

AUDIT COMMITTEE – 21 APRIL 2010

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 8 April 2010.

The meeting was attended by:

Dr. Geoff Jones – Chairman; Cllr. David Wilmshurst; Cllr Ray Jelf; Cllr. Alan Armitage; Sue Scane, Assistant Chief Executive & Chief Financial Officer; Peter Clark, County Solicitor; Ian Dyson, Assistant Head of Finance (Audit); Marie Jespersen, Policy and Review Officer.

Part meeting only:

Ian Travers-Smith, County Business Continuity Officer; Sarah Cox, Audit Manager; Samantha Egerton, Principal Auditor; Paula Tansley, Interim Head of Service CYPF; Jim Leivers, Interim Head of Service CYPF; Damien Griffiths, Safeguarding Manager CYPF; Alexandra Bailey, Corporate Performance & Review Manager.

Observers: Cllr. Charles Mathew; Cllr. Charles Shouler; Cllr. Larry Sanders

AWG WORK PROGRAMME ITEMS

Deferred item:

At the last meeting the AWG reviewed the results of the half year Internal Control Checklist (ICC) process, and noted that the CYPF Directorate had an increase in the number of “room for improvement controls”. The Group requested the lead officer in CYPF attend this meeting to discuss in more detail. The Officer concerned had an annual leave commitment and was unable to attend. At the next meeting in June, the results of the second half year ICC will be presented to the AWG, it was therefore agreed to defer the invite to the next meeting subject to the results of the latest ICC.

The following agenda items raised issues to be brought to the attention of the Audit Committee.

AWG5 Early Issues for the Annual Governance Statement (AGS) and Action Plan

The paper submitted proposed that one item (Schools Support Finance), from the 2009 AGS Action Plan should be extended to the new action plan, and that three new actions should also be included; all of the items suggested related to material changes in governance processes planned for 2010 rather than weaknesses in internal control. The Group agreed the items proposed should be included in the Action Plan. A number of further possible items being considered for inclusion in the Action Plan were discussed, but more consideration by the Corporate Governance Assurance Group is needed. During this discussion, members raised concerns about certain aspects of ICT services and felt that these concerns should be brought to the attention of the Audit Committee. It was agreed that the inclusion of an item on ICT in the AGS Action Plan which could be monitored by the Group and the Audit Committee would provide the best means at this stage of progressing the concerns. It was agreed with Officers that an action be included to review the existing ICT

Service Level Agreement, ensuring that it is both relevant and transparent, and that there is clarity across the Council as to the services provided and how they are to be funded. At this stage, no precise wording or timetable has been drafted for the actions in the Action Plan. The AGS format itself is expected to be similar to previous years, based on recommended practice and highlighting all the Authority's governance arrangements. The final draft of the AGS will be presented to the Group at its June meeting for comment prior to its presentation to the Audit Committee on June 30.

AWG 7 Review of Safeguarding Children risk register

The Group welcomed the attendance of the senior officers responsible for managing safeguarding risks. This review was timely in that two recent internal audits relating to safeguarding had identified key areas of concern. The Officers presented the Group with the most recently updated risk register, and demonstrated how information such as reports from Internal Audit impact on their risk scoring. Officers also provided assurance that actions were being taken with priority to address the control issues identified.

Whilst taking some assurance from the Officers that the risk management is being performed as the process intended, the Group also noted comments from the Interim Head of Service for Children and Families, that he has been tasked with ensuring the Council manages Safeguarding with the highest priority and to the highest standards; therefore, further improvements to the control environment and the risk management process may result from his work.

The Group also raised a concern with the Officers that the two Heads of Service present were interims, and as such there is an inherent risk in using short term resources when implementing changes and maintaining continuity. The Group took some assurance from the new Director being in post, and on hearing that a very stringent recruitment process is being followed to ensure the right appointment is made to these critical posts; however, the Group also felt that on behalf of the Audit Committee it should continue to monitor the situation, and will invite the Officers back in six months to provide an update on changes to the risk register, and to the control framework.

The following items were discussed, and progress noted by the Group with no material issues or concerns arising for report to the Audit Committee:

AWG4 Business Continuity and Major Incident Reporting

This item included an update by the County Business Continuity Officer.

AWG6 Review of the Effectiveness of Internal Audit

The Monitoring Officer provided feedback on the early results of the annual survey of Senior Officers, and invited the AWG to comment on any concerns they had with Internal Audit for including in the final report to the Audit Committee on 21 April 2010.

AWG8 Risk Management Progress Report

This lead officer for Risk Management was on leave so this item was presented by his Manager, the Corporate Performance & Review Manager.

AWG9 Internal Audit Quarter 4 Progress Report

The Group considered the summary of findings from internal audits completed since January 2010.

AWG 10 Counter-Fraud Action Plan Progress Report

The Group was informed that the Senior Auditor responsible for Counter-Fraud work has just left on maternity leave. Arrangements to cover the counter-fraud workload are being discussed with Deloitte.

AWG 11 Whistleblowing Annual Report

The Group noted the report did not raise any concerns.

AWG12 Work Plan

The revised work plan for 2010/11 is attached as Appendix 1 to this report.

Please note the Chairman is unable to attend the next meeting scheduled for 3 June 2010, so a new date of 9 June is proposed.

The Committee is RECOMMENDED to note the report

SUE SCANE

Assistant Chief Executive & Chief Finance Officer
Corporate Core

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11 April 2010

**AUDIT WORKING GROUP
WORK PROGRAMME 2010/11**

2010**Thursday 3 June**

- Draft Annual Governance Statement – Samantha Egerton
- Internal Audit Progress Report – Ian Dyson
- Draft Internal Audit Annual Report – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi
- Fairer Charging progress report – Simon Kearey / Sean Collins / Sandra Stapley
- KPMG recommendations follow-up
- CYPF Internal Control Arrangement – David Calver / Sharon Fleming

Thursday 8 September

- Internal Audit Progress Report (Including Q1 performance 2010/11) – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi

Thursday 4 November

- Internal Audit Progress Report (Including Q2 performance 2010/11) – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi
- Quarterly Update AGS Action Plan – TBC

2011**Thursday 6 January**

- Annual Governance Statement Process – annual review of the assurance framework and results from the Internal Control Checklists – TBC
- Quarterly Update AGS Action Plan – TBC
- Internal Audit Quarterly Report (including Q3 performance 2010/11) – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi

Thursday 17 February

- Internal Audit Progress Report 2010/11 – Ian Dyson
- Risk Management Progress Report – Dr Imran Alvi
- Progress report on issues arising from the External Audit Reports - TBC
- Draft work programme 2010/11 – Ian Dyson
- Review of AWG Terms of Reference – Ian Dyson
- Private Session with External Auditors - TBC
- Private Session with the Assistant Head of Finance (Audit)

Last updated: 3 February 2010

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