

Annual Governance Statement 2013/14

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. 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 2013/14 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 our affairs and facilitating the effective exercise of its functions including arrangements for managing risk.

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4. Oxfordshire County Council has adopted a 'Code of corporate governance', which is consistent with the principles of the CIPFA/SOLACE¹ Framework 'Delivering Good Governance in Local Government'. A copy of our 'Code' is on our public website².
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 our 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 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 2013/14 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
 - Equalities
 - 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 and Managing 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 2013/14
- Review of effectiveness
- Action Plans for 2014/15

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>

And finally, the signatures of our Leader and County Council Management Team (CCMT) officers show their approval of our Annual Governance Statement.

OUR GOVERNANCE FRAMEWORK

A vision for Oxfordshire

8. Oxfordshire County Council's ambition, as set out in our corporate plan, is for a county where local residents and businesses can flourish - a Thriving Oxfordshire. To us this means having:
 - A Thriving Economy - with small businesses starting, existing small businesses growing, and large businesses choosing to locate here, creating good jobs for local people. A strong economy makes everything else possible.
 - Thriving People and Communities - where residents are empowered to help themselves and can contribute to what happens locally, and where everyone can make informed decisions about their health and wellbeing.
 - A Safety Net – where we support our most vulnerable residents, focusing on those we have a duty to consider such as older people, disabled adults, and children. We must ensure they are aware of, and are easily able to access the services and care to which they are entitled.
9. We will work to achieve these objectives by delivering essential core services and playing a key leadership role within the county to bring partners together to encourage the best possible outcomes for the residents of Oxfordshire. We will also, wherever appropriate, look first at how we can help people and communities to help themselves.
10. 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 Performance Scrutiny and then submitted to full Council for approval.
11. Our Corporate Plan is supported by Directorate Business Strategies which set out how the work will be delivered. The Directorate Business Strategies for 2014/15 to 2017/18 were updated through the 2014/15 Service & Resource Planning process and approved by Council in February 2014.

Equalities

12. Oxfordshire County Council is committed to making Oxfordshire a fair and equal place in which to live, work and visit. We want our services to effectively meet the needs of all local residents, including those in rural areas and areas of deprivation. We also aim to ensure that our staff are equipped with the knowledge and skills to meet the diverse needs of customers, that our services are accessible, and to encourage supportive and cohesive communities through our service delivery.

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13. In 2012 we launched our Equality Policy setting out how we aim to achieve this goal, as well as meet our obligations under the Equality Act 2010. In our Equality Policy 2012-17, we set ourselves the following objectives:

1. Understanding the needs of individuals and communities
2. Providing accessible, local and personalised services, including to rural areas and areas of deprivation
3. Supporting thriving and cohesive communities
4. Promoting a culture of fairness in employment and service delivery

These key equality objectives align closely with the council's overall strategic objectives, as set out in the council's Corporate Plan.

14. We have set of specific and measurable actions for Directorates to work toward each year in support of achieving these objectives, and we report annually to Cabinet on progress against these.

15. In addition, the Public Sector Equality Duty within the Equality Act requires us to consider how the decisions that we make, and the services we deliver, affect people who share different protected characteristics. We must publish information to demonstrate that we have done this. To meet this obligation we produce and publish Service and Community Impact Assessments (SCIAs) to review the potential impact of new and updated policies and service delivery decisions.

16. The Public Sector Equality Duty also requires us to publish information to demonstrate we have considered how our activities as an employer affect people who share different protected characteristics. We publish an Annual Equality in Employment report to monitor the extent to which we achieve this.

Consultation and Communication

17. 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.

18. 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, 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>.

