategic Risks
 - Governance

Introduction

5. The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Public Sector Internal Auditing Standards 2013, updated March 2017.
6. The Public Sector Internal Auditing Standards defines “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s 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.”

7. The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council's Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.
8. The Internal Audit Annual Plan is drafted and presented at the start of each financial year, however, will evolve and needs to be dynamic and subject to amendments / responsive to organisational change and resulting emerging risks during the year. The operational impacts, new control environment, any changes in governance arrangements, resulting from events such as the pandemic, need to be assessed and internal audit resources targeted across immediate priority areas for the organisation.

Audit Planning Methodology

9. The Internal Audit Plan is developed to consider the corporate vision and priorities of Oxfordshire County Council, the Strategic Leadership Team's (SLT) priorities and management's assessment of risk as set out in the strategic and directorate risk registers. The audit plan includes cross referencing to those priorities and risks.
10. We also use our own risk assessment against each activity assessing their significance, sensitivity and materiality – ranking each activity as high, medium or low priority for inclusion within the Internal Audit Plan.
11. Audit planning is undertaken in accordance with Oxfordshire County Council's Internal Audit Charter and Public Sector Internal Audit Standards.
12. As part of the annual planning process the Chief Internal Auditor meets with members of the Strategic Leadership Team and other Senior Managers. This provides crucial insight and intelligence into the strategic and operational priorities of the organisation. There are regular meetings with each of the Directorates to ensure the plan is kept under continuous review. The plan is also reviewed quarterly and presented to the Audit and Governance Committee for consideration and comment. This ongoing review and insight enables the audit plan to be flexible to meet any changing assurance needs and risks of the organisation.
13. The Audit and Governance Committee will continue throughout 2024/25 to gain assurance through reports from Senior Management on key areas.
14. Our aim is to align our work with other assurance providers where appropriate, including the External Auditors, Health Auditors and the auditors for the IBC (Hampshire's Integrated Business Centre).

15. The Chief Internal Auditor is a member of the Corporate Governance Assurance Group, which supports the monitoring and development of the assurance framework and production of the Annual Governance Statement. This includes review of the key governance areas through the Corporate Leads.
16. The Chief Internal Auditor continues to attend the Counties Chief Auditor Network (National Group) and also the Midland Counties and Districts Chief Internal Auditors Group to enable networking and to share good practice. This contributes to the internal audit planning activity.
17. The Audit and Governance Committee will receive a quarterly report, including a status update on the approved work plans, and a summary of the outcomes of completed audits.

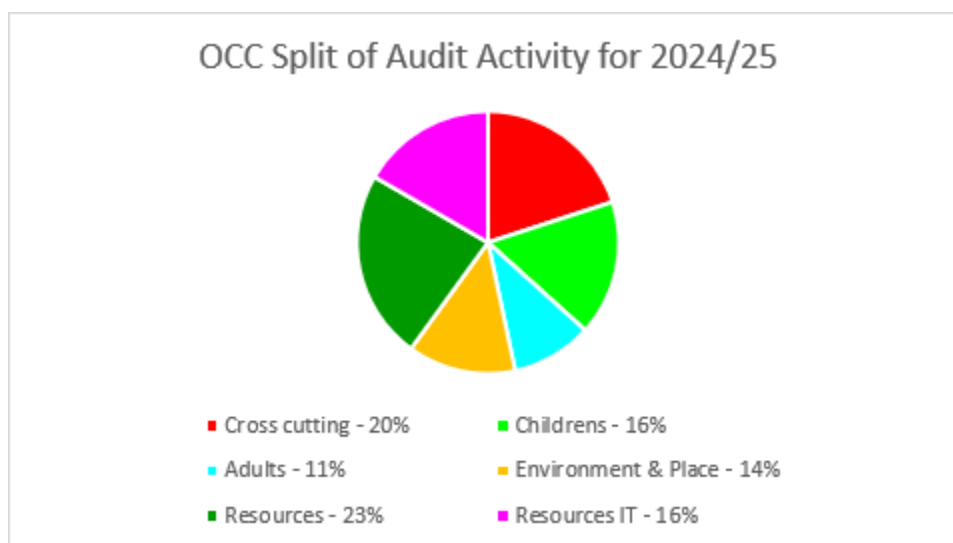
Counter-Fraud

18. Internal Audit have the responsibility for Counter-Fraud. The Counter Fraud Strategy and Plan for 2024/25 will be presented to the July Audit & Governance Committee.

Internal Audit Resourcing

19. The 2024/25 internal audit structure is included in Appendix 3. The Audit & Governance Committee are regularly updated regarding the Internal Audit resourcing position.
20. From the end of April 2024, we will no longer be providing the Internal Audit and Counter Fraud service to Cherwell District Council. As a result of this, one Senior Auditor vacant post has been removed from the structure. (Appendix 3, shows structure with the post removed).
21. There continues to be a national challenge with the recruitment of good quality internal audit staff, particularly at a Senior Auditor level. We continue with the approach of “growing our own” and are in the process of recruiting a new Internal Audit Apprentice to start in September 2024. We have a vacancy for a Senior Auditor and are trying to successfully recruit to this post.
22. The planned chargeable days available to OCC in 2024/25 = 1100 (after deducting overheads such as annual leave, and other absences). This is assuming we are able to cover / recruit to the Senior Auditor vacancy. The planned days available for Internal Audit assignments are 900 days. This is in line with the previous allocations in 2023/24, 2022/23, 2021/22 & 2020/21. (Other Chargeable days – non- audit assignment, are recorded at the end of the

narrative plan in Appendix 2) The following chart shows an approximate split of chargeable audit activity days across directorates.



Quality & Performance

23. Oxfordshire County Council Internal Audit operates in conformance with the Public Sector Internal Audit Standards. We promote excellence and quality through our audit process, application of our Quality Assurance Improvement Programme and training and development. During 2023/24 the two current apprentices within the team – one Counter Fraud and one for Internal Audit, will complete their qualification. We are in the process of recruiting a new Internal Audit apprentice.
24. We use a number of ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.
25. During 2023/24 we were subject to an external assessment against Public Sector Internal Audit Standards. The results of the external assessment concluded that we fully conformed with the standards. The full report was presented to the January 2024 Audit & Governance Committee.
26. The performance indicators for 2024/25 are attached as appendix 1 to this report.

APPENDIX 1 PERFORMANCE INDICATORS 2024/25

	Performance Measure	Target	Frequency of reporting	Method
1	Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the CIA, no more than three times the total audit assignment days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
2	Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
3	Elapsed time between receipt of management responses and the issue of the final report	10 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2025.	Annual Report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	Quarterly Report to AWG	Action Management Tracking System
6	Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 (1= Good, 2 = Satisfactory, 3 = Unsatisfactory, 4 = Poor)	Quarterly Report to A&G Committee	Questionnaire
7	Directors' satisfaction with internal audit work	Satisfactory or above	Periodically (every 2-3 years) review of the effectiveness of IA - Monitoring Officer report to A&G Committee	Last completed by the Monitoring Officer in 2023/24 and reported to A&G in November 2024 (so not due for 2024/25)

APPENDIX 2: Internal Audit Plan 2024/25

Directorate / Service Area	Audit	Scope	Audit Needs Assessment	Link to Corporate Plan / Leadership Risk Register
Cross Cutting	Transformation - Programmes & Major Projects.	As part of the new ways of working of delivering the future together, a new portfolio approach is being implemented to manage programmes and major projects. Each portfolio will provide the structure and governance for the transformation activity. A new Data, Insights and Delivery Hub is being established which includes the creation of a new PMO (Project Management Office). The audit will review the effectiveness of the new arrangements and processes implemented. (The audit was deferred from the 23/24 internal audit plan)	H	Leadership Risk Register SR09 – Delivering the Future Together – transformation.
Cross Cutting / Resources – Finance & Procurement	Strategic Contract Management	The audit will provide assurance over the strategic approach to contract management activities across services, which will include the prioritisation/risk rating of contracts and whether effective oversight of contract management arrangements is in place. (The audit was deferred from the 23/24 internal audit plan)	H	Leadership Risk Register SR01 – financial resilience.
Cross Cutting / Resources – Finance & Procurement	Social Value Policy	Our Social Value Policy enables the council's spending to go further by encouraging suppliers to provide additional social value that will benefit local communities. The policy sets out the framework and procedure governing our use of the social value portal tool. The portal is used during tendering to evaluate social value bids and after contract signature to monitor the delivery of social value. The audit will review how the policy is being adopted and embedded within contracting activity and how outcomes are measured and reported on.	M	Strategic Plan Priority: Work with local business and partners for environmental, economic and social benefit.
Cross cutting / Law & Governance	Conflicts of Interest & Gifts and Hospitality	The Declaring and Registering Interests policy sets out when and how conflicts of interests should be declared. The Gifts and Hospitality Policy sets out how offers of gifts, hospitality and discounts received should be dealt with.	M	

		The audit will review the processes for application of and compliance with both policies.		
Cross Cutting	Joint Internal Audit & Counter Fraud proactive review – Travel Expenses	Undertake a joint Internal Audit and Counter Fraud review on key controls and processes relating to the payment of employee travel expenses, including pro-active testing on a sample of employee travel expense transactions across services. (This follows on from the pro-active review of expenses undertaken in 23/24)	M	
Cross Cutting / Resources – Finance & Procurement	Delivery of Savings & Investments	Savings and investment proposals are included within the Council's medium term financial plan. The audit will review a sample of proposed savings and investments across directorates to provide assurance that robust processes are in place when setting targets and to monitor and report on the achievement of delivery.	H	Leadership Risk Register: SR01 Financial Resilience.
Childrens	Independent Reviewing Officer	An Independent Reviewing Officer (IRO) is appointed for each child we care for. The IRO is responsible for chairing the child's review and monitoring a child's case on an ongoing basis. The audit will provide assurance over the governance and operational processes in place. (The audit was deferred from the 23/24 internal audit plan)	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Leadership Risk Register: SR4: Demand Management Children
Childrens	Transformation Programme – including Financial Management	The audit will provide assurance over the implementation of the children's change programme, including the improvements being delivered in financial and performance management. (The audit will follow on from the work completed as part of the 23/24 internal audit plan)	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Leadership Risk Register: SR4: Demand Management Children, SR9 Delivering the Future Together –

				Transformation, SR1 Financial Resilience
Childrens	Direct Payments	Direct Payments are offered to children aged 16 or over who have a disability and to parents or carers, aged 16 or over of young people to enable them to buy in support that is assessed as being needed. Direct Payments can be made for special educational provision, health care and social care provision. The audit will review the internal control processes in place for the administration and management of direct payments.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Leadership Risk Register: SR4: Demand Management Children
Childrens	Supported Families	Following new funding invested by the Government in the Supporting Families Programme, the Department for Levelling Up, Housing, and Communities (DLUHC) have developed the programme further, expanding the outcomes framework and updating the funding formula. Oxfordshire County Council became an early adopter of the new framework, and have built an automated system, Ohana, to identify claimable families. The conditions of the grant claim require Internal Audit to test a sample of families identified within each claim. The service plan to submit regular claims 2024/25.	Mandatory	Chief Internal Auditor sign off – requirement of grant claim conditions.
Childrens & Resources – IT	EYES & LIFT - IT Application Review	EYES (Early Years Education System) is the primary system used within the Children's education service and LIFT (Liquid logic Integrated Finance Technology) is the integrated finance solution. The two systems went live in 2022. The audit will review the management and IT security controls over the systems.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens	Primary School 1	At the request of the Schools Improvement Team there will be a primary school audit undertaken in June 2024.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.

