

## **AUDIT & GOVERNANCE COMMITTEE – 8 MAY 2019**

### **REPORT OF THE AUDIT WORKING GROUP – 24 APRIL 2019**

#### **Report by Director of Finance**

#### **RECOMMENDATION**

1. The Committee is RECOMMENDED to note the report.

#### **Executive Summary**

2. The Audit Working Group met on 24 April 2019. The group considered the draft Annual Governance Statement and reviewed the Corporate Lead Statements. The group received a quarterly Internal Audit update and specifically received updates and reviewed progress in respect of the previous audits of Contingency Care and Security Bonds. The group also considered an update on financial management.

#### **Introduction**

##### **Attendance:**

Full Meeting: Chairman Dr Geoff Jones Councillors: Nick Carter, Roz Smith, Deborah McIlveen and Charles Mathew.

Ian Dyson, Assistant Director of Finance; Sarah Cox, Chief Internal Auditor; Katherine Kitashima, Audit Manager, Georgina Cox, Auditor (minutes)

##### **Part Meeting:**

Nick Graham, Strategic Director Resources, Glenn Watson, Principal Governance Officer, Sarah Watson, Access & Disclosure Officer, Rachel Pirie, Lead for Older People, Commissioning, Steven Jones, Corporate Performance and Risk Manager, Paul Bremble Organisational Assurance Manager, Will Harper, Interim Service Manager ICT, Tessa Clayton, Audit Manager.

#### **Matters to Report:**

##### **AWG 19.02 Annual Governance Statement, including Corporate Lead Statements**

3. Nick Graham and Glenn Watson presented the Annual Governance Statement and Corporate Lead Statements for 2018/19. The group reviewed and discussed the Corporate Lead Statements which have been previously reviewed and challenged through the Corporate Governance Assurance Group (CGAG). The Group reviewed the draft Annual Governance Statement and action plan. A number of comments and suggested amendments were

offered by the group, these will be considered further by Glenn Watson (and CGAG) and the Corporate Lead Statements and Draft AGS be updated.

4. The Group were satisfied with the processes in place to produce the Annual Governance Statement. The Annual Governance Statement will be presented to the May Audit & Governance Committee. The Annual Governance Statement is due to be published by the end of May 2019 with the draft accounts.

### **AWG 19.03 Fire & Rescue Statement of Assurance**

5. The Fire and Rescue National Framework for England (the Framework) sets out a requirement for fire and rescue authorities to provide an annual statement of assurance on financial, governance and operational matters and to show how they have due regard to the requirements of the Framework and the expectations set out in authorities' own integrated risk management plans.
6. This statement of assurance feeds into the overall OCC Annual Governance statement was presented to the group by Paul Bremble.
7. The Group reviewed and offered comments on the Statement of Assurance, considering areas of the report which commented on risk management, governance arrangements and operations. The Statement of Assurance will be presented to the May Audit & Governance Committee.

### **AWG 19.04 Internal Audit Update**

8. The group received an update from the Chief Internal Auditor on progress against the Internal Audit Plan. This confirmed that the plan for 18/19 was now complete and this would be reported to the May Committee. The group reviewed the executive summaries of reports finalised since the last report made to the January Audit & Governance Committee.
9. Reports graded red status, continue to be monitored by the AWG. Officers attended the meeting to provide updates on implementation of action plans for Contingency Care and Security Bonds.
10. The follow up audit of S106 has just been concluded, this still has the overall conclusion graded as Red as there has not been sufficient progress with implementