Annual Governance Statement 2012/13

INTRODUCTION

1. Good corporate governance means that:

   - The purpose and vision of the Council is clear to everyone;
   - The Council has clear values, focusing on customers and the way we work;
   - There is robust engagement with local people and stakeholders and their views are considered;
   - Councillors and officers have clear functions, roles, responsibilities and appropriate training to carry them out;
   - Standards of conduct and behaviour are high, and meet the values of the Council;
   - Decisions are taken in an informed, transparent and accountable way, focusing on outcomes for the community;
   - Decisions are the subject of review and scrutiny;
   - Risks are considered and managed to a reasonable level;
   - There are internal controls on decisions and actions; and that
   - Each year, the governance structure itself is reviewed and updated, progress planned last year is checked and new plans for further improvements are put in place.

   For Oxfordshire County Council; corporate governance is about ensuring that we do the right things, in the right way, for the right people in an accountable, honest, inclusive, open and timely manner. Therefore, excellent systems, processes, cultures and values are needed to control the Council and make it engage with and lead Oxfordshire to meet the needs of service users and the public in general.

2. This Statement describes the corporate governance in Oxfordshire County Council in 2012/13 and up to the date of approval of the Statement of Accounts. It also shows how systems have been reviewed and will be improved. This Annual Governance Statement is required by Regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

3. The Council is subject to other complex legal requirements in this area. We:

   - Are responsible for ensuring that our business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that it is used economically, efficiently and effectively;

   - Have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness; and

   - Are responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.

4. Oxfordshire County Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE[1] Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our public website[2].

5. The result is our 'governance framework'. This is the system that we use to direct and control the activities of the Council. We use this system to check whether we achieve our objectives and deliver appropriate services and value for money. Internal controls – such as internal audit - are an important part of the governance framework. They help us identify and manage risks. Internal controls cannot eliminate all risks, but they do provide a reasonable level of assurance.

6. This statement covers all services including the Fire & Rescue Service. However the Fire & Rescue Service are now required to produce a separate Statement of Assurance which will supplement this statement. A copy of the Fire and Rescue Service Annual Statement of Assurance for 2012/13 can be found on our public website at: http://www.oxfordshire.gov.uk/cms/content/oxfordshire-fire-and-rescue-service-performance

7. The following sections cover the key elements of our Council's governance framework:

    - A vision for Oxfordshire
    - Consultation
    - Decision making structures
    - Senior Management
    - Controls on Projects, ICT and Information
    - Codes of Conduct
    - Training

    Further sections cover working with others:

    - Schools
    - Partnerships

    Next, processes to ensure that good governance is in place:

    - Measuring service performance
    - Compliance, Risks, Complaints and Whistleblowing
    - Internal Audit
    - Checking the Effectiveness of our Governance

    Then we review past plans, review our effectiveness and introduce new plans:

    - Progress in 2012/13
    - Review of effectiveness
    - Action Plans for 2013/14

    And finally, the signatures of our Leader and key managers show their approval of our Annual Governance Statement.

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[1] Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives
[2] http://www.oxfordshire.gov.uk/cms/public-site/corporate-governance

OUR GOVERNANCE FRAMEWORK

A vision for Oxfordshire

8. Oxfordshire County Council plans to deliver three strategic objectives, which are set out in our published Corporate Plan. These are:

- Building a world-class economy
- Supporting healthy and thriving communities
- Enhancing the Environment

  These objectives will be achieved by:

- Delivering efficient public services; and
- Providing leadership and enabling partnership working

9. Our planning process for the Corporate Plan takes account of the needs and wishes of customers and communities which are articulated through a range of consultation exercises. The Cabinet's initial proposals are referred to the relevant Review and Scrutiny Committee for further advice and consideration and then submitted to full Council for approval.

10. Our strategic priorities are translated into SMART[3] outcome-focused targets which are monitored through our corporate 'Balanced Scorecard' (focussing on performance in four areas – Customers, Finance, People and Process). Our Corporate Plan is supported by Directorate Business Strategies which encompass what the Council is aiming to achieve to deliver the vision. Each of these plans is also supported by a Balanced Scorecard to allow us to measure on-going progress.

Consultation

11. Oxfordshire County Council's Communication team manages channels for communicating with residents and staff which include:

- The Council website with information on services and policies;
- A Press office to respond to media enquiries and run targeted media campaigns;
- Marketing channels to reach residents directly, including poster sites, email newsletters and social media channels (for example Twitter and Facebook).

Council staff are kept informed about important workplace developments via the Intranet and regularly cascaded manager briefings. The Council holds an annual staff conference and a series of staff road shows led by the Chief Executive, Directors and senior managers, to directly engage with staff and communicate possible changes.