Adults	Client Charging	The audit will provide assurance over the accuracy, integrity and timeliness of client charging. It will include review of the new financial assessments online system.	M	Strategic Plan Priority: Support carers and the social care system.
Adults	Void Management	The audit will provide assurance over the robustness of processes in place across the various adult's provisions where block contracts are in place, ensuring that placements are effectively utilised.	M	Strategic Plan Priority: Support carers and the social care system.
Adults	Discharge to Assess	A new Discharge to Assess programme has been implemented to change the process and speed at which patients are offered social care support after a stay in hospital, enabling them to leave hospital sooner and recover safely in their home. The audit will review the processes/discharge pathways in place, including how performance and outcomes are monitored and reported on.	M	Strategic Plan Priority: Support carers and the social care system.
Resources – Property, Investment & Facilities Management	Property Strategy Implementation	The Property Strategy sets out the Council's approach to property assets and the priorities for managing and developing the estate. The audit will include providing assurance that governance and management arrangements effectively support delivery of the strategy. (The audit was deferred from the 23/24 internal audit plan)	H	Strategic Plan Priority: Put action to address the climate emergency at the heart of our work.
Resources – Property, Investment & Facilities Management / Cross Cutting	Utilities Management	The audit will provide assurance over the operational processes and internal controls for the management of utilities expenditure and income across the council.	M	
Resources – Workforce & OD	Recruitment – Applicant Tracking System	Recruitment activity is moving away from being delivered by the (IBC) Integrated Business Centre and an in-house resourcing team is being created. A new applicant tracking system is being implemented. The audit will review the processes in place / operation of the system to ensure effective management of applications.	M	Leadership Risk Register: SR07 Strategic Workforce Planning

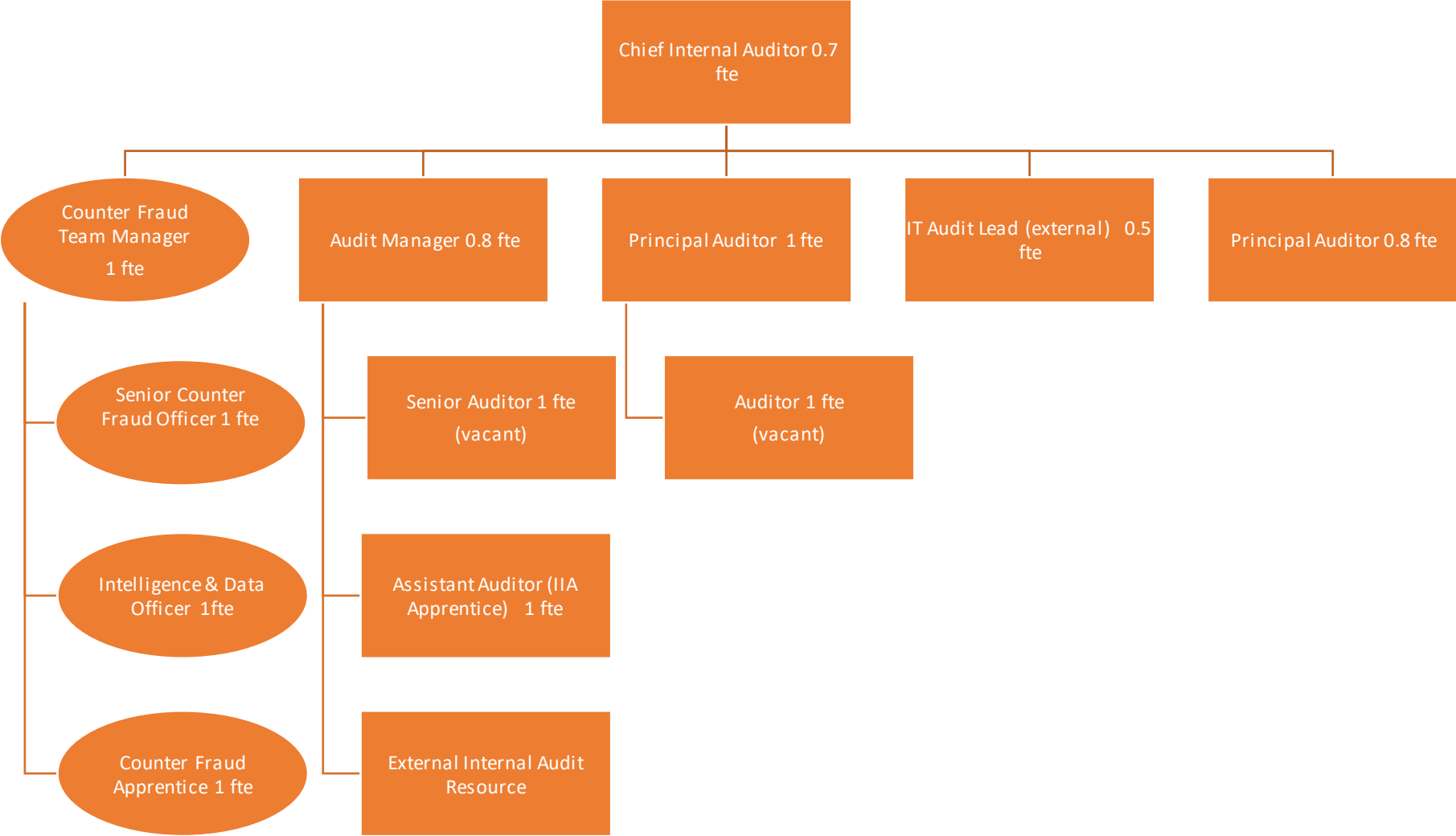
Resources – Workforce & OD	Mandatory Training	The audit will review the processes in place for identifying what training is categorised as mandatory, quality assurance over the training provided and monitoring of training completion.	M	Leadership Risk Register: SR07 Strategic Workforce Planning
Resources – Workforce & OD	Retention – Employee Feedback	The audit will provide assurance on how feedback from employees, through mechanisms such as engagement surveys, grievances and exit interviews, effectively assesses issues affecting retention of staff.	M	Leadership Risk Register: SR07 Strategic Workforce Planning
Resources – Finance & Procurement	Pensions Administration	This is an annual audit to test the key controls providing assurance that members records are accurately maintained and that payments through the pension's payroll are accurate, timely and legitimate.	M	
Resources – Finance & Procurement / Childrens – Education	Schools S151 Assurance	The audit will identify and evaluate the key sources of assurance over the standards of governance, financial management and spending within schools.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Resources - IT	Identity and Access Management	The audit will review the provisioning and deprovisioning of network accounts, including third-party supplier accounts.	M	
Resources – IT / Cross Cutting	Artificial Intelligence	Artificial Intelligence (AI) technology is being assessed within local government to help streamline operations and processes, with the aim of increasing efficiency. The audit will review the council's planning and preparations for the use of AI and the governance and control frameworks being developed around its introduction.	M	
Resources – IT	Cyber Security	The audit will review the adequacy and effectiveness of IT security controls used to protect against cyber threats. It will include a review of recommendations from the recent peer review with the LGA.	H	Leadership Risk Register: IT risk – cyber security SR2
Resources – IT / Cross Cutting	Data Management and Utilisation	The audit will review progress against the data strategy and how directorates are benefiting from it. This will include a review of the use of Power BI tools (interactive data visualisation software product).	M	

Resources – IT	Corporate Website	The audit will review the management of the corporate website, including access, security and publishing of content. (this was last audited in 2016).	M	
Customers & Cultural Services	Library System – IT Application review	The audit will review the management and IT security controls over the Library IT system. The system has not been subject to a previous IT audit review.	M	
Environment & Place	Highways	A new highways maintenance contract will commence on 1 April 2025 (following a mobilisation period from September 2024). The existing contract with Milestone is due to expire 31 March 2025. The audit will review the processes in place for managing the commencement of the new contract and the design of the proposed governance arrangements.	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network.
Environment & Place	Income Collection & Parking Account	The audit will review income collection across parking and street works and the governance and control processes in place to determine fees and collect, monitor and spend monies.	M	
Environment & Place	S106 – New IT System	A new IT system has been implemented which records secured, held and allocated S106 contributions. The audit will follow on from the audit completed in 2023/24, reviewing the effectiveness of the system in the management, oversight and reporting of contributions.	M	
Environment & Place	HIF1 (Didcot Garden Town Housing Infrastructure Fund)	HIF 1 is a major infrastructure programme, which is part funded from the Homes England's Housing Infrastructure Fund. The audit will review the programme delivery assurance governance and mechanisms.	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network. Leadership Risk Register: SR03 HIF 1 & HIF2
Grant Certification		There are several requests made throughout the year for Chief Internal Auditor sign off, of grant certifications.	Mandatory	<i>Chief Internal Auditor sign off – requirement of grant claim conditions.</i>

Other (Chargeable days – non- audit assignment)		
There are days which are not attributed to specific planned audit activity and include:	<ul style="list-style-type: none"> • Chief Internal Auditor's management days • Preparation of the audit plan and operational planning • Reports for the Audit Working Group and Audit & Governance Committee • Attendance at Leadership Team meetings and regular meetings with Senior Management • Attendance at the Corporate Governance Assurance group including contribution to and overview of the Annual Governance Statement • External Audit liaison • Liaison with other assurance providers. 	<ul style="list-style-type: none"> • Follow up on implementation of agreed management actions. • Annual self-assessment against internal audit standards – In accordance with the requirements of the Public Sector Internal Audit Standards • Advice and Liaison • Production of the Chief Internal Auditors' Annual Report • Development of data matching / analytics • Contribution to change management programmes • Admin support for actual audit work

APPENDIX 3:

INTERNAL AUDIT AND COUNTER FRAUD TEAM STRUCTURE 2024/25



AUDIT & GOVERNANCE COMMITTEE

8 May 2024

Report of the Audit Working Group 27 March 2024

Report by Executive Director of Resources

RECOMMENDATION

1. The Committee is RECOMMENDED to note the report.

Executive Summary

2. The Audit Working Group (AWG) met on 27 March 2024. The group received and update on the implementation of management actions arising from the audits of Corporate and Statutory Complaints and Physical Security Systems, which were both undertaken during 2023/24.

Introduction

3. Attendance:
Full Meeting: Chairman Dr Geoff Jones. Councillors: Roz Smith, Glynis Phillips, Nigel Champken-Woods.

Officers: Full meeting: Sarah Cox, Chief Internal Auditor, Ian Dyson, Director of Finance Services, Shilpa Manek, Committee Officer, Paul Grant, Head of Legal,

Officers: Part meeting: Katherine Kitashima, Audit Manager, Clare Martin, Quality and Performance Manager, Suzette Langsbury, Team Leader, Customer Feedback Team, Victoria Baran, Deputy Director Adult Social Care, Jessie Dobson, Partnership Youth Development Manager, Vic Kureja, Director of Property Services, Anthony Hulsman, Head of FM, Andy Bradford, Operational Manager Health and Safety.