19. Oxfordshire County Council's Health and Wellbeing Board brings together County and District Councillors, health professionals, senior officers and public representatives, to assist in setting the strategic direction of the health and social care sector and plans for the commissioning of services through the production of the Joint Health and Wellbeing Strategy. Healthwatch are the statutory representatives for service users and the public, and are responsible for 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.
20. 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 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's Research and Intelligence Team manages the 'Oxfordshire Insight' website, which provides an open platform for sharing information and statistics on Oxfordshire. The team proactively communicates data to staff and councillors to ensure that our approach to decision making is evidence based. 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.
21. The Health and Wellbeing Board oversees the production of the Joint Strategic Needs Assessment – a shared evidence base. This identifies the health needs of the local community, enabling effective decision making. It also monitors the effectiveness of health services provided for the people of Oxfordshire.

Decision making structures

22. Oxfordshire County Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet, 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.
23. 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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24. 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.
25. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.
26. 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.
27. 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 maintaining a non-statutory petition scheme and arrangements are in place for the creation of e-petitions.
28. Oxfordshire County Council has an Audit & Governance Committee which meets six times a year. It functions and operates in accordance with proper practice as defined in the guidance published by CIPFA in 2005. 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. We are reviewing and updating our arrangements in response to the 2013 version of the CIPFA guidance³.
29. The County Solicitor 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 County Solicitor.

Senior Management

30. 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,

³ Audit Committees, Practical Guidance for Local Authorities and Police, 2013 Edition, CIPFA,

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performance management, strategic partnership, the community strategy, media and communications.

31. Our 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"⁴. 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 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.
32. The Financial Procedure Rules are part of the Constitution and are published on the Council's 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 twice a year.
33. 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.
34. 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.
35. Oxfordshire has a County Solicitor who is the Monitoring Officer. His role, in summary, includes meeting all legal requirements, ensuring effective administration and compliance with statutory responsibilities around the councillors code of conduct and the

⁴ See: http://www.cipfa.org/Policy-and-Guidance/Reports/-/media/Files/Publications/Reports/role_of_CFO_in_LG_2010_WR.pdf

ethical standards of officers. Additional responsibilities in the Constitution include maintaining the Constitution itself, work for the Audit & Governance Committee on standards issues, advising on ethical and legal issues, supporting the complaints procedure, access to information and promoting good corporate governance.

Controls on Projects, ICT and Information

36. 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.
37. Oxfordshire County Council requires projects to be managed using the Project Management Framework which gives a comprehensive structure, standard paperwork and defined processes for project management. The Directorates review projects (progress, governance and risks) as part of quarterly performance reporting. Progress of Major Programmes is reported to CCMT every 6 months and separately to the Audit Working Group.
38. Our ICT Service Manager has overall responsibility for the strategic development and delivery of all aspects of ICT for Oxfordshire County Council. The Deputy Head of Law and 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 and service user confidentiality).

Codes of Conduct

39. Oxfordshire County Council has developed and adopted separate Codes of Conduct for Councillors and Officers; both Codes define the 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.
40. 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

41. Oxfordshire County Council's Constitution sets out the roles and functions for all councillors. Members' development needs and appropriate learning and development

opportunities are prioritised by the cross-party Member Development Group, having regard to emerging issues, skills requirements, formal roles and any necessary induction following an election or by-election.

42. Training and development needs for senior managers are identified and followed up through our appraisal and personal development plan process. The in-house Senior Leadership Programme provides our senior managers with the tools and support needed to tackle the complex issues we face in local government.

WORKING WITH OTHERS

Schools

43. Section 48 of the Schools Standards and Framework Act 1988 requires the authority to prepare a scheme setting out the financial framework for local authority maintained schools, known as the Scheme for Financing Schools. Amendments to the Scheme may be proposed by the authority after consultation with all maintained schools, and agreed by either the Schools Forum or the Secretary of State for Education. The Secretary of State may also direct changes to all authorities' scheme for financing schools. 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's Constitution. 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.
44. From April 2013 there are three separate blocks within the Dedicated Schools Grant (DSG), each of which with its own allocation rules. Funding for higher levels of special needs in further education colleges is 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. 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 2013/14 and the budget and outturn statements for previous years are available on the Council's website.
45. 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 in maintained schools is accountable to the local authority for the way the school is run. The Schools Finance Team visit maintained schools to provide support, advice and challenge and give assurance on the Individual Schools Budget and other funding streams at each school. The team validates all maintained schools' budgets annually and reviews schools' budget monitoring reports during the year. A helpline is also provided to schools to give them immediate SAP applications support and finance guidance where needed. The team uses 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

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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.