Oxfordshire County Council also has established public affairs channels managed by the Policy team for communicating with MPs, representatives from district councils and other local and national partners. This includes a monthly MPs briefing.

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[3] Specific, Measurable, Achievable, Realistic, Timely

12. We also have well established consultation and involvement arrangements to specifically engage the community and its staff. There is a council-wide Consultation & Involvement Strategy called 'Ask Oxfordshire', a research governance framework covering consultation, evaluation and research with adult social care customers and a dedicated engagement team working with children and young people and vulnerable adults. Details of the Council's consultation and involvement activities such as service and policy change consultations, surveys of our Citizens' Panel 'Oxfordshire Voice', service user events and Sounding Boards are published on an online consultation calendar that can be found at: http://www.oxfordshire.gov.uk/consultation.

13. Oxfordshire County Council's Health and Wellbeing Board brings together County and District Councillors, health professionals, senior officers and public representatives, to assist in the identification of the health needs of the local community. The Joint Strategic Needs Assessment plans for the commissioning of services (Health & Wellbeing Strategy) and monitors the effectiveness of health services provided for the people of Oxfordshire. The Public Involvement Network will support this work, ensuring that the views of the public, service users, carers and advocacy groups are at the centre of service and strategy development. The Board became a formal statutory committee of the Council on 1 April 2013.

14. Oxfordshire County Council uses a wide range of evidence and information to inform strategy, policy development and service planning and delivery. Examples of this include feedback from consultation and involvement activities, evidence bases such as "This is Oxfordshire" in support of the Council's Corporate Plan and the use of data about the lifestyle types and needs of people in different parts of Oxfordshire to inform decisions on locating services. The County Council is the accountable body and host for 'Insight'[4], which replaces the Oxfordshire Data Observatory, an established service providing a high quality shared evidence base and facilitating information sharing between partners. We also attach great importance to engaging with communities that wish to develop their own plans. Community-led planning allows us to respond to local issues and concerns raised by Oxfordshire's communities whilst encouraging self-help solutions.

Decision making structures

15. Oxfordshire County Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet, Review and Scrutiny and other Committees in the budget-setting and policy and decision-making processes. It notes the legal requirements. The County Council's Corporate Plan supplements our Policy Framework. These formal policies are approved by full Council in accordance with the provisions of Oxfordshire County Council's Constitution.

16. The Constitution also sets out a scheme of delegation. The Chief Finance Officer approves the financial scheme and the Monitoring Officer approves the decision making scheme. The Constitution also records what responsibility each Oxfordshire County Council body or individual delegate (councillor or officer) has for particular types of decisions or areas or functions. The Constitution requires that all decisions taken by or on behalf of the County Council are made in accordance with given principles.

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[4] http://insight.oxfordshire.gov.uk/cms/

17. The Constitution also sets out how the public can take part in the decision-making process. The Cabinet's Forward Plan alerts the public to what business the Cabinet will be undertaking to give members of the public the right to make representations before a decision is taken. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken.

18. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.

19. There is a thirty minute Question Time at all Cabinet and individual Cabinet Member delegated decisions. Any councillor may, by giving notice, ask a question on any matter in respect of the Cabinet's delegated powers. The number of questions which may be asked by any councillor at any one meeting is limited to two (or one question with notice and a supplementary question at the meeting). As with questions at Council, any questions which remain unanswered at the end of this item receive a written response.

20. The Council has retained its procedure for dealing with Councillor Calls for Action and retains a duty on Directors to respond to petitioners within 10 working days. The Council has extended these rights of challenge by way of adopting a new petition scheme and arrangements are in place for the creation of e-petitions.

21. Oxfordshire County Council has an Audit & Governance Committee which meets six times a year and has functions and operates in accordance with proper practice as defined in the guidance published by CIPFA in 2005[5]. The County Council also operates an Audit Working Group, made up of members of the Committee and Senior Officers, chaired by a co-opted member of the Audit & Governance Committee. The Audit Working Group looks in detail at specific areas of governance, risk or control under the direction of the Audit & Governance Committee.

22. The Monitoring Officer and Head of Law & Culture monitors and reviews the operation of the Constitution to ensure that its aims, principles and requirements are given full effect and makes recommendations on any necessary amendments to it to Full Council. They are authorised to make any changes to the Constitution which require compliance with the law; or to give effect to decisions of the Council or (so far as within their powers) the Cabinet, Review and Scrutiny committee and ordinary committees; or to correct errors and otherwise for accuracy or rectification. All other changes to the Constitution will only be approved by the full Council after consideration of a recommendation from the Monitoring Officer and Head of Law & Culture.

Senior Management

23. Oxfordshire has a Chief Executive who is responsible for the head of paid service function. Her role, in summary, includes co-ordinating the different functions of the council, staff appointment, organisation, management, numbers and grades. Additional responsibilities set out in the Constitution include supporting councillors and the democratic process, overall corporate management and promoting our objectives, performance management, strategic partnership, the community strategy, media and communications.