Apologies: Cllr Yvonne Constance OBE, Cllr Brad Baines

Matters to Report:

Internal Audit of Corporate and Statutory Complaints 2023/24

4. The audit of Corporate and Statutory Complaints was undertaken during 2023/24. The overall conclusion was graded Amber and noted that significant progress had been made in reducing the previous backlog of complaints and that further work was ongoing to improve the quality and timeliness of complaint

responses. The Audit & Governance Committee had requested that the Audit Working Group receive an update from officers on the agreed actions arising from the audit and that as well as officers from the Corporate Complaints Team, that officers from some of the directorates also attended to be able to discuss directorate responses to complaints.

5. Officers updated the group and confirmed that good progress has been made with the implementation of the management action plan. Five of the thirteen actions have already been fully implemented and the remaining eight actions are in progress with them all due for completion by the end of June 2024.
6. One of the agreed actions is to develop a leaflet which sets out the complaints process and what the customer should expect. The Audit Working Group felt that once this was produced this would be helpful to circulate to all members for information.
7. Officers from Adults directorate and Childrens directorate attended and briefed the group on how the directorates are working very closely with the Corporate Complaints team in improving the organisation's management, response and learnings from complaints.
8. The Audit Working Group were satisfied with the response taken to the issues identified within the Internal Audit report and will be updated on the implementation of the remaining actions through the routine Internal Audit follow up process.

Internal Audit of Physical Security Systems – Building Controls / CCTV 2023/24

9. The audit of Physical Security Systems was undertaken in 2023/24. The overall conclusion was graded Red. The audit focused on two specific areas of physical security: building access control and corporate CCTV systems. A number of key risks were identified in both areas. Officers attended the group and reported that significant progress had been made in implementing the agreed management actions. This has included creating a formal documented policy on building access security and a CCTV Policy, which at the time of the AWG meeting were due to be presented to CMT (Council Management Team) in April 2024.
10. The Audit Working Group were satisfied that the majority of actions had been implemented and no further follow up was required by the group.

Financial Implications

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

Comments checked by: Ian Dyson, Director of Finance Services
ian.dyson@oxfordshire.gov.uk

Legal Implications

14. There are no direct legal implications arising from this report.

Comments checked by: Paul Grant, Head of Legal
paul.grant@oxfordshire.gov.uk

Lorna Baxter
Executive Director of Resources

Annex: None
Background papers: None

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

March 2024.

Next AWG meeting: 22 May 2024.

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Oxfordshire Pension Fund Provisional Audit Results Report

Year ended 31 March 2023

April 2024

Page 89





Oxfordshire Pension Fund

24 April 2024

Dear Audit and Governance Committee Members,

2022/23 Provisional Audit Results Report

We are pleased to attach our Provisional Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit & Governance Committee. We will update the Audit and Governance Committee at its meeting scheduled for 8 May 2024 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Oxfordshire Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. Our audit work is still in progress and we will provide a final report to the Committee once all our work has been completed.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 8 May 2024.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

Encl

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01 Executive Summary



02 Areas of Audit Focus



03 Audit Report



04 Audit Differences



05 Other Reporting Issues



06 Assessment of Control Environment



07 Independence



08 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/psaa-statement-of-responsibilities-of-auditors-and-audited-bodies-up-to-2022-23/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance from July 2021" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



BOARDROOM



01 Executive Summary

Executive Summary

Scope update

In our Provisional Audit Planning Report presented to the 4 January 2024 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan as detailed in Section 02 of this report. There were no changes in scope of the audit.

Status of the audit

Our audit work in respect of the Oxfordshire Pension Fund 2022/23 audit is substantially complete, subject to final Partner review. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- ▶ Completion of going concern and subsequent events procedures up to the date of our audit report;
- ▶ Completion of membership numbers, where we are still awaiting responses to queries raised;
- ▶ Completion of IAS 315 work relating to the Altair system, where we are still awaiting responses to queries raised;
- ▶ Completion of Level 3 investment testing, awaiting on supporting evidence relating to the equities sample;
- ▶ Review of audit work by the Engagement Partner and Quality Control Reviewer, which could lead to further queries.
- ▶ Receipt and check of a signed accounts and a signed letter of management representation.

Details of each outstanding item, actions required to resolve them and responsibilities are included in Appendix B.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Financial Statements which could influence our final audit opinion, a current draft of which is included in Section 03 of this report.

Audit differences

We have identified the following audit differences, based on work completed to date:

- ▶ Audit differences in the financial statement disclosures.

For further information on audit differences refer to Section 04 of this report. Until our audit is complete further differences may be identified.

Executive Summary (cont'd)

Areas of audit focus

In our Provisional Audit Plan, we identified a number of key areas of focus for our audit of Oxfordshire Pension Fund. This report sets out our observations and the status of our work in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below. The audit work in a number of areas remains subject to Partner, as noted below and throughout this report.

Fraud risks	Findings & conclusions
Misstatements due to fraud or error (management override)	We carried out procedures to address this risk as set out in our Provisional Audit Plan, including identifying risks, considering controls and their effectiveness, testing journal entries and testing estimates for evidence of management bias. We have completed our work in this area and have no matters to bring to your attention.
Misstatement due to fraud or error (incorrect posting of investment valuation journals)	We carried out our planned audit procedures to address the risk related to incorrect posting of investment valuation journals. This included a reconciliation between the fund manager reports and the custodian reports to address the risk of manipulation of investment asset valuations. Subject to final review, we have completed our audit procedures and all differences are below our reporting threshold.

Significant risk	Findings & conclusions
Incorrect valuation of unquoted (Level 3) investments	We undertook additional procedures, as described more fully in Section 02 of this report, to gain assurance over the material accuracy of the year-end valuation of the Pension Fund's Level 3 complex investments, which are inherently more difficult to value. We have substantially completed our work in this area and final review is in progress. There are no matters to bring to your attention.

Higher inherent risk	Findings & conclusions
IAS26 disclosure - Actuarial present value of promised retirement benefits	We carried out procedures to address this risk as set out in our Provisional Audit Plan. Subject to review, we have completed these procedures and have no matters to bring to your attention.

Executive Summary (cont'd)

Control observations

During the course of the audit we have identified the following control observations which we wish to bring to your attention:

- The fund's controls over related party relationships and transactions failed to enable the identification of the related party relationships. One committee member did not disclose their interest in a company on their declaration of interest form. Although there were no transactions between the fund and this company during the year, this is still considered a material weakness in controls.

Further detail on control observations is included in Section 06

Independence

Please refer to Section 07 for our update on Independence.



02 Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error

What is the risk?

There is a risk that the financial statements as a whole are not free of material misstatements whether caused by fraud or error.

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

We have considered where this risk specifically manifests itself and this is in the posting of investment valuation journals. This consideration is set out on the next page.

What judgements we focused on?

The risk of management override at Oxfordshire Pension Fund is mainly through the possibility that management could override controls and manipulate financial transactions which intend to adjust the Pension Fund's Fund Account or Net Asset Statement.

This could be done through manipulation of manual adjustments, including via manual journals, in the preparation of financial statements or through management bias in accounting estimates.

Our response to the key areas of challenge and professional judgement

- We enquired of management about risks of fraud and the controls put in place to address those risks.
- We gained an understanding of the oversight given by those charged with governance of management's processes over fraud.
- We considered the effectiveness of management's controls designed to address the risk of fraud.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.
- We reviewed accounting estimates for evidence of management bias.
- We evaluated the business rationale for any significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

What are our conclusions?

Subject to review, our procedures to address this risk are complete.

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any evidence of management bias in relation to accounting estimates.

Our journal testing did not identify any journal entries without a valid business purpose.

We did not identify any other transactions during our audit which appeared unusual or outside Oxfordshire's Pension Fund's normal course of business.

Areas of Audit Focus

Misstatements due to fraud or error: Incorrect posting of investment valuation journals

What is the risk?

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

We have considered the key areas where management has the opportunity and incentive to specifically override controls that could affect the Pension Fund's Financial Statements. We have identified the main risk to be the incorrect posting investment valuation journals.

What are the key judgement?

The posting of incorrect investment valuation journals at year end to the Pension Fund's general ledger would impact the performance and funding level of the Pension Fund's investment assets as reported in the Net Asset Statement.

Our response to the key areas of challenge and professional judgement

- We performed a reconciliation to test the agreement of the Pension Fund's investment asset holdings as at 31 March 2023, including asset values, to source reports from the Pension Fund's custodian and individual fund managers.
- We tested any significant reconciling amounts between the investment asset valuations as reported in the Pension Fund's Net Asset Statement compared to the custodian's investment report as of 31 March 2023.

What are our conclusions?

Subject to review we have completed our procedures in relation to investment valuation journals.

We have not identified any indication of management override in relation to investment journals

Refer to Section 04 for more detail on audit differences.

Areas of Audit Focus

Valuation of complex investments (including level 2 investments)

What is the risk?

The valuation of investments under level 2 fair value hierarchy are based on observable inputs such as bid price in the market for similar instruments.

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

What judgements are we focused on?

Level 2 investment asset valuations, including the bid prices and equity prices used to value the investment.

Our response to the key areas of challenge and professional judgement

For a sample of Level 2 investments we:

Equities:

- > We have recomputed the securities' value as at 31 March 2023 by obtaining independent valuation/prices from EY Investment Security Pricing and multiplying by the number of units as confirmed by the fund managers. We checked for any material variances between our re-computation and the value reported.

Pooled investments:

- > We compared the amount reported by the client to publicly available market value information, Fund manager confirmations and other related sources. We checked for any material variances between our re-computation and the value reported in the FS

What are our conclusions?

We have substantially completed our audit procedures related to this risk, including manager and partner review.

We have not identified audit differences in the valuation of Level 2 investment assets above our reporting threshold.

Areas of Audit Focus

Valuation of complex investments (including level 3 investments)

What is the risk?

The Fund's investments include unquoted investment vehicles such as private equity and pooled property funds. We have identified the valuation of these investments, which are classified as complex investments, as an area of specific risk.

Judgements are taken by the Fund Managers to value those investments whose prices are not publicly available. The material nature of the investments means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements. These investment types made up 15% of the fund's total net assets as per the 2022/23 draft account. As these investments are more difficult to value, we have assessed the valuation of these investments as a significant risk, as even a small movement in the assumptions could have a material impact on the financial statements

What judgements are we focused on?

Level 3 investment asset valuations, including the net asset values of each of the individual underlying investments funds. We also considered the potential changes in values where the date of valuation information where is not coterminous with the Pension Fund's year end date of 31 March 2023.

Our response to the key areas of challenge and professional judgement

For a sample of Level 3 investments we:

- Reviewed the basis of valuation for unquoted investments and assessed the appropriateness of the valuation methods used;
- Where available, reviewed the latest audited accounts for the relevant fund managers and ensured there are no matters arising that highlight material differences in the reported funds valuation within the financial statements;
- If the latest audited accounts are issued at a different date compared to the reporting date of the Pension Fund, we performed a roll forward procedures to support the valuation of the investments as of 31 March 2023. These included benchmark indices for similar assets and analysis of cash movements in the gap period;
- Performed analytical procedures and checked the valuation output for reasonableness against our own expectations;
- Obtained and reviewed internal control reports for fund managers to identify any internal control issues which could impact on valuations and assessed whether these would have an impact on the valuations provided by the fund managers;
- Reviewed investment valuation disclosures to verify that significant judgements supporting the valuation of level 3 investments have been disclosed in the Pension Fund's financial statements.

What are our conclusions?