46. Corporate Finance review the expenditure and governance of the centrally retained DSG expenditure in Children, Education & Families. Corporate Finance is responsible for the DSG local funding formula calculation and for distribution of 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.
47. 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.
48. All local authority maintained schools are required to complete a Schools Financial Value Standard (SFVS) statement annually and submit a signed copy to the local authority. The SFVS is not externally assessed but is used to inform the authority's programme of financial assessment and audit.
49. 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 year's 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

50. Oxfordshire County Council continues to work in partnership with many other bodies and organisations, in particular through the formal structures of the:
 - Oxfordshire Local Enterprise Partnership
 - Oxfordshire Skills Board
 - Oxfordshire Strategic Planning and Infrastructure Partnership
 - Oxfordshire Local Transport Board
 - Oxfordshire Safeguarding Children Board;
 - Oxfordshire Health and Wellbeing Board (including sub groups on Health Improvement, Adult Health and Social Care, Children and Young People)
 - Oxfordshire Stronger Communities Alliance (voluntary and community sector); and the
 - Oxfordshire Safer Communities Partnership.

All partnerships that the County Council enters into are governed by a Terms of Reference and appropriate governance regarding decision making. Some partnerships are delivery partnerships and some commission services

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.

REVIEWING OUR EFFECTIVENESS

Measuring and Managing Service Performance

51. Oxfordshire County Council has a robust performance management framework based on quarterly reporting and exception based escalation of issues. Through the performance management framework there are regular conversations about performance at all levels of the organisation, driving decision making and service change.
52. The performance management framework measures service performance and quality by translating our strategic priorities into SMART⁵ outcome-focused targets that are monitored through a 'Performance Dashboard' Information flows 'up' through the organisation from service teams, to directorate management teams and on to the County Council Management team before consideration in public at the Performance Scrutiny Committee and Cabinet.

Compliance, Risks and Complaints & Whistleblowing

Compliance

53. 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.
54. 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.

⁵ Specific, Measurable, Achievable, Realistic, Timely

55. 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.
56. 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 was not necessary for the Monitoring Officer to issue a formal report for the year 2013/14. 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

57. 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 was the CCMT Risk Champion during 2013/14.
58. 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.
59. 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.
60. Risk Management in projects is required in our Corporate Project Management Framework⁶. It includes the requirement for risk registers to be maintained as part of the project management process.

Complaints & Whistleblowing

61. 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.
62. An annual review of reports and incidents is undertaken by the Monitoring Officer and is reported to the Audit Working Group.

⁶ <http://projectmanagement.oxfordshire.gov.uk/wps/wcm/connect/occ/project+management+framework/Home/>

Internal audit

63. 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 Audit & Governance Committee; and
- Leads and directs an internal audit service that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.

64. In accordance with the requirements of the Accounts and Audit (England) Regulations 2011⁷, 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 (Public Sector Internal Audit Standards 2013), reporting on performance and outcomes to the Audit & Governance Committee, and a survey of Senior Management on the effectiveness of Internal Audit.

65. 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.

66. In the resulting report to the Audit & Governance Committee it was concluded that the Internal Audit Service overall continues to be effective and well received, but there is a need to improve performance; in particular completing the annual audit plan by 30 April. The Chief Internal Auditor's self-assessment against the Public Sector Internal Audit Standards, (which became effective from April 2013), was considered as part of the review. The assessment identifies two key areas where the service does not currently conform with the standards - the Internal Audit terms of reference needs to be updated and incorporated within a new Internal Audit Charter - and a Quality and Improvement Plan needs to be produced for review and monitoring by the Audit & Governance Committee. In accordance with the requirements for reporting "non-conformance", these are detailed in the Chief Internal Auditor's annual report including actions being taken.