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[5] Audit Committees, Practical Guidance for Local Authorities, CIPFA

24. Our Assistant Chief Executive & Chief Finance Officer holds the statutory role of 'Chief Financial Officer' within the Council. In 2010 CIPFA issued a Statement on the "Role of the Chief Financial Officer in Local Government"[6]. This outlines five principles that define the core activities and behaviours that belong to the role of Chief Financial Officer and the governance requirements needed to support them. A self–assessment confirms that the Council's financial management arrangements conform with the governance principles of the CIPFA statement as outlined below:

1. Our Chief Finance Officer is also the Assistant Chief Executive of Oxfordshire County Council. She is a member of the County Council Management Team, helping it to develop and implement strategy and to fund and deliver the County Council's strategic objectives.

2. Our Chief Finance Officer is actively involved in and can influence all material business decisions. She can make sure that immediate and longer term implications, opportunities and risks are fully considered and aligned with the Medium Term Financial Plan.

3. Our Chief Finance Officer leads the promotion and delivery by the County Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

4. Our Chief Finance Officer leads and directs a finance function that is adequately resourced and is fit for purpose.

5. Our Chief Finance Officer is professionally qualified and suitably experienced.

25. The Financial Procedure Rules are part of the Constitution and are published on the public website. These rules and the supporting Financial Regulations are reviewed by the Chief Finance Officer. Schemes of Financial Delegation and Delegation of Powers are reviewed and updated six monthly and are published on the County Council's Intranet along with guidance on how these should be maintained.

26. These financial documents are supported by a Treasury Management Manual, a Capital Manual, an Accounting Manual and information for use by non-finance specialists which are published on Oxfordshire County Council's Intranet.

27. There are teams of professionally qualified staff in the Chief Executive's Office and within Oxfordshire Customer Services. Part of their role is to support managers throughout the County Council in fulfilling their financial responsibilities and in providing regular review, scrutiny and challenge where appropriate. They also provide assurance that financial management is carried out across the organisation in accordance with the requirements of the CIPFA "Role of the Chief Financial Officer" Statement.

28. Oxfordshire has a Monitoring officer and Head of Law & Culture. He is responsible for the Monitoring officer function. His role, in summary, includes meeting all legal requirements, ensuring effective administration and compliance with statutory

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[6] See: http://www.cipfa.org/Policy-and-Guidance/Reports/-/media/Files/Publications/Reports/role_of_CFO_in_LG_2010_WR.pdf

responsibilities around the councillors code of conduct and the ethical standards of officers. Additional responsibilities set out in the Constitution include maintaining the Constitution itself, work for the Standards Committee, advising on ethical and legal issues, supporting the complaints procedure and promoting good corporate governance.

Controls on Projects, ICT and Information

29. Oxfordshire County Council requires projects to be managed using the Project Management Framework which gives a comprehensive structure and processes for project management. The Directorates review projects (progress and governance) as part of quarterly performance reporting. An escalation process is in place to report significant project issues/ risks to the County Council Management Team (CCMT) as part of the quarterly performance reporting process and separately to the Audit Working Group. Project registers are challenged by the Chief Executive's Office as part of the quarterly corporate monitoring.

30. Our ICT Service Manager ICT has overall responsibility for ICT development and security for Oxfordshire County Council. The Deputy Head of Law & Culture is the Council's Data Controller and chairs the Information Governance Group as the Council's Information Governance Lead. This group has with representatives from all Directorates (as well as Fire & Rescue and Public Health) and specialists from Human Resources and ICT services. The group has appointed a Senior Risk Information Owner, an Information Risk Owner for ICT, and Information Risk Owner for Joint Commissioning; as well as linking with the Caldicott Guardian (responsible for patient confidentiality).

31. Our Information Governance Group reviews and implements corporate policies, including the new Information Governance Policy, the Data Sharing Policy and new tools and methods of work evaluated by ICT Business Delivery to improve the security of data transfer.

Codes of Conduct

32. Oxfordshire County Council has developed and adopted separate Codes of Conduct for Councillors and Officers; both Codes clearly define the high standards of behaviour expected by the County Council and the duty owed to the public. Training to embed the requirements of the codes is provided by the Council's Monitoring Officer for both Councillors and Officers. Both codes form part of the County Council's Constitution and are readily accessible via the council's Internet and Intranet websites. Both codes are reviewed by the Monitoring Officer to ensure that they continue to be effective and up to date. The Monitoring Officer undertakes a confidential biennial survey of Member/Officer relations.

33. Each Council must adopt a local Code of Conduct and have arrangements in place to investigate complaints made against Members. Our Council has agreed to include standards within the terms of reference of the Audit & Governance Committee. The work relating to standards being undertaken by a small advisory group led by the Monitoring Officer with the advice and assistance of independent persons.

Training

34. We have specific role descriptions for Leader of the Council, Deputy Leader of the Council and Cabinet and Shadow Cabinet Members. In addition, Oxfordshire County Council's Constitution sets out the roles and functions for all councillors. Members' development needs and appropriate learning and development opportunities are checked against these role descriptions and prioritised by the cross-party Member Development Group, having regard to emerging issues, skills requirements and formal roles.

35. Training and development needs for senior managers are identified and followed up through the appraisal and personal development plan process. 2012/13 was the first of a two year Senior Leadership Programme for the top three tiers of management. This aims to give senior managers the tools and support needed to tackle complex public sector issues.

WORKING WITH OTHERS

Schools

36. The financial framework for local authority maintained schools is set out in the Scheme for Financing Schools, which is approved by the Schools Forum or by the Secretary of State for Education. Practical day to day application of the Scheme is set out in the Financial Manual of Guidance, which also includes links to the County Council Constitution, DfE (Department for Education) Toolkit and the best practice advice from the Audit Commission. The Scheme is reviewed through the Schools Forum and schools receiving delegated budgets must adhere to the financial framework. Failure of a school to comply with the Scheme can ultimately lead to withdrawal of delegation.

37. The Dedicated Schools Grant (DSG) for 2012-13 was divided between funding direct to maintained schools via a formula (known as the Individual Schools Budget or ISB) and centrally retained expenditure that supports education through key central services to schools. Schools also received other grant streams via the council and from external sources, particularly for sixth form provision. All local authorities are required, under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, to publish via their public web site an annual budget statement and an annual outturn statement. Oxfordshire's Section 251 budget statement for 2012/13 and the budget and outturn statements for previous years are available on the Council's website.

38. Significant changes introduced by the DfE effective from April 2013 have added to the complexity of DSG allocations for 2013/14. From April 2013 there are three separate blocks within the DSG, each of which with its own allocation rules. Funding for higher levels of special needs in further education colleges has become a responsibility of the County Council, funded from the DSG. The County Council is also responsible for the allocation of DSG to academy budget shares, though not for the actual payment to academies. Government continues to make other grant streams available to schools via the County Council, including funding for school sixth forms and the Pupil Premium. Budget allocations for 2013/14 have been finalised in accordance with the new

structures and preparation of the 2013/14 Section 251 budget statement is in progress at the time of writing.

39. It is the responsibility of each school's governing body to set down and oversee proper governance arrangements for the school, supported by the Headteacher and staff. The governing body is accountable to the local authority for the way the school is run. The central schools support and compliance teams visit schools to provide support, advice and challenge and give assurance on the ISB and other funding streams at each school. The schools support and compliance teams validate all schools' budgets annually and review schools' budget monitoring reports during the year. A helpline is provided to schools to give them immediate SAP applications support and finance guidance where needed. The team's use a comprehensive risk assessment tool to identify schools with higher financial risks or issues and give them additional support and oversight. Where progress is not made, a notice of concern can be issued advising the school of required actions. Ultimately failure to comply with a notice of concern could lead to withdrawal of delegated budget powers from a school.

40. The management accounting team reviews the expenditure and governance of the centrally retained DSG expenditure in Children, Education and Families. Both management accounting and schools support are in turn supported by schools technical advisers responsible for the DSG funding formula calculation and other funding streams based on DfE Regulations, Terms and Conditions of DSG and DfE guidance. Schools support and compliance teams each have responsibilities to ensure compliance with the Scheme for Financing Schools (section 48 of Schools Standards and Framework Act 1998) and the Financial Manual of Guidance as well as the national statutory and regulatory environment governing schools finance.

41. Oxfordshire Schools Forum is consulted on financial and governance issues and advises the County Council on these from the schools' perspective. Council officers support the work of the Forum and its subcommittees and all parties benefit from the exchange of advice and views to improve and develop school governance and management and the work of the Forum going forward.

42. The successful schools support, compliance, helpline and technical team structures were in operation throughout 2012/13 and supported improvements in the use of SAP by schools along with schools' budget planning and monitoring for that year. These structures have enabled staffing resources to be directed to more effectively challenge higher risk schools and thereby improve financial management and governance across all schools.

43. All Oxfordshire maintained schools formally achieved the Financial Management Standard in Schools (FMSiS) by 2011. In 2011 the government withdrew the formal FMSiS and later replaced it with the Schools Financial Value Standard (SFVS). For the period 2011/12 to 2013/14 the Schools Forum agreed a continuation of the local arrangements using the council's internal audit service to complete assessments against the new Standard, which created efficiencies and synergies for both schools and the council. Amended arrangements for monitoring the SFVS are being implemented for 2013/14.