We have substantially completed our audit procedures related to this risk, including manager and partner review.

We have not identified audit differences in the valuation of Level 3 investment assets above our reporting threshold.

We were satisfied that the Pension Fund's disclosures of significant judgements surrounding the valuation of Level 3 investments were appropriate

As at the date of this report, there is one outstanding item for supporting evidence relating to the equities sample. This is unlikely to have a material impact on the Level 3 asset valuation.

Areas of Audit Focus (cont'd)

IAS 26 disclosure - Actuarial present value of promised retirement benefits

What is the risk/area of focus

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £1,457 million as at 31 March 2023 (£1,965 million as at 31 March 2022).

The figure is subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2022, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2023.

What did we do?

We have:

- ▶ Evaluated whether the IAS26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.
- ▶ Engaged EY Pensions to review the roll forward procedures associated with the IAS 19 reports for the Oxford County Council which makes up 47,9% of the total pension fund asset and supports the our IAS 26 disclosures work.
- ▶ Evaluated and placed reliance on EY Pension's and PwC's review of the underlying pension IAS19 assumptions used by the actuary, which also support the IAS26 figures.
- ▶ Assessed the competence of management experts, Hymans Robertson as the Pension Fund's actuary.
- ▶ Performed audit procedures to assess the accuracy of membership numbers provided to the actuary and included in the 31 March 2022 Triennial Report

We have not identified any issues from these procedures.



03 Audit Report

Audit Report - draft

Draft audit report

Please note our audit opinion is draft subject to the resolution of outstanding matters for the audit as detailed in Appendix B.

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS - DRAFT

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2023 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion the pension fund financial statements:

- give a true and fair view of the Fund during the year ended 31 March 2023 and the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern to *[date tbc - at least 12 months from the date of the audit report]*.

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

Other information

The other information comprises the information included in the Statement of Accounts 2022/23, other than the financial statements and our auditor's report thereon. The Corporate Director of Finance is responsible for the other information contained within the Statement of Accounts 2022/23.

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

Audit Report (cont'd)

Please note our opinion could be affected by items still pending as noted in section 1

Our opinion on the financial statements

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects

Responsibility of the Director of Finance

As explained more fully in the Statement of Director of Finance's Responsibilities set out on page 9, the Director of Finance is responsible for the preparation of the Council's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and for being satisfied that they give a true and fair view.

The Director of Finance is also responsible for such internal control as the Director of Finance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Audit Report (cont'd)

Please note our opinion could be affected by items still pending as noted in section 1

Our opinion on the financial statements

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquires of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of employees, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuations from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and

expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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

Use of our report

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

Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
Date



04 Audit Differences

Audit Differences (cont'd)

Summary of audit differences

We have detailed in this section the identified audit differences. We have yet to agree with management which differences will be amended for in the final audited financial statements. Until our audit is fully complete further differences may be identified.

For any audit differences that are not amended by management, we will ask the Audit and Governance Committee to request of management that the uncorrected audit differences be corrected or a rationale as to why they are not corrected be considered and approved by the Audit and Governance Committee and provided within the Letter of Representation.

Identified audit differences 31 March 2023 (£'000)	Effect on the current period:		Net assets (Decrease)/Increase			
	OCI	Fund Account	Assets current	Assets non-current	Liabilities current	Liabilities non-current
	Debit/(Credit)	Debit/(Credit)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)	Debit/ (Credit)

Errors

Known differences:

- ▶ No material differences identified in the current year

Overall financial statement impact:

NIL

NIL

Disclosure misstatements

Various disclosure errors were reported to management

Further audit differences may be identified in relation to the outstanding matters as set out in Appendix B.



05

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements

We must give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. We have no inconsistencies to draw to your attention.

In addition, we also perform procedures to ensure the consistency of the Pension Fund accounts with the version presented in the Pension Fund's Annual Report. This work is currently in process.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

We had no reason to exercise these duties in relation to Oxfordshire Pension Fund.

Other matters

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

We have undertaken additional testing to provide assurance on the Pension Fund membership data that was submitted to the actuary for the 31 March 2022 triennial valuation of the Pension Fund. In total, we sample tested 125 member records, checking information back to source evidence to verify the data points contained in the Pension Fund's membership system were accurate.

We identified a number of differences as part of this work and are awaiting responses from the fund administrator in relation to these.

We are only required to conduct procedures on the triennial membership submission once every 3 years. Therefore, there is an additional fee this year for completion of these procedures. This is set out in Section 07 of this report.

Other Reporting Issues

Other matters (Continued)

There have been delays in the completion of the audit this year due to issues with the reconciliation of membership numbers, mainly related to the processes related to the clearing of the historical backlog. This impacted the audit of membership contributions, as the difference between our expectation and the amount recorded in the Pension Fund accounts exceeded our allowable threshold. We expect to raise an additional audit fee associated with the additional time it has taken the audit team to progress the audit as the result of these issues. This additional audit fee is set out in Section 07 of this report.

Except for our observations on the control environment, as set out in Section 06 of this report, we have no other matters to report.

Other Reporting Issues

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 revised is effective from financial year 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk assessment
- Understanding the entity's internal control
- Significant risks
- Approach to addressing significant risk (in combination with ISA 330)

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
 - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
 - how auditors understand the entity's use of information technology relevant to financial reporting.

Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures	Audit findings and conclusions
<p>We obtained an understanding of the IT processes related to the IT applications of the Fund. The Fund has two relevant IT applications for the purposes of ISA 315 risk assessment.</p> <p>We performed procedures to determine if there are typical controls missing or control deficiencies identified and evaluated the consequences for our audit strategy.</p> <p>When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls, where we do not gain assurance substantively, we performed additional procedures to assess:</p> <ul style="list-style-type: none">• Manage entity-programmed changes IT process• Manage vendor supplied changes• Manage security settings• Manage user access• Job scheduling and managing IT process.	<p>Our work in this area is complete in respect of the SAP application system, subject to review. We are still awaiting for information relating to the ALTAIR system. Based on the procedures performed thus far, no significant issues were identified in our review of the various processes, including the design and implementation effectiveness of relevant controls around the financial statement close process.</p> <p>We have not tested the operation of any controls through this review.</p>



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

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




During the course of the audit we have identified one area of weakness in relation to the Pension Fund's control environment. We have summarised these weakness and associated recommendations (along with the risk rating) below:

- 3) Weaknesses in the procedures in place for the Pension Fund to identify non-disclosure of declaration of interests from Members of the Pensions Committee. (Low) *Recommendations*
- Management should review the processes it has in place to ensure the accuracy and completeness of the declarations of interest from members.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2022/23 audit.

	High	Moderate	Low	Total
Open at beginning of 2022/23	0	0	0	0
New points raised in 2022/23	0	0	1	1
Total open recommendations	0	0	1	1

Key:

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



07

Independence

Independence, Relationships, services, related threats and safeguards

Confirmation

We are not aware of any inconsistencies between Ernst & Young (EY)'s policy for the supply of non-audit services and FRC Ethical Standard. We are not aware of any apparent breach of that policy.

We confirm that, in our professional judgment, EY is independent, our integrity and objectivity is not compromised and we have complied with the FRC Ethical Standard.

We confirm that your engagement team (partners, senior managers, managers and all others involved with the audit) and others within the firm, the firm and network firms have complied with relevant ethical requirements regarding independence.

Relationships

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

There are no relationships from 1 April 2022 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 July 2023:

[EY UK 2023 Transparency Report | EY UK](https://www.ey.com/en_uk/about-us/transparency-report) https://www.ey.com/en_uk/about-us/transparency-report

Independence, Relationships, services, related threats and safeguards

Services provided by Ernst & Young

There are no services provided by EY from 1 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

The table includes a summary of the fees due to EY in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are included below.

We highlight in the table below the most significant services that may be reasonably considered to bear upon our integrity, objectivity and independence.

	Current Year 2022/23	Current Year 2022/23	Prior Year 2021/22
	Proposed fee £	Planned fee £	Proposed fee £
Scale Fee - Code work	25,254	25,254	18,563
Changes in work required to address professional and regulatory requirements and scope associated with risk - Note 1 and Note 3	TBC	44,551	51,242
Additional fee for the provision of IAS19 assurance letters, including triennial testing to support IAS 26 disclosure and IAS 19 pension liability roll forward - Note 2	9,800	7,500	6,000
ISA 315 implementation	4,800	4,000 to 6,000	0
Total fees	TBC	82,279 - 84,279	76,279

Note 1 - We do not believe that the current scale fee reflects the changes in the audit market and increases in regulation since the most recent PSAA tender exercise. For 2021/22 and 2022/23, we have therefore proposed increases to the scale fee to take into account a number of risk factors including: Procedures performed to address the risk profile of the Pension Fund; Additional work to address increase in Regulatory Standards; Client readiness and IT support for data analytics. For 2022/23 PSAA have increased the base scale fee, but in our view this still does not fully cover the additional work required and we will therefore be submitting a further proposed increase for 2022/23 for determination by PSAA. The final fee for 2021/22 is still to be determined by PSAA. For reference, the scale fee for the 2023/24 Oxfordshire Pension Fund audit, as set by PSAA under the new local government sector audit contract, is £83,224.

Independence, Relationships, services, related threats and safeguards

Note 2 - We plan to charge an additional fee of to take into account the work required to respond to IAS19 assurance requests from admitted body auditors for 2021/22. We have been asked to provide similar assurances in 2022/23 for West Oxfordshire District Council. This fee also includes activity with respect to detailed testing of the triennial membership submission to the actuary. We perform this testing on a triennial basis based on when the actuary conducts a full valuation of the Pension Fund. This work supports the assurance we need to obtain in relation to the IAS26 disclosures in the pension fund accounts as well as any IAS19 assurance letters for both this and the subsequent two years the triennial valuation supports. The fee for this will be finalised once the work is complete. At present, we expect the final fee to be higher than planned due to additional work we have had to undertake in this area. Fees for the membership testing are not subject to determination by PSAA.

Note 3 - The proposed additional fee range for 2022/23, includes additional procedures in relation to the following areas:

- additional testing of level 3 investment valuations,
- review by EY Pensions team to support procedures performed on the IAS 26 (actuarial present value of promised retirement benefits) disclosure
- Additional work by EY Pensions on the roll forward estimate of the net pension liability for the Council for 2022/23. We leverage this work, which is normally undertaken as part of the Council audit, to gain assurance over the IAS 26 processes and resulting disclosures.
- going concern assessment and disclosures,
- work to meet the requirements of the revised auditing standard ISA 540 (going concern) and ISA 240 (fraud assessment)

As the 2022/23 audit is in not yet concluded, we are not yet able to confirm the final fee for the specific additional procedures and identified risk areas as noted above.. The final audit fee will be submitted to management and determined by PSAA.