67. 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

⁷ As set out in the sector specific note – \ local government application note, for the United Kingdom Public Sector Internal Audit Standards, CIPFA and CIIA, April 2013.

are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Checking the Effectiveness of our Governance

68. 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.
69. In addition, Full Council has asked for a review of effectiveness of the changes to the Committee and decision making processes of the Council, introduced in May 2013. The Monitoring Officer has been asked to undertake this review and report back to Full Council in September 2014.
70. 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

71. 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.

Scrutiny Committees

72. 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 Scrutiny Committee has a standing invitation to attend our Audit & Governance Committee to provide advice in relation to the work of the Scrutiny Committees. Similarly, the Chairman of Audit & Governance Committee has a reciprocal standing invitation to attend the meetings of the Performance Scrutiny Committee. An annual report on the key achievements of all Scrutiny Committees is considered by our Audit & Governance Committee in draft and submitted for agreement by Council. Scrutiny and Audit Committee Chairmen have started to meet regularly to coordinate their work.
73. The Council reviewed the Scrutiny Committee arrangements at its meeting in April 2013. We now have three standing Scrutiny Committees for the following broad areas:
- Education
 - Performance
 - Joint Health Overview (including aspects of adult social care)

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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 a 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

74. This Group monitors the corporate governance framework. It reviews the Annual Governance Statement action plan, as well as monitoring and challenging the assurance framework owned by 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 (Ernst and Young) relating to the 2012/13 Annual Governance Statement.

Key Deliverables

75. 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 Business Strategy Delivery Reports to Cabinet.

76. Further to these monitoring arrangements, the Chief Finance Officer and the Head of Policy meet monthly with all Deputy Directors. They review the delivery of business strategies, check progress on the delivery of projects and ensure that support is targeted to projects as necessary. The policy and finance teams work with service areas to monitor delivery of agreed savings and escalate issues for consideration to CCMT as required.

Other external reviews

77. 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 Head of Policy so that governance issues can be reported to Audit & Governance Committee. No issues have been raised for 2013/14.