44. Academies are legally separate entities and therefore their effective governance does not fall within the control or responsibilities of the County Council. The County Council retains responsibilities to ensure that special educational needs are met and that the free entitlement to early years education is provided by academies where applicable. Oxfordshire academies can use the County Council guidance for maintained schools as one source of information on governance.

Partnerships

45. Oxfordshire County Council continues to deliver jointly in partnership with the:

- Oxfordshire Local Enterprise Partnership
- Oxfordshire Skills Board
- Oxfordshire Strategic Planning and Infrastructure Partnership
- Oxfordshire Safeguarding Children Board; Oxfordshire Environment and Waste Partnership
- Oxfordshire Health and Wellbeing Board (including sub groups on Health Improvement, Adult and Social Care, Children and Young People and Public Involvement)
- Oxfordshire Stronger Communities Alliance (voluntary and community sector); and
- Oxfordshire Safer Communities Partnership.

All partnerships are driven by the priorities set by the Oxfordshire Partnership, which continues to meet to provide a light-touch overarching sense of direction and ensure delivery of the priorities in 'Oxfordshire 2030' - our community strategy. Our arrangements respect the guidance issued by the Audit Commission in 2005[7].

46. The Oxfordshire Children and Young People's Trust has been replaced by the new Children & Young People's Partnership Board (CYPP). The CYPP Board is part of the new Health and Wellbeing Board arrangements for Oxfordshire.

REVIEWING OUR EFFECTIVENESS

Measuring Service Performance

47. The Performance Overview and Scrutiny Committee holds the Cabinet to account on the discharge of its functions. Service performance and quality are measured through our performance management framework which aligns with our service planning framework to ensure service priorities are in accordance with Oxfordshire County Council's objectives. We also use consultation and engagement exercises with our residents.

48. The County Council and Directorate Business Strategies for 2013/14 to 2014/15 were updated through the 2013/14 Service & Resource Planning process. These set out a programme that will enable the Council to deliver its required savings. They will also facilitate the cultural shift to a more dynamic and empowered organisation - in the context of reduced funding aligned to the Council's priorities in the Corporate Plan.

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[7] Governing Partnerships, Bridging the accountability gap, Audit Commission, 2005

Compliance, Risks and Complaints & Whistleblowing

Compliance

49. Oxfordshire County Council uses a range of measures to ensure compliance with established policies, procedures, laws and regulations including:

- Notification of changes in the law, regulations and practice to directorates by Legal Officers;

- Training carried out by Legal Officers and external experts;

- The drawing up and circulation of guidance and advice on key procedures, policies and practices;

- Proactive monitoring of compliance by relevant key officers including the Chief Finance Officer, the Monitoring Officer and the Chief Internal Auditor;

- Corporate Governance Strategy for Law and Culture; and a

- Protocol for Implementing New Legislation.

50. Guidance and advice on all our key policies and procedures have been reviewed and updated. All policies and guidance are available on the Intranet within the Corporate Governance Library as well as separate pages for Human Resources and Finance.

51. Compliance with our policies is monitored by the relevant corporate lead officers. Their assessment is incorporated in the year end 'Certificate of assurance' signed off by each corporate lead officer.

52. Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to the County Council where, in his opinion, a proposal, decision or omission by the County Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. It has not been necessary for the Monitoring Officer to issue a formal report for the year 2012/13. The Monitoring Officer undertakes a review of the County Council's annual governance arrangements. This review is formally reported to the Audit & Governance Committee.

Risks

53. Oxfordshire County Council has a Risk Management Strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across all directorates. The Director for Social & Community Services and the Chairman of the Audit & Governance Committee are nominated as Risk Champions.

54. Oxfordshire County Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk that could impact on the achievement of County Council's objectives and service priorities. Reports to committees to support key policy decisions or major projects include an assessment of both opportunities and risks.

55. A strategic risk register is in place that is owned and reviewed by CCMT. Service Risk Registers are owned and reviewed by each Deputy Director with their management teams and the Director on a quarterly basis. An escalation process is in place to report significant service risks to CCMT as part of the quarterly performance reporting process and separately to the Audit Working Group. Risk registers are challenged by the Chief Executive's Office as part of the quarterly corporate monitoring.

56. Risk Management in projects is required in our Corporate Project Management Framework[8]. It includes the requirement for risk registers to be maintained as part of the project management process.

Complaints & Whistleblowing

57. Oxfordshire County Council has formal complaints and whistleblowing procedures which allow staff, service users, contractors, suppliers and the public to confidentially raise concerns about any aspect of service provision or the conduct of staff, elected councillors or other people acting on behalf of the Council.