08 Appendices

Appendix A - Required communications with the Audit Committee

Required communications with the Audit Committee

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

Required communications	What is reported?	Our Reporting to you
		When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report 4 January 2024
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report 4 January 2024
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit planning report 4 January 2024

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Provisional Audit results report - 26 April 2024
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Provisional Audit results report - 26 April 2024

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit and Governance Committee responsibility. 	Provisional Audit results report - 26 April 2024
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Provisional Audit results report - 26 April 2024

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none">▶ The principal threats▶ Safeguards adopted and their effectiveness▶ An overall assessment of threats and safeguards▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit planning report 4 January 2024 and Provisional Audit results report - 26 April 2024
External confirmations	<ul style="list-style-type: none">▶ Management's refusal for us to request confirmations▶ Inability to obtain relevant and reliable audit evidence from other procedures.	We have received all requested confirmations

Appendix A - Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Provisional Audit results report - 26 April 2024
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Provisional Audit results report - 26 April 2024
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Provisional Audit results report - 26 April 2024
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Provisional Audit results report - 26 April 2024

Appendix B – Outstanding matters

Outstanding matters

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

Item	Actions to resolve	Responsibility
ISA 315 (Altair system)	Receipt of response to questions sent to management. EY to complete procedures once responses have been received	Management and EY
Level 3 Investment	Receipt of response to request for supporting evidence relating to Equity sample. EY to complete procedures once response have been received	Management and EY
Going concern review and disclosures	Receipt of management's going concern assessment. EY to review and undertake audit procedures on the assessment and cash flow forecast.	Management and EY
Subsequent events review procedures	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Partner and EQCR Review	Completion of review of audit file	EY
Management representation letter	Receipt of signed management representation letter	EY, management and Audit Committee
Annual Report and Financial Statements consistency	Review of the Pension Fund's Annual Report for consistency with the Pension Fund's financial statements within the administering authority's Statement of Accounts.	EY and management
Final signed accounts	Receipt and review of final set of financial statements to check agreed amendments. Signed approval of the accounts by s151 Officer.	EY and management

*See next page.

Appendix B – Outstanding matters

Outstanding matters

- We are currently unable to issue the final audit opinion on Oxfordshire Pension Fund's financial statements until the audit report on the administering authority's (Oxfordshire County Council) statement of accounts for 2022/23 is issued. This is currently under consideration as part of the proposals to clear the local audit sector backlog and at present we do not expect the audit report to be issued until September or October 2024. We will update the Committee if there is any change to this position.
 - The Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing will impact on the audit of Oxford County Council's 2022/23 financial statements. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of the democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it also ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.
 - As a result of the planned system wide implementation of backstop dates, the opinion on the Oxfordshire County Council's 2022/23 accounts is likely to be disclaimed. We will issue our opinion on the Pension Fund accounts alongside our opinion on Oxford County Council's accounts once the final position regarding this is confirmed.
- Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the financial statements and annual report. At this point, no issues have been identified that would cause us to modify our opinion. A draft of the current audit opinion is included in section 03 of this report.



Appendix B -

Context for the 2022/23 audit of Oxford County Council and Oxfordshire Pension Fund - Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

DLUHC has launched a consultation on changes to the Accounts and Audit Regulations 2015 to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.

- ▶ The National Audit Office (NAO) has launched a consultation on amending the Code of Audit Practice to :
 - ▶ Require auditors to issue audit opinions according to statutory backstop data for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
 - ▶ Allow auditors to produce a single value for money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of councils and residents.
- ▶ The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on temporary changes to the accounting code for preparation of the financial statements. The proposed temporary changes to the financial reporting framework have an impact on both how the financial statements are prepared and our audit procedures necessary to gain assurance.

Appendix D – Management representation letter

Management representation letter

The management representation letter as shown below is draft and subject to change pending resolution of the outstanding matters for the audit.

Management Rep Letter

Kevin Suter
Ernst & Young
Grosvenor House
Southampton
SO15 2BE

This letter of representations is provided in connection with your audit of the financial statements of Oxfordshire Pension Fund ("the Fund") for the year ended 31 March 2023. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2022 to 31 March 2023, and of the amount and disposition at that date of its assets and liabilities as at 31 March 2023, other than liabilities to pay pensions and benefits after the end of the year, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and for keeping records in respect of contributions received in respect of active members of the Fund.
2. We confirm that the Fund is a Registered Pension Fund. We are not aware of any reason why the tax status of the Fund should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements and the Summary of Contributions. We believe the financial statements referred to above give a true and fair view of the financial transactions and the financial position of the Fund in accordance with the applicable law and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with applicable law and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that are

Appendix D – Management representation letter

Management representation letter

Management Rep Letter

free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

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

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

1. We acknowledge that we are responsible to determine that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have not made any reports to the Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with the Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.
6. We confirm that we are not aware of any breaches of the Payment Schedule/Schedule of Contributions or any other matters that have arisen which we considered reporting to the Pensions Regulator.
7. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund's business, its ability to continue in business, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

Appendix D – Management representation letter

Management representation letter

Management Rep Letter

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: *[list date]*
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are

aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We confirm the completeness of information provided regarding annuities held in the name of the members of management of the Fund.
7. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
9. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Appendix D – Management representation letter

Management representation letter

Management Rep Letter

10. From 27 September 2023 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 23 to the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 19 to the financial statements discloses all the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the

feasibility of those plans. We do not intend to wind up the Fund. We are satisfied that the use of the going concern basis of accounting is appropriate in the preparation and presentation of the financial statements.

F. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the statement of accounts 22/23, other than the financial statements, the auditor's report and the statement about contributions.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Independence

1. As members of management of the Fund, we are not aware of any matters which would render Ernst & Young LLP ineligible to act as auditor to the Fund.

Appendix D – Management representation letter

Management representation letter

Management Rep Letter

I. Derivative Financial Instruments

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

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

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

K. Actuarial valuation

The latest report of the actuary Hyman Robertson as at 31 March 2022 and dated 31 March 2023 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

L. Estimates

Level 3 Investment Asset Valuation Estimate and Actuarial Present Value of Promised Retirement Benefits Estimate

1. We confirm that the significant judgments made in making the level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate.
3. We confirm that the significant assumptions used in making the level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate appropriately reflect our intent and ability to continue to maintain the pension fund investments for the purpose of management of the fund and payment of future benefits on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 22/23.
5. We confirm that appropriate specialized skills or expertise has been applied in making the level 3 investment asset valuation estimate and actuarial present value of promised retirement benefits estimate.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

Appendix D – Management representation letter

Management representation letter

Management Rep Letter

M. Use of the Work of a Specialist

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

N. Climate-Related Matters

1. Whilst recognising that the Climate Change Governance and Reporting Regulations do not cover the Local Government Pension Scheme, we confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of United Kingdom Generally Accepted Accounting Practice aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

S151 Officer

Audit and Governance Committee Chair

Date

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FD None

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Oxfordshire County Council
Provisional audit planning
report
Year ended 31 March 2024
22 April 2024

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Dear Audit and Governance Committee Members

Provisional audit planning report

Attached is our provisional audit planning report for the forthcoming meeting of the Audit and Governance Committee. The purpose of this report is to provide the Audit and Governance Committee of Oxfordshire County Council (the Council) with a basis to review our proposed audit approach and scope for the 2023/24 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

This report summarises our assessment of the key issues which drive the development of an effective audit for the Council. We have aligned our audit approach and scope with these. The report also considers the likely impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog. We are currently completing our detailed planning procedures and will update the committee if we identify any further risks or change in our audit strategy.

The Audit and Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done it will impact the level of resource needed to discharge our responsibilities. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Audit and Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw Audit and Governance Committee Members and officers attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

This report is intended solely for the information and use of the Audit and Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties. We welcome the opportunity to discuss this report with you on 8 May 2024 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Stephen Reid

Partner
For and on behalf of Ernst & Young LLP

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Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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



01

Overview of our 2023/24 audit strategy

Overview of our 2023/24 audit strategy

Context for the 2023/24 audit - Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

DLUHC launched a consultation on changes to the Accounts and Audit Regulations 2015 to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.

The National Audit Office (NAO) launched a consultation on amending the Code of Audit Practice to :

- ▶ Require auditors to issue audit opinions according to statutory backstop data for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
- ▶ Allow auditors to produce a single value for money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of councils and residents.
- ▶ The Chartered Institute of Public Finance and Accountancy (CIPFA) launched a consultation on temporary changes to the accounting code for preparation of the financial statements. The proposed temporary changes to the financial reporting framework have an impact on both how the financial statements are prepared and our audit procedures necessary to gain assurance.

As a result of the system wide implementation of backstop dates it is likely that we will disclaim the opinion on the Council's 2022/23 financial statements. The proposed disclaimer of the Council's 2022/23 financial statements will impact both the audit procedures we need to undertake to gain assurance on the 2023/24 financial statements and the form of our audit report in 2023/24 and subsequent years during the recovery phase.

The changes proposed by the consultations therefore will have a significant impact on both the scope of the 2023/24 audit and our assessment of risk. We will continue to provide updates to the Audit and Governance Committee as the audit progresses and our final assessment on the scope and nature of procedures we will undertake becomes clearer. We have highlighted those areas where we consider it most likely that the proposed measures will impact our audit approach and scope as part of this Audit Planning Report.

Overview of our 2023/24 audit strategy

Responsibilities of Council management and those charged with governance

For the planned measures to be successful and the current backlog to be addressed it is vital that all stakeholders properly discharge their responsibilities.

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2024. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Audit and Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in the Council's financial reporting arrangements where we consider it necessary to do so.
- ▶ Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.
- ▶ Consider the impact on planned audit resource available to complete the audit work in advance of the applicable backstop dates.

Overview of our 2023/24 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of land and buildings and Investment Property valued under the depreciated replacement cost (DRC) method and the existing use value (EUV) method	Significant risk	No change in risk or focus	The DRC and EUV valuation methods involve higher risk estimates due to the significant assumptions and judgements involved, which trigger the use of experts by both management and EY. The estimates heighten the risk of material errors.

Overview of our 2023/24 audit strategy

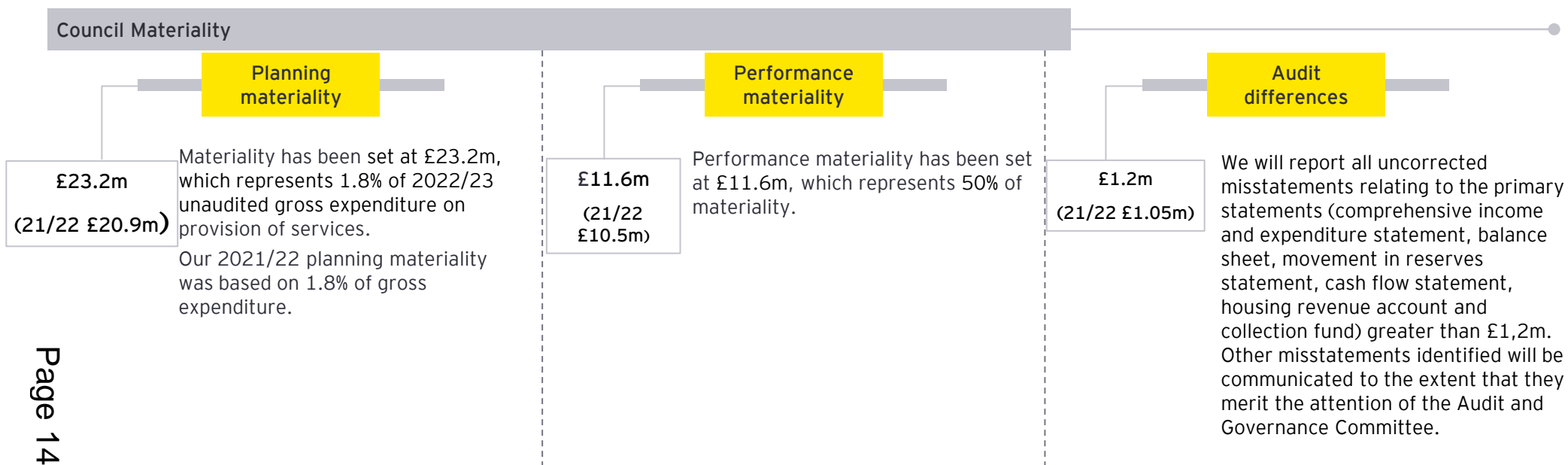
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Pension Liability Valuation and the IAS 19 valuations	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>
IFRS 16	Inherent risk	New Inherent Risk	<p>Mandatory implementation of IFRS 16 Leases has been deferred until 2024/25 (though voluntary adoption is permitted and encouraged). IFRS 16 leases is a complex standard that will require a substantial amount of data gathering followed by a number of policy choice decisions. Impact assessment disclosures will need to be made in the 2023/24 financial statements and the Council will need to ensure that it is prepared for the implementation of this standard.</p>
PFI Liability	Inherent risk	New Inherent Risk	<p>The PFI entries in the financial statements are derived from the PFI model. There have been no new contracts since the model was originally accounted for and therefore there will be no updates to the model. The model itself is complex, it was reviewed by an EY expert in 2017/18 and there have been no changes in subsequent years however we have determined that it is time to review it again to ensure it is still in line with our knowledge and therefore have included it in this year's plan.</p>