SIGNIFICANT GOVERNANCE ISSUES

Progress in 2013/14

78. The Progress Report on Actions planned for 2013/14 follow:

Action that were planned for 2013/14	Progress	Status
<p>Data Transfers and Security (on-going from 2012/13)</p> <p>To implement the strategy to:</p> <p>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;</p> <p>b) improve staff awareness of the requirements of the Acceptable Use Policy (AUP).</p>	<p>Progress on the three items in the list is as follows:</p> <p>a) A revised Data Sharing Policy and Procedure was approved by Information Governance Group (IGG) in May 2013. IGG itself was reviewed and refreshed to meet internal audit requirements and ensure effective information governance and security including receiving data breach reports. The Intranet has been used to raise staff awareness. A project has been set up to look at data transfer and security working with leads in directorates to raise awareness of the legal requirements.</p> <p>b) The AUP has been revised in September 2013 and subsequently and similar arrangements as for (a) have been put in place making users responsible and more accountable. The AUP now includes new information on printing. Arrangements for reviewing the AUP each year are in place.</p>	<p>a) COMPLETED</p> <p>b) COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>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.</p>	<p>c) Clearer information is available on the Intranet, and the revised Email Policy makes clear that Egress Switch or PSN must be used for secure transfer of data outside OCC. But persuading other partners to use Egress Switch and inconsistent knowledge and use of it is a continuing risk. Internal audit continue to have concerns about this issue. IGG has commissioned a report on the use of Egress Switch across the Council.</p>	<p>c) ONGOING</p>
<p>Health & Safety (on-going from 2012/13)</p> <p>To ensure the Health & Safety Strategy is embedded across the organisation and:</p> <p>a) that roles and responsibilities in directorates and corporately are clear and understood;</p> <p>b) Health & Safety arrangements in commissioning, awarding and managing service provider contracts are robust.</p> <p>c) that the recommendations from the Internal Audit of Health & Safety are actioned.</p>	<p>a) The Chief Executive has written to all employees reminding them of their Health & Safety (H&S) responsibilities. These are included in all new job descriptions and stated in the Part 2 H&S policies and on the H&S insite page.</p> <p>b) H&S sections have been included in the Procurement Toolkit and training made available on the safe selection and monitoring of contractors.</p> <p>c) Audit actions have been completed.</p>	<p>COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>d) that an effective Health & Safety working group is in operation</p> <p>e) that Directorate action plans are in place by the end of July 2013</p>	<p>d) H&S Governance Group has been established and is now reporting to CCMT. Key issues will be monitored through the Corporate H&S Action Plan. A dedicated H&S governance section is being created on Insite to act a source of reference for H&S governance issues and show progress of the group.</p> <p>e) Directorate action plans were in place for 2013/14. These contained H&S priorities and actions. However there has been mixed success in implementation and the H&S Governance Group will seek improvements to this process during 2014/15.</p>	
<p>Legislation</p> <p>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.</p>	<p>Much legislation and guidance is being introduced. However, systems are in place to monitor new legislation both in Legal Services and the Directorates. Also:</p> <ul style="list-style-type: none"> • There are more briefings for staff and managers by Legal Services • There are named leads on legislation and these have been updated • The policy team scan national agencies and government bodies for forthcoming legislation, consultation requests and policy initiatives and circulate the results appropriately • There are reminders on the Intranet for staff 	<p>COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>Data Quality</p> <p>Agree, implement and report on the performance of a Data Quality Strategy within the organisation and with third parties</p>	<p>A draft document has been prepared but further work by IGG to consider data protection requirements and our Intranet pages is needed.</p> <p>There is a need for clear communication with managers around the organisation about data quality and the benefits effective data use can bring. This is being addressed together with work to ensure that a useful and productive data quality management process is in place, not a set of bureaucratic 'tick-box' exercises.</p>	<p>ONGOING</p>
<p>Commercial Services Board</p> <p>Is implemented effectively and:</p> <ul style="list-style-type: none"> 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. 	<p>The Commercial Services Board continues to meet monthly and is building an overview of significant commercial activity. Typically over 65 commercial / procurement projects are now active, representing an external spending commitment of around £100m per year. These projects are rated as Red, Amber or Green by the commercial team and selectively reviewed by the Board. Work on implementing a consistent approach to Contract Management is progressing well. The Council's approach has been agreed (the Contract Management Framework). We have over 4,000 suppliers and have carried out risk based segmentation for 75% of them. A base line assessment of the most critical commercial relationships began in November 2013 (these are classified as 'Platinum'). A standardised performance snapshot for</p>	<p>ONGOING</p>

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Action that were planned for 2013/14	Progress	Status
<ul style="list-style-type: none"> issues in CEF contract management are addressed 	<p>these occurs quarterly.</p> <p>The Board will formally update CCMT quarterly in respect of its work.</p> <p>Whilst the governance model is now implemented the role of the board and the contract management framework are not fully embedded and its effectiveness will increase as work progresses over the coming year.</p> <p>The issues have been addressed.</p>	<p>COMPLETED</p>
<p>Implementation of Self-Service for Human Resources and Finance</p> <p>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.</p>	<p>Reshaping Finance</p> <p>Processes are in place but need to be embedded.</p> <p>Self Service tools for staff</p> <p>Three of the four planned self-service tools for HR activities have been delivered effectively, with very few problems and excellent feedback from users. Relevant policy and guidance has been linked to the on-line tools making them very helpful to managers and staff. The final tool covering Annual Leave is due to be rolled out shortly and no difficulties are anticipated.</p>	<p style="text-align: center;">COMPLETED</p> <p style="text-align: center;">COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>Improve Client Charging arrangements in Social and Community Services and in Oxfordshire Customer Services</p> <p>Actions to address issues raised by the Internal Audit report</p>	<p>All management actions identified by Internal Audit have been addressed, An appropriate system is in place and there is evidence that staff are using this. Progress has been reported to Audit Working Group</p>	<p>COMPLETED</p>