58. An annual review of reports and incidents is undertaken by the Monitoring Officer and is reported to the Audit Working Group.

Internal audit

59. In 2010 CIPFA issued a Statement on the "Role of the Head of Internal Audit in public service organisations". This outlines the principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:

- Objectively assesses the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;
- Gives an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Is a Senior Manager with regular and open engagement across the organisation, including the Leadership Team and the Regulatory and Audit Committee; and
- Leads and directs an internal audit service that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.

60. In accordance with the requirements of the Accounts and Audit (England) Regulations 2011, the Monitoring Officer has carried out a review of the effectiveness of the system of internal audit. The scope of the review covered compliance with proper practice (CIPFA Code of Practice for Internal Audit 2006), reporting on performance and outcomes to the Audit & Governance Committee, and a survey of Senior Management on the effectiveness of Internal Audit.

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[8] http://projectmanagement.oxfordshire.gov.uk/wps/wcm/connect/occ/project+management+framework/Home/

61. The Audit & Governance Committee has determined the process by which this review is undertaken. It includes continuous monitoring of the Internal Audit process by the Committee in conjunction with the Audit Working Group.

62. In the resulting report to the Audit & Governance Committee it was concluded that the Internal Audit Service overall continues to be effective but there are areas for improvement which are receiving attention. The Chief Internal Auditor is also required to complete and report to the Audit Working Group, a self-assessment against the new Public Sector Internal Audit Standards that replaced the 2006 CIPFA Code from 1 April.

63. The Chief Internal Auditor has prepared an Annual Report on the work of Internal Audit which concludes that the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of the County Council's functions. Where areas for improvement have been identified, management action plans are in place.

Checking the Effectiveness of our Governance

64. Oxfordshire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the County Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, whistleblowing reports and comments made by the external auditors and other review agencies and inspectorates.

65. The following paragraphs describe the process that we have applied to maintain and review the effectiveness of the governance framework. They also include some comment on the role of key bodies.

Audit & Governance Committee

66. The Chairman of our Audit & Governance Committee produces an Annual Report to Council. The Annual Report also covers the work of the Audit Working Group. This group has met regularly throughout the year and reviewed specific areas of governance, risk and control, reporting any significant issues identified to the Committee.

Overview and Scrutiny Committees

67. CIPFA guidance indicated that Audit Committees 'should have clear reporting lines and rights of access to…. for example scrutiny committees'. The Chairman of the Performance Overview and Scrutiny Committee has a standing invitation to attend our Audit & Governance Committee to provide advice in relation to the work of Overview and Scrutiny Committees. An annual report on key achievements of all Overview and Scrutiny Committees is considered by our Audit & Governance Committee in draft and submitted for agreement by Council.

68. The Council reviewed the Scrutiny Committee arrangements at its meeting in April 2013. We now have three standing Overview and Scrutiny Committees for the following broad areas:

- Education
- Performance
- Health (including aspects of adult social care)

These provide advice to the Cabinet on major policy decisions and may review the Cabinet's decisions. Each committee may establish its own working groups to explore particular issues in more depth. Councillors will be able to suggest issues for consideration by an Overview and Scrutiny Committee subject to the relevant Committee Chairman's agreement. In addition:

- Policy development work will be carried out by a number of Cabinet Advisory Groups;
- There will be a standing Transport Advisory Panel; and
- Local member engagement will be strengthened by Locality meetings that focus on local issues.

Corporate Governance Assurance Group

69. This Group monitors and reviews the Annual Governance Statement action plan, the effectiveness of the corporate governance framework, as well as monitoring and challenging the assurance framework owned by the designated Corporate Leads. The Group identifies and considers weaknesses in the internal control environment. It has primary responsibility for collating all of the evidence and producing the first draft of the Annual Governance Statement. No recommendations for improvements were made by the external auditors (the Audit Commission) relating to the 2011/12 Annual Governance Statement.

Key Deliverables

70. Key deliverables within Directorate Business Strategies are managed as projects as a part of our directorate business management process. Updates on projects are reported quarterly, with information reported through existing quarterly business management (performance/risk/projects) reporting procedures. The forecast financial position is reported monthly to Leadership Teams and through the regular Financial Monitoring Reports to Cabinet.

71. Further to these monitoring arrangements, the Chief Finance Officer meets monthly with all Deputy Directors to ensure that support is targeted to projects as necessary.

72. Delivery of the Directorate Business Strategies is also being regularly reported to CCMT as part of the Quarterly Business Management report

Other external reviews

73. Oxfordshire County Council receives external reports from a range of sources that can provide assurance or indicate any issues related to internal control and governance. These are generally ad-hoc and are reported to CGAG by the Research & Major Programme Officer so that governance issues can be reported to Audit & Governance Committee. No issues have been raised for 2012/13.