The outcome of the consultation on the planned measures to address local audit delays and related proposed temporary changes to CIPFA's Code of Practice on Local Authority Accounting are likely to impact our assessment of audit risks and our response to them. We will continue to keep the Audit and Governance Committee updated on our assessment of any changes to audit risk as this becomes clearer.

Overview of our 2023/24 audit strategy



The outcome of consultation on the planned measures to address local audit delays and the likely issue of a disclaimer on the Council's financial statements and any guidance subsequently issued may continue to impact on our assessment of materiality for the 2023/24 audit. We will keep the Audit and Governance Committee updated on any changes to materiality levels as the audit progresses.

Overview of our 2023/24 audit strategy

Audit scope

This Audit planning report covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money, (VfM), in your use of resources for the relevant period. We include further details on VfM in Section 3.

We will also review and report to the National Audit Office, (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this Audit Planning Report, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to those risks. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". Therefore to the extent any of these or any other risks are relevant in the context of the Council's audit, we set those within this Audit Planning Report and we will continue to discuss these with management as to the impact on the scale fee.

Overview of our 2023/24 audit strategy

Audit scope (Cont.)

Effects of climate-related matters on financial statements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to the Council. It is, nevertheless, important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Audit scope and approach

We intend to take a substantive audit approach, although we have identified the following key processes where we will seek to rely on controls, both manual and IT: Cash and Bank, Accounts Payable and Accounts Receivable. We will obtain the ISAE 3402 report for the services provided by the Integrated Business Centre (IBC) and perform the required test of control procedures.

The Government proposals to re-establish the local authority framework on a more sustainable basis and the outcome of the related consultations are likely to have an impact on the scope of the audit. In particular, where we do not have assurance spanning a number of historic financial years, this is likely to have an impact on our assessment of materiality and our ability to issue an unmodified opinion early in the recovery phase. We draw your attention to the audit scope section 5 of this audit plan where we set out our current understanding of some of the likely impact of the proposals on our scope and approach for your 2023/24 audit. We will continue to provide updates on the impact of these changes to the Audit and Governance Committee where necessary to do so.

Overview of our 2022/23 audit strategy

Value for Money

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to prepare a commentary under three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council's arrangements against three reporting criteria:

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

The commentary on the Council's value for money arrangements will be included in the Auditor's Annual Report.

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Timeline

A timetable has been agreed with management to complete the audit by 30 November 2024. In Section 7 we include a provisional timeline for the audit. All parties need to work together to ensure this timeline is adhered to.

Key Audit Partner and senior audit team

Stephen Reid is the Partner for 2023/24. Stephen works closely with your previous audit Partner, Maria Grindley, and she will continue to support Stephen and the audit team to ensure a seamless handover. Similarly Kalthiemah Abrahams, your audit manager, works on the same management team as your previous manager and again will have access throughout the audit to their knowledge and experience from previous years.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error*

What is the risk?

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

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

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- ▶ Identify fraud risks during the planning stages.
- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud
- ▶ Discuss with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions)
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud
- ▶ Determine an appropriate strategy to address those identified risks of fraud
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- ▶ Undertake procedures to identify significant unusual transactions
- ▶ Consider whether management bias was present in the key accounting estimates and judgments in the financial statements

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We have concluded that we do not have any additional specific risks in relation to management override of controls. Our consideration of fraud risks also covers revenue recognition and our identified risk in this area is included on the next slide.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Inappropriate capitalisation of revenue expenditure*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE) / Investment Property (IP) additions and/or REFCUS in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What will we do?

- ▶ Test Property, Plant and Equipment (PPE) / Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Consider whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Valuation of land and buildings and investment properties valued under the depreciated replacement cost (DRC) method and the existing use value (EUV) method

Financial statement impact

We have assessed that the risk of incorrect valuation of DRC and EUV assets results from the complex estimation involved in arriving at valuations, such that the involvement of specialists is required.

Errors, including incorrect assumptions, in relation to valuation would affect the year end carrying value of DRC and EUV assets.

What is the risk?

We have disaggregated land and building assets to identify those where we think the significant risk lies. We have associated the risk to those assets that are valued using the DRC and EUV valuation methods.

These valuation methods involve higher risk estimates due to the significant assumptions and judgements involved, which trigger the use of experts by both management and EY.

These estimates heighten the risk of material error.

What will we do?

- ▶ Understand the Council's approach to DRC and EUV assets;
- ▶ Determine the impact of revaluations on the financial statements;
- ▶ Consider the use of management's specialists - the external valuers - including the scope of work and the professional competencies of the specialist;
- ▶ Challenge the assumptions made by management and their specialists, with input from EY real estates (EY specialists);
- ▶ Sample test key asset information used by management's specialists. We will consider if there are any specific changes to assets and whether they have been appropriately communicated;
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code;
- ▶ Review assets not subject to valuation in 2023/24 to assess that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation;
- ▶ Test that accounting entries have been correctly processed in the financial statements.

Other areas of audit focus

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

What is the risk/area of focus, and the key judgements and estimates?

Our response: Key areas of challenge and professional judgement

Pension Liability Valuation (inherent risk)

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2023 this totalled £288 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

We will:

- ▶ Liaise with the auditors of Oxfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council;
- ▶ Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team;
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Other areas of audit focus

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

What is the risk/area of focus, and the key judgements and estimates?

Incorrect disclosures in relation to IFRS 16 Lease

Mandatory implementation of IFRS 16 Leases has been deferred until 2024/25 (though voluntary adoption is permitted and encouraged). IFRS 16 leases is a complex standard that will require a substantial amount of data gathering followed by a number of policy choice decisions.

Impact assessment disclosures will need to be made in the 2023/24 accounts and the Council will need to ensure that it is prepared for the implementation of this standard

Our response: Key areas of challenge and professional judgement

We will:

- Understand the entity's process for implementing the new leases standard;
- Assess the readiness of the Council for implementation of this major standard; and
- Review the disclosures in the 2023/24 financial statements in relation to the implementation of IFRS 16.

PFI Liability

The PFI entries in the accounts are derived from the PFI model. There have been no new contracts since the model was originally accounted for and therefore there will be no updates to the model.

The financial model was reviewed by EY specialist in the financial year 2017/18 and will therefore be reviewed again in the current year.

We will:

- Review the assumptions used in PFI accounting to assess whether there have been any changes since our last review;
- Comment on adjustments, if any, by the Council;
- Review the planned entries and disclosures for the Council's 2023/24 accounts and ensure that they are reported in line with the standards.
- Run the parallel model using the current indexation factors



03 Value for Money risks

Value for Money

Council's responsibilities for value for money

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

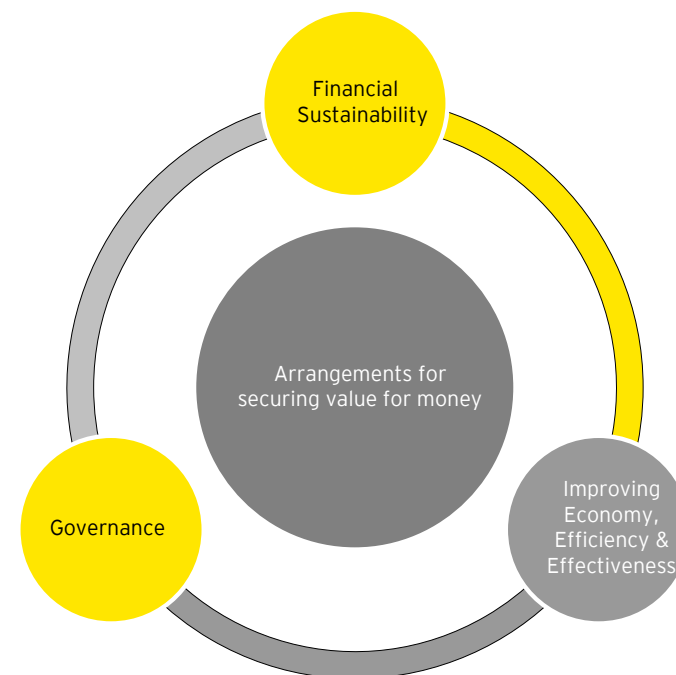
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its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

Auditor Responsibilities

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

The specified reporting criteria are:

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



Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- ▶ The Council's governance statement;
- ▶ Evidence that the Council's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies; and
- ▶ Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.


We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- ▶ Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- ▶ Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or

Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the Council;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the Council's reported performance;
- ▶ Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the Council has had to respond to the issue.



Value for Money

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the a commentary on your value for money arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This may include matters that we do not consider to be significant weaknesses in your arrangements but should be brought to your attention. This will include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2023/24 VFM planning

We have yet to complete our detailed VFM planning.