A Review of the effectiveness of our governance arrangements

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

- We have made good progress on implementing our Action Plan for 2013/14 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 a low council tax increases and continuing plans to make savings;
- We have put in place arrangements to manage our new role in Public Health that went live on 1 April 2013;
- 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;
- We have updated our Code of Corporate Governance and the Corporate Governance Assurance Framework in 2013/14;
- We have started to implement the requirements of the Local Government Transparency Code;
- We have plans in place to implement the Care Act 2014;
- 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. We have continuing and new plans to improve our governance in 2014/15 which are listed below.

Action Plans for 2014/15

80. For 2014/15, 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 2014/15 follows:

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	Action now planned for 2014/15	Timescale for Completion	Responsible Officer	Monitoring Body
1	<p>Data Transfers and Security (on-going from 2012/13)</p> <p>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.</p>	31 March 2015	ICT Corporate Lead	Information Governance Group
2	<p>Data Quality (on-going from 2013/14)</p> <p>Agree, implement and report on the performance of a Data Quality Strategy within the organisation and with third parties</p>	31 March 2015	ICT Corporate Lead	Information Governance Group
3	<p>Commercial Services Board (on-going from 2013/14)</p> <p>The Board's framework should be embedded and implemented effectively. This will provide 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.</p>	31 March 2015	<p>Chief Finance Officer</p> <p>Interim Corporate Procurement Manager</p>	Corporate Governance Assurance Group (CGAG)

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	Action now planned for 2014/15	Timescale for Completion	Responsible Officer	Monitoring Body
4	<p>Business Continuity</p> <p>a. Undertake a review of Business Continuity processes, guidance documents and templates to ensure that they reflect contracted services and rationalised process.</p> <p>b. Ensure that appropriate BC toolkits, training and testing information is available to staff and managers.</p> <p>c. Ensure that all necessary plans exist, can easily be accessed on a central database and are up to date and realistic.</p> <p>d. Ensure that plans are updated when there is organisational change, estate rationalisation or increasing flexible or agile working.</p> <p>e. Ensure that business continuity arrangements are reviewed and if necessary changed when commissioning or externalising services.</p> <p>f. Ensure that Tier 3 managers sign off the plans.</p>	31 March 2015	Business Continuity Corporate Lead	CGAG

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	Action now planned for 2014/15	Timescale for Completion	Responsible Officer	Monitoring Body
5	<p>Externalisation of Human Resources and Finance Services</p> <p>Setting up, implementing and embedding our new operating model includes extensive working with another public body and other work. The following action is required as a result.</p> <p>Develop for the approval of CCMT and the Audit & Governance Committee a robust assurance framework for the governance and systems of internal control for the planned externalisation of services including explicitly those where there may be a transfer in full or in part of key control processes.</p> <p>Risks arising as our partners access our data and other information assets will need to be explicitly considered.</p> <p>The output of this process is to be reviewed by CGAG, approved by CCMT and Audit & Governance Committee.</p>	31 March 2015	<p>Chief Finance Officer</p> <p>Chief Internal Auditor</p> <p>Chief Human Resources Officer</p>	CGAG
6	<p>Partnerships</p> <p>To undertake a review of governance arrangements in relation to key strategic partnerships where the council is a formal member.</p>	31 March 2015	<p>Head of Law & Governance</p> <p>Head of Policy</p>	CGAG

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81. Over the coming year we propose to take steps to address the above matters to enhance further 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 Chief Executive		Lorna Baxter Chief Finance Officer	

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

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