SIGNIFICANT GOVERNANCE ISSUES

Progress in 2012/13

74. The Progress Report on Actions planned for 2012/13 follow:

Action planned for 2012/13	Progress	Status
Data Transfers and Security To set out and monitor in an action plan: a) improvements to ensure effective information governance relating to external data transfers and data security; and b) planned actions to raise staff awareness of the requirements of the Acceptable Use Policy.	a) Membership of the Corporate Information Governance Group (IGG) has been reviewed. New members have been appointed with specific, high-level responsibility for information governance within their respective Directorate. The Senior Information Risk Owner (SIRO) has been appointed along with Information Governance Lead. Roles and Responsibilities documented and agreed subject to approval of IGG. An ICT solution to ensure secure data transfer/secure e-mail with third parties is proceeding well and a further 250 licences have just been purchased.	In progress – on-going actions reflect the requirement to embed the new governance arrangements for data transfers and security and data quality.
	b) Reminders about the "ICT Acceptable Use Policy" and "Information Security Policy Overview" have been provided through Intranet news items during 2012/13,	Complete but on-going actions required to embed requirements.
Delivery of the Internal Audit Counter-Fraud Plan	The refreshed Counter-fraud Plan was presented to the Audit & Governance Committee on 16 January 2013 as part of the "Internal Audit 2012/13 Progress Report and Quarter 4 Plan". The plan is now on track, resources are allocated.	Complete – the Plan is being delivered as agreed.

Action planned for 2012/13	Progress	Status
Health & Safety To ensure the Health & Safety Strategy is embedded across the organisation and a) That roles and responsibilities are clear and understood; b) H&S arrangements in commissioning, awarding and managing service provider contracts are robust.	The Health & Safety (H&S) Policy Framework has been reviewed and refreshed. This includes the new Deputy Director Part 3 H&S Arrangements and Premises H&S Responsibilities document (OCC/Carillion): Directorate Action Plans are currently being developed by Leadership teams. The SCS Action Plan is completed, E&E, CEF and CEX Action Plans are being developed. H&S Roles and Responsibilities have been refreshed: All staff have been emailed by the Chief Executive informing them of their H&S responsibilities. Strategic HR have written to Tier 2 and Service Managers.	On-going
Business Continuity Stakeholders Group to ensure that all directorates have clear and robust recovery systems and procedures and have identified all critical documentation that needs to be restored as a matter of priority. ICT to operate a repository of those critical documents to be restored as agreed by backup arrangements including the Disaster Recovery facility at Kidlington.	All council data is backed up at the data centre at Kidlington Fire Headquarters. The target recovery time is four hours for Priority 1 systems. All files and documents stored on shared drives or personal drives are available as part of the ICT infrastructure and should also be available within the target recovery time.	Complete Complete

Action planned for 2012/13	Progress	Status
Implementation and embedding of the Data Quality Policy	Data Handling Guidelines are being considered by the reconstituted Information Governance Group (IGG).	Draft Data Quality Guidelines have been published.
Embedding effective Governance arrangements relating to contracts within Children, Education & Families and Social & Community Services and to ensure that procurement and contract monitoring arrangements are robust.	Following the creation of the Joint Commissioning Team, the Quality Procurement and Contracts Team is taking a more consistent approach to care quality monitoring. Key actions are: ❖ All contracts to be reviewed annually and all follow up actions completed within three months; ❖ A review of the size/complexity of contracts in place, profiling the risks associated with each ❖ On-going review of systems of contract management to ensure they are effective and robust. ❖ Contract monitoring to include Health & Safety Part 3 and Information Governance related performance indicators.	Complete
Embedding effective Governance arrangements relating to contracts within Environment & Economy and to ensure that procurement and contract monitoring arrangements are robust.	Arrangements for reporting and monitoring contracts are set out in the documentation relating to each contract. The monitoring of key deliverables, outcomes and performance targets for the main contracts, Highways for example, are reported to the Highways Operations board. Transport contracts are reported to the divisional leadership team and escalated to the directorate leadership team by exception. An exercise to review and map contract governance within the Directorate is progressing and will be considered by Corporate Governance Assurance Group.	Complete On-going

Action planned for 2012/13	Progress	Status
Routine management and monitoring of the performance of procurement controls to be introduced, with escalation of serious and/or persistent non-compliance to Directors, S151 Officer, Monitoring Officer and Cabinet Member for information and action. Management report to cover: - Live vendors by vendor category – Actual against target - Use of one-time vendors – with commentary on inappropriate use including multiple use - FB60 payments/services using FB60 process - Red route orders with a commentary of those that have resulted in vendor creation - Duplicate Payments & vendors	The Procure to Pay project is at implementation stage and progressing well overall. A range of key performance indicators is now available and is reported to the Deputy Chief Finance Officer in a dashboard format. Any escalation of concerns arising from the dashboard results will be addressed with Service Managers via the Commercial Services Board.	In progress in line with Procure to Pay project plan.