We will update the next Audit and Governance Committee meeting on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

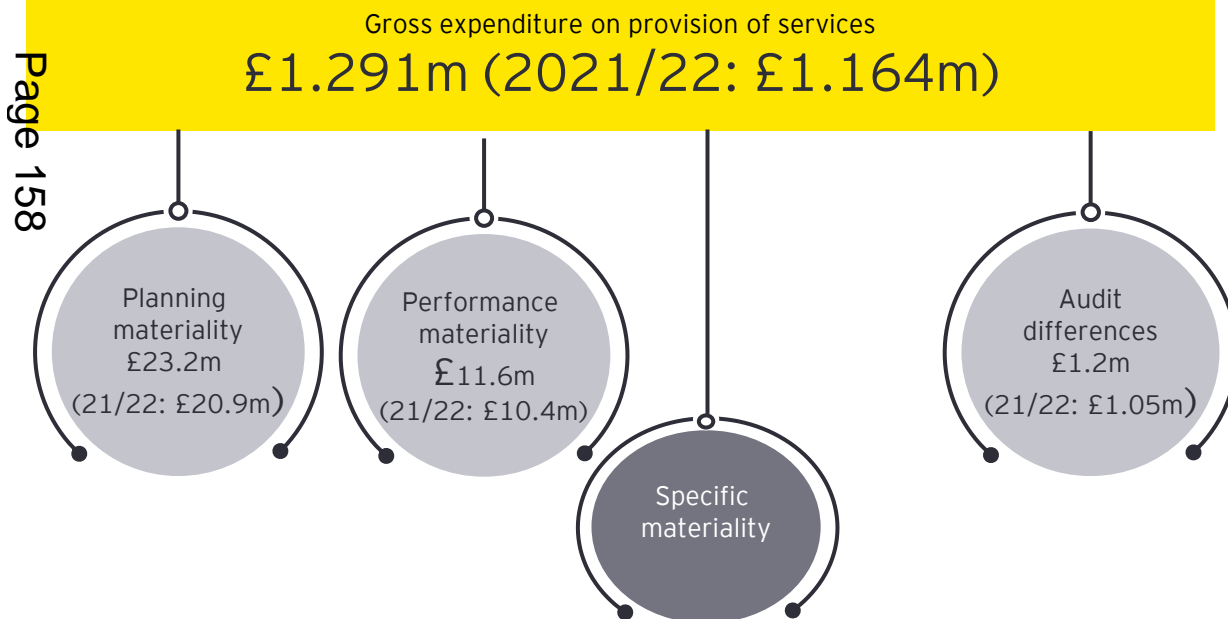


04 Audit materiality

Materiality

Council materiality

For planning purposes, materiality for 2023/24 has been set at £23.2m (2021/22: £20.9m). This represents 1.8% (2021/22: 1.8%) of the Council's 2022/23 unaudited gross expenditure on provision of services. It will be reassessed throughout the audit process. We have chosen gross expenditure on provision of services as we consider that this is of primary interest to the users of the accounts. We have chosen 1.8%, which is at the top end of the range of percentages within our audit approach for comparable size councils, after consideration of a range of factors such as the public profile of the entity and level of available revenue reserves. We have provided supplemental information about audit materiality in Appendix F.



The outcome of consultation on the planned measures to address local audit delays may impact our assessment of materiality for the 2023/24 audit. We will keep the Audit and Governance Committee updated on any changes to materiality levels as the audit progresses.

We request that the Audit and Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £11.6m which represents 50% (21/22: 50%) of planning materiality. We have used 50%, which is at the lower end of the range within our audit approach, after consideration of a range of factors such as, including the number of audit differences identified in our 2021/22 audit. A high number of audit differences identified in our last completed audit led us to conclude that there is a higher likelihood of misstatements in the 2023/24 accounts.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.

Specific materiality – We judge that lower materiality is appropriate for officer's remuneration and exit packages. In addition, we consider the nature of related party relationships and apply qualitative materiality judgements in this area. We consider areas of specific materiality to reflect our understanding that an amount less than our materiality or a related party relationship may influence the economic decisions of users of the financial statements. .



05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- ▶ whether the financial statements give a true and fair view of the financial position of the Group and its expenditure and income for the period in question; and
- ▶ whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ whether other information published together with the audited financial statements is consistent with the financial statements; and
- ▶ where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Audit process and strategy

Objective and Scope of our Audit scoping (cont'd)

Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

The changes proposed by the consultations are likely to have a significant impact on both the scope of the 2023/24 audit and our assessment of risk. We will continue to provide updates to the Audit and Governance Committee as the audit progresses and our assessment on the required scope and nature of procedures we will undertake becomes clearer. As examples:

- ▶ Where prior year audit opinions are modified work will be required to gain assurance, where possible, on opening balances over the period of the recovery phase (phase 2). Where we are unable to gain assurance over opening balances, we anticipate that this may lead to limitation of scope of our audit over those balances.
- ▶ Where prior year audit opinions are modified, and particularly where we do not have assurance spanning a number of historic financial years, this is likely to have an impact on our assessment of materiality and our ability to issue an unmodified opinion early in the recovery phase.
- ▶ Changes to the Code of Audit Practice on Local Authority Accounting will potentially impact on our assessment of audit risk generally, risks associated with significant accounting estimates, such as the valuation of operational property, plant and equipment and the related need to rely on management's and auditor's specialists.

Audit process and strategy

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.
- ▶ Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to rely on controls, both manual and IT:

- ▶ Accounts Receivables
- ▶ Accounts Payable
- ▶ Cash

For the remainder of transactions in 2023/24 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit

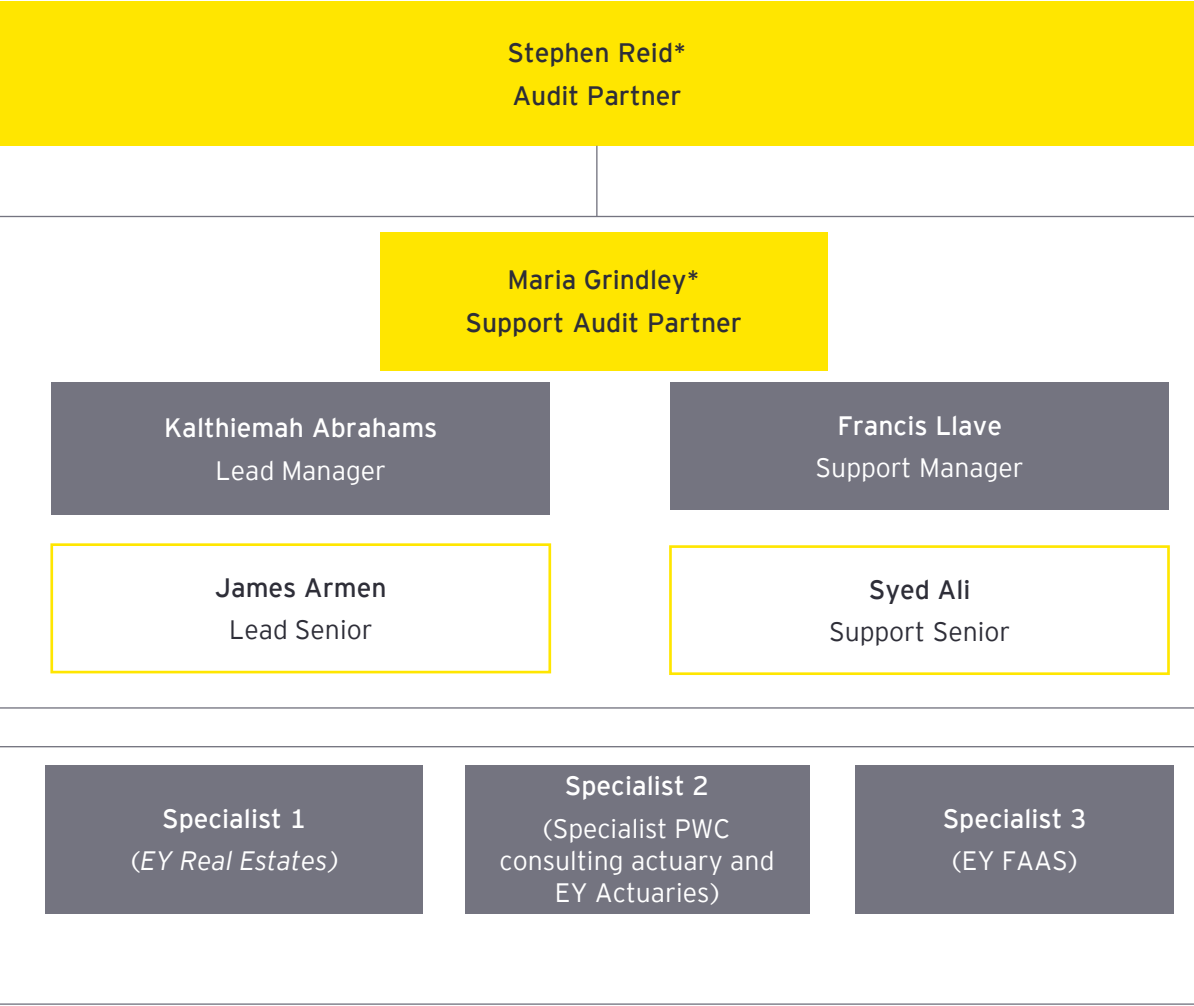
We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



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06 Audit team

Audit team



* Key Audit Partner

Use of specialists

Our approach to the involvement of specialists, and the use of their work

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations team (EY Real Estates)
Pensions disclosure	EY Actuaries
PFI	EY Internal PFI Specialist (EY FAAS)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements



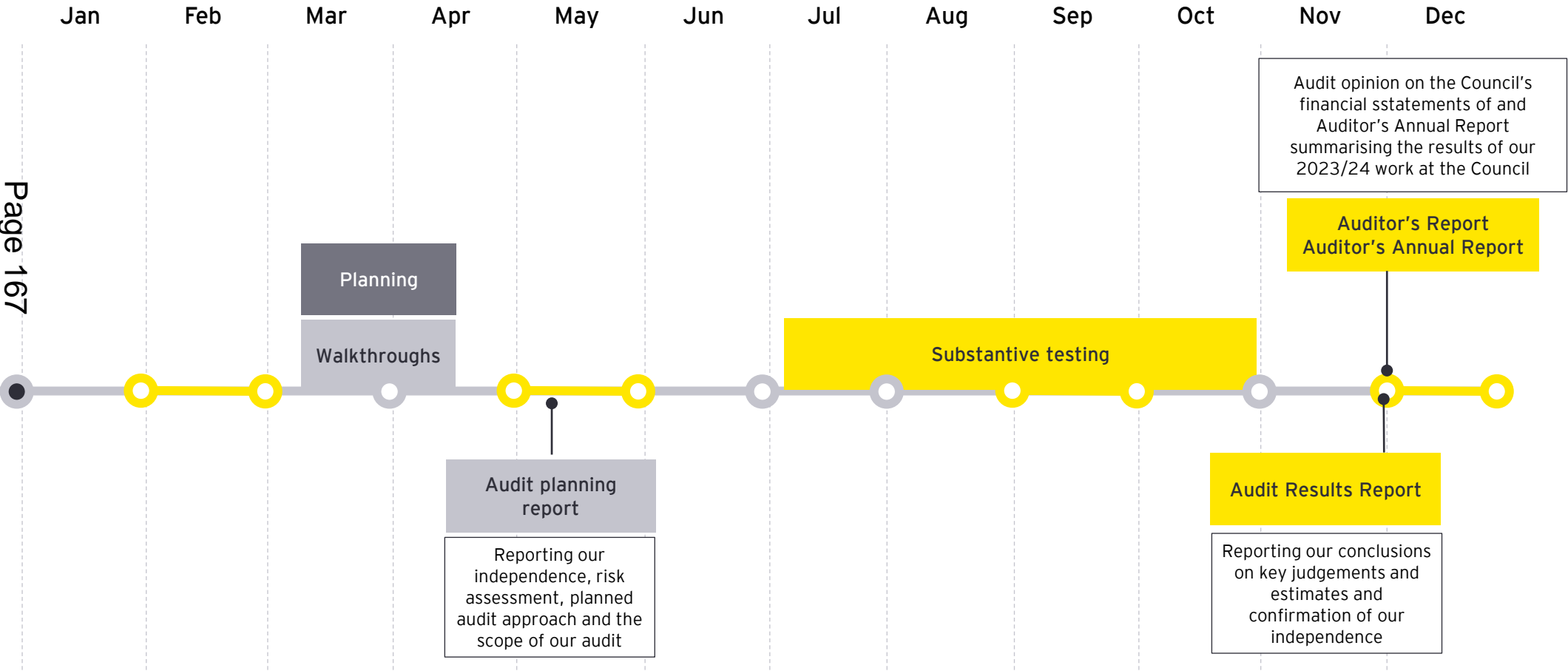
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Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2023/24. We have allocated our initial budgeted resourcing to deliver our work based on the timeline below. If we encounter delays in receiving information from management or we encounter issues in processing data, this can impact the initial timeline and the delivery dates. We are currently finalising our planning and walkthrough procedures, which were initially planned to be completed by 15 April. The delay is due to the delay in response to queries on the data mapping from the IBC (service provider).



