

AUDIT and GOVERNANCE COMMITTEE – 18 September 2013

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 5 September 2013

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr Wilmshurst; Cllr Mathew; Cllr Roz Smith; Lorna Baxter, Eira Hale, and Ian Dyson

Part meeting only: Sarah Cox and Neil Shovell; AWG 13.24 Lucy Butler, Graham Shaw, Aisling O'Sullivan Darcy; AWG 13.27 Mary Fetigan, Ernst & Young.

Observer: Cllr Dhesi

MATTERS ARISING FROM AWG 20 June 2013

Members on the AWG asked for the clarification on the requirements for communicating and reporting to members on matters in their local area.

The policy is set out in Part 9.3 of the Constitution, "Protocol on Members' Rights and Responsibilities", section 9 "Effective Communication with Members". Members were also referred to section 11(d) "Dealing with Difficulties", in which it states that should they feel they are not receiving the information required they should contact the Monitoring Officer. The Monitoring Officer has quarterly meetings with Directors, when issues in respect of communication with members can be addressed.

Members on the Group expressed concerns that communication of local issues such as planning applications and maintenance work remains a concern. The Chief Internal Auditor reported that the guidance to managers is clear in the constitution, and that this has been reiterated through training provided to tier 3 and 4 managers who have received "political awareness" training. He suggested that whilst in the first instance queries should be taken up with the relevant officer, if a satisfactory response is not received that should be escalated to the Director; where the matter remains unanswered or the same issues reoccur then it is important that the Monitoring Officer is notified.

AWG WORK PROGRAMME ITEMS

There was a change to the published agenda; item AWG13.25 Draft Fire and Rescue Statement of Assurance was withdrawn at the request of the Chief Fire Officer, deferring the item to February 2014 so as the outcome of the Operational Peer Assessment at the end of the year can be incorporated within the first Statement of Assurance.

Main business items of the meeting were as follows:

AWG13.24 Client Charging

The Group was satisfied with the progress being made, noting that a tender process for an integrated IT solution will commence shortly. The Group was informed that

officers have researched possible software products including visiting other local authorities where they are in operation, so are assured they can provide what is required.

The report produced for the AWG stated a paper on the outcome of the consultation on the contributions policy would be tabled at the meeting. This was not tabled, and is being prepared for a Cabinet meeting; it will be circulated when available. The Group was informed that the consultation process has received a number of responses which has resulted in some changes to the original policy draft.

The Group was informed that Lucy Butler, Deputy Director, who has been leading the change programme alongside Graham Shaw, will be leaving Adult Social Care to take up the position of Deputy Director in CEF. She reassured the Group that she will provide a full handover to her replacement, including attending the next update to the AWG scheduled for November.

AWG13.26 Internal Audit Report

The Group noted the outcomes from recent audits, and the progress with implementation of management actions did not highlight any matters for concern. The Chief Internal Auditor reported that the Audit Commission had reviewed the work on NFI to date, and highlighted the key matches that should be being investigated. The responsible officers have been notified and Internal Audit is monitoring monthly.

The Group focussed on the emerging issues. It was highlighted that the Procurement Improvement Project (PIP) has not made as much progress as planned. Officers on this project are already scheduled to report to the November AWG with an update on progress and outcomes. It was agreed to note the current position with a full report due in November.

The Group was given an update on the latest information provided to the Chief Internal Auditor on the proposed changes to the arrangements for highways management, noting that Internal Audit has experienced difficulty in obtaining expected project documentation such as risk registers. Members on the Group also expressed concerns over the current level of service based on their experience with local issues. The Group will be requesting the Deputy Director attends the AWG on 10 October 2013 to discuss the risks and issues relating to the proposed changes to the highways management arrangements.

AWG13.27 Pension Fund Fraud Risks

Mary Fetigan (External Audit), talked through the requirements for "those charged with governance" to consider the management of fraud risk in respect of the pensions fund, and pensions administration. In previous years a single letter from the Chairman of the Audit Committee setting out how the committee gets assurances on fraud risks has sufficed; however, under the new auditing practices the Pensions Fund is considered as a separate entity requiring separate statements from the Chairman. To assist the committee in reviewing the risks, a set of generic fraud risks was presented to the Group for discussion. The Chief Internal Auditor confirmed that controls exist to mitigate those risks, and that he would prepare as an appendix to his update report for Committee on 18 September, a schedule setting out the controls that exist.

AWG13.28 Work Programme

The AWG work programme has been updated and is attached as appendix 1 to this report.

Additional meetings have been scheduled as agreed at the last Audit and Governance Committee. When the additional dates were consulted on a meeting on 12 December was proposed; following the AWG this has been changed to Wednesday 11 December. Please note the time of the meetings has been included on the forward plan highlighting the meetings alternate between mornings and afternoons.

RECOMMENDATIONS

The Committee is RECOMMENDED to note the report.

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

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APPENDIX 1

AUDIT WORKING GROUP TIMETABLE AND WORK PROGRAMME 2013/14

2013

Thursday 10 October 2:00-4:00

- Risk Management Report – Claire Phillips
- CEF Risk Registers and Risk Management Process - Ben Threadgold
- Highways Contract - Mark Kemp (tbc)

Thursday 7 November 10:00-1:00

- Internal Audit Issues – Ian Dyson
- Annual Governance Statement Process – annual review of the assurance framework - Peter Clark
- P2P Dashboard/performance report for Q1 2013/14 - Sean Collins
- Client Charging Update - Graham Shaw/Lucy Butler

Wednesday 11 December 2:00-4:00

- Risk Management Report – Claire Phillips
- E&E Risk Management Review - TBC

2014

Thursday 13 February 10:00-1:00

- Internal Audit Report – Ian Dyson
- Draft work programme 2012/13 – Ian Dyson
- Review of AWG Terms of Reference – Ian Dyson
- Property Leases - Trevor Askew
- Client Charging Update - Graham Shaw/Lucy Butler
- Draft OFRS Statement of Assurance - Richard Smith
- OFRS Risk Management Review - TBC

Thursday 20 March 2:00-4:00

- Risk Management Report – Claire Phillips
- SCS Risk Management Review TBC

Last Updated - 5 September 2013

Ian Dyson
Chief Internal Auditor