A Review of the effectiveness of our governance arrangements

75. We have reviewed our overall effectiveness. Key points are that:

- We have made good progress on implementing our Action Plan for 2012/13 as noted above;
- Our decision taking processes are clear;
- The council has effective financial management providing good value for money and operating within a budget that included freezing council tax levels in 2012/13 and achieving £37m of savings.
- We have put in place shadow arrangements to manage our new role in Public Health that went live on 1 April 2013;
- We have reviewed and improved our Scrutiny functions;
- We monitor key governance issues through a system of Corporate Lead Officers, for example one covers Business Continuity;
- Key management roles are defined and in place – Chief Executive, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor;
- Internal Audit's Annual Report concludes that the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of Oxfordshire County Council's functions; and
- Through the governance assurance framework, issues and unacceptable risk exposures are being highlighted with action plans devised and implementation monitored on a timely basis. This will ensure that the level of risk is returned to acceptable levels as soon as possible.

Thus we consider that our governance arrangements are in good shape. They have dealt with issues arising from the May 2013 election which left no party in overall control of the Council. We have continuing and new plans to improve our governance in 2013/14 which are listed below.

Action Plans for 2013/14

76. For 2013/14, some areas have been identified where the quality of our governance could be improved, or where we have planned material changes to the governance arrangements. Our action plan for 2013/14 follows:

	Action planned for 2013/14	Timescale for Completion	Responsible Officer	Monitoring Body
1	**Data Transfers and Security (on-going from 2012/13)** To implement the strategy to: a) ensure effective information governance relating to external data transfers and security and to raise staff awareness, for new and existing staff of the legal requirements; b) improve staff awareness of the requirements of the Acceptable Use Policy. c) ensuring that where appropriate, data is transmitted securely either using 'Government Connect', or Egress Switch email and file transfer software or another secure software system.	Initial report by the Data Controller by 31 July 2013 then on-going monitoring	Data Controller and ICT Corporate Lead	Information Governance Group

	Action planned for 2013/14	Timescale for Completion	Responsible Officer	Monitoring Body
2	**Health & Safety (on-going from 2012/13)** To ensure the Health & Safety Strategy is embedded across the organisation and: a) that roles and responsibilities in directorates and corporately are clear and understood; b) Health & Safety arrangements in commissioning, awarding and managing service provider contracts are robust. c) that the recommendations from the Internal Audit of Health & Safety are actioned. d) that an effective Health & Safety working group is in operation e) that Directorate action plans in place by the end of July 2013	31 March 2014 or dates set out within the Internal Audit report of Health & Safety.	Health & Safety Corporate Lead	CCMT
3	**Legislation** Develop and implement an action plan to raise awareness of the implications of new legislation, statutory guidance and best practice and forward planning to allow for government policy developments in directorates.	30 December 2013	Monitoring Officer	CGAG

	Action planned for 2013/14	Timescale for Completion	Responsible Officer	Monitoring Body
4	**Data Quality** Agree, implement and report on the performance of a **Data Quality Strategy** within the organisation and with third parties	31 March 2014	Business Management Corporate Lead (Research & Major Projects Officer)	CGAG
5	**Commercial Services Board** Is implemented effectively and • provides an on-going robust overview of the adequacy of procurement and contract management arrangements across the organisation including contract performance and visibility of issues/risks. • issues in CEF contract management are addressed	31 March 2014	Deputy Chief Finance Officer and County Procurement Manager	CGAG
6	**Implementation of Self-Service for Human Resources and Finance** Actions to introduce user – friendly systems to enable improvements to financial management and human resources processes are completed in line with project plans and staff are aware of and using the new tools effectively.	31 December 2013	Deputy Chief Finance Officer and Head of Human Resources	Transformation Board

	Action planned for 2013/14	Timescale for Completion	Responsible Officer	Monitoring Body
7	**Improve Client Charging arrangements in Social and Community Services and in Oxfordshire Customer Services** Actions to address issues raised by the Internal Audit report	31 March 2014	Deputy Director, Adult Social Care and: Deputy Director, Oxfordshire Customer Services	Audit Working Group and: CGAG

77. Over the coming year we propose to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

SIGNATURES

Signed on behalf of Oxfordshire County Council:

……………………………….   Date ……….   ……………………………….   Date ……….
Joanna Simons   Sue Scane
Chief Executive   Assistant Chief Executive &
                                                           Chief Finance Officer

……………………………….   Date ……….   ……………………………….   Date ……….
Councillor Ian Hudspeth   Peter Clark
Leader of the Council   Monitoring Officer

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