From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



08

Independence

Introduction

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Stephen Reid, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. At the time of writing, the current ratio of non-audit fees to audit fees is below 1:1. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



Other communications

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).



09 Appendices

Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.

assign responsibilities clearly to staff with the appropriate expertise and experience;

provide necessary resources to enable delivery of the plan;

maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;

- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:


- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	2023/24	2022/23	2021/22
	£m	£m	£m
Total Fee - Code Work	291 895 Note 3*	145,200 Note 1*	145,200
Scale Fee Variation	TBC - Note 3*	Note 1*	Note 2*
Total audit	Tbc	Tbc	Tbc
Other non-audit services - Teachers pensions	Tbc	15,500	14,000 Note 2
Total other non-audit services	Tbc	Tbc	Tbc
Total fees	Tbc	Tbc	Tbc

All fees exclude VAT

For Notes 1-3 refer to the next slide



Appendix B – Fees continued

Note 1: As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DLUHC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 audit.

Note 2: The 2021/22, work been completed on 25 January 2024 and the SFV is yet to be determined.

Note 3: The revision to ISA (UK) 315 will impact on our scope and approach, and require us to enhance the audit risk assessment process, better focus responses to identified risks and evaluate the impact of IT on key processes supporting the production of the financial statements. We expect to charge addition fee for this. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:

- Consideration of correspondence from the public and formal objections.
- New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16.
- Non-compliance with law and regulation with an impact on the financial statements.

VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.

The need to exercise auditor statutory powers.

Prior period adjustments.

Modified financial statement opinions

As part of our audit planning we have identified the following areas to date that will result in a scale fee variation:

- Due to the level and nature of errors in the 2021/22 financial statements we have set materiality for 2023/24 at 50% as there is a higher risk and likelihood of errors. This increases the level and amount of testing we need to complete;
- Our planning has been affected by the delays in getting responses from the IBC to audit queries and being able to, as a result, finalise our analytics work and procedures which feed into our planning.

Appendix C – Accounting and regulatory update

Future accounting developments

The following table provides a high level summary of the accounting development that has the most significant impact on the Council:

Name	Summary of key measures	Impact on 2023/24
IFRS 16 Leases	<ul style="list-style-type: none">▶ CIPFA have confirmed the re will be no further delay of the introduction of the leases standard IFRS 16.▶ Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.▶ Lease liabilities and right of use assets will be subject to more frequent remeasurement.▶ The standard must be adopted by 1 April 2024 at the latest.	<ul style="list-style-type: none">▶ The 2023/24 Statement of Accounts must disclose the impact the initial application of IFRS 16 is expected to have on the authority's financial statements.▶ The authority should make key IFRS 16 policy decisions in accordance with the Code before 1 April 2024.▶ Officers must implement robust systems to ensure all relevant data points, which could prompt a remeasurement or modification of the accounting entries, are captured in a timely manner.
CIPFA consultation	<ul style="list-style-type: none">▶ The CIPFA/LASAAC Local Authority Code Board has issued a consultation on short term measures in the Code of Practice on Local authority Accounting in the United Kingdom (the Code). The proposals are to aid the recovery of local authority reporting and audit as set out in a joint statement from DLUHC and other system partners issued in February 2024. Two approaches are being explored which would affect the 2023/24 and 2024/25 Codes by providing:<ul style="list-style-type: none">▶ An option to simplify measurement of operational property, plant and equipment using specified indexation, and▶ Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102. The Financial reporting Standard applicable in eth UK and Republic of Ireland.	<ul style="list-style-type: none">▶ There is a potential impact on the 2023/24 accounts if the proposals are approved. We will revisit our audit approach in the light of any such developments and communicate any changes to the Audit Committee.

Appendix C – Accounting and regulatory update (optional)

Regulatory update

The following table provides a high level summary of the regularity update that has the most significant impact on the Council:

Name	Summary of key measures	Impact on 2023/24
ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement	<p>ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:</p> <ul style="list-style-type: none"> ▶ Risk Assessment ▶ Understanding the entity's internal control ▶ Significant risk ▶ Approach to addressing significant risk (in combination with ISA 330) <p>The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:</p> <ul style="list-style-type: none"> ▶ Drive consistent and effective identification and assessment of risks of material misstatement ▶ Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability') ▶ Modernise ISA 315 to meet evolving business needs, including: <ul style="list-style-type: none"> ▶ how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and ▶ how auditors understand the entity's use of information technology relevant to financial reporting. ▶ Focus auditors on exercising professional scepticism throughout the risk identification and assessment process. 	<p>We will need to obtain an understanding of the IT processes related to the IT applications of the Council.</p> <p>We will perform procedures to determine if there are typical controls missing or control deficiencies identified and evaluated the consequences for our audit strategy.</p> <p>When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.</p> <p>We also review the following processes for all relevant IT applications:</p> <ul style="list-style-type: none"> ▶ Manage vendor supplied changes ▶ Manage security settings ▶ Manage user access ▶ Manage entity-programmed changes ▶ Job scheduling and managing IT process

Appendix D – The Spring Report

A combined perspective on enhancing audit quality

The Spring Report ('The Report') was released by the Audit and Governance Committee Chairs' Independent Forum (ACCIF) on 2 June 2023 and is the first of its kind. The Report is the outcome from a series of discussions held with a group of experienced Audit and Governance Committee chairs, auditors from the top 6 firms, and executives from the Financial Reporting Council. The Report details the 9 key learnings that the group agreed on, proposing evolution not revolution, and is focused on getting the basics right first time leading to enhanced audit quality. The report considers key learnings covering the planning, execution, completion and reporting phases of the audit. The full list of key learnings can be found in the [report](#) ([accif.co.uk](#)).

Appendix E – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Audit planning report, as presented to the Audit and Governance Committee April 2024
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	Audit results report - tbc

Appendix E – Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report - tbc
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report - tbc
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit and Governance Committee responsibility 	Audit results report - tbc

Appendix E – Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report - tbc
Independence	<ul style="list-style-type: none"> ▶ Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence ▶ Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place. ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Audit and Governance Committee should also be provided an opportunity to discuss matters affecting auditor independence 	Audit Planning Report as presented to the May 2024 Audit and Governance Committee and Audit Results Report - date tbc

Appendix E – Required communications with the Audit and Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - tbc
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	Audit results report - tbc
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit results report - tbc
Representations	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit results report - tbc
System of quality management	<ul style="list-style-type: none"> ▶ How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit results report - tbc
Material inconsistencies and misstatements	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report - tbc
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - tbc
Value for Money	<ul style="list-style-type: none"> ▶ Our risk assessment and any areas where we have identified risk of material weaknesses in arrangements in areas covered by the three VFM criteria; ▶ The outcome of our work, any identified material weaknesses in arrangements against the three VFM criteria and our VFM commentary 	Audit results report - Tbc Auditors annual report - Tbc

Appendix F – Additional audit information

Regulatory update

Our objective is to form an opinion on the Council's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the UK, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in . We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. The audit does not relieve management or the Audit and Governance Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards, company law and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council's to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit and Governance Committee reporting appropriately addresses matters communicated by us to the Audit and Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements
- ▶ Maintaining auditor independence

Appendix F – Additional audit information (cont'd)

Other required procedures during the course of the audit

Procedures required by the Audit Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.
- ▶ Examining and reporting on the consistency of consolidation schedules or returns with the Group's audited financial statements for the relevant reporting period

We have included in Appendix E a list of matters that we are required to communicate to you under professional standards.

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Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Group financial statements
- ▶ The level of work performed on individual account balances and financial statement disclosures

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Appendix G - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics](#) (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix G - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

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AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME – 2024/25

17 July 2024

1. Annual Governance Statement 2023/2024 (Anita Bradley)
2. Treasury Management- Outturn report 2023/2024 (Tim Chapple)
3. 2023/24 Statement of Accounts (Richard Quayle)
4. Internal Audit Charter (Sarah Cox)
5. Counter Fraud Plan and Update (Sarah Cox)
6. The local audit consultations (backstop date). Lorna suggestion from May
7. Risk Management Update (Louise Tustian)
8. Constitution Changes from the HR Perspective (Katrina Pennington)
9. Audit Working Group Update (Sarah Cox)
10. Health and Safety Annual Report (Paul Lundy) - maybe move to Sept
11. Ernst & Young Update (Maria Grindley/Adrian Balmer)
12. Audit & Governance Committee Work Programme

18 September 2024

1. Treasury Management Quarter 1 Performance Report 2024/2025 (Tim Chapple)
2. Monitoring Officer Annual Report (Anita Bradley)
3. RIPA Policy (Jody Kerman)
4. Local Government and Social Care Ombudsman's Annual Review Report (Simon Harper)
5. Progression on Statement of Accounts 2024/2025 Audit (Richard Quayle)
6. Internal Audit 2023/24- Progress Report (Sarah Cox)
7. Ernst & Young Update (Maria Grindley/Adrian Balmer)
8. Audit & Governance Committee Work Programme

27 November 2024

1. Counter Fraud Update (Sarah Cox)
2. Treasury Management Mid Term Review 2024/25 (Tim Chapple)
3. Oxford Fire & Rescue Service Statement of Assurance 2023-24 (Matt Schanck)
4. Oxfordshire Fire and Rescue Service 2023/2024 Annual Report (Matt Schanck)
5. Risk Management Update (Louise Tustian)

6. Audit Working Group Update (Sarah Cox)
7. Annual Governance Statement 2023/24-Update on Actions (Anita Bradley)
8. Annual Report on Whistleblowing (Anita Bradley)
9. Ernst & Young Update (Maria Grindley/Adrian Balmer)
10. Audit & Governance Committee Work Programme

15 January 2025

1. Annual Governance Statement- Update on Actions (Anita Bradley)
2. Internal Audit 2024/25 Progress Report (Sarah Cox)
3. Treasury Management Strategy Statement and Annual Investment Strategy for 2025/26 (Tim Chapple)
4. Financial Management Code (Kathy Wilcox)
5. Audit Working Group Update (Sarah Cox)
6. Ernst & Young Update (Maria Grindley/Adrian Balmer)
7. Audit & Governance Committee Work Programme

12 March 2025

1. Counter Fraud Update (Sarah Cox)
2. Audit and Governance Committee Annual Report to Council (Sarah Cox)
3. Treasury Management Q3 Performance Report 2024/25 (Tim Chapple)
4. Risk Management Update (Louise Tustian)
5. 2021/22 Draft Audit Results Report (Maria Grindley/Adrian Balmer)
6. Audit Working Group Update (Sarah Cox)
7. Accounting Policies (Richard Quayle)
8. Ernst & Young Update (Maria Grindley/Adrian Balmer)
9. Audit & Governance Committee Work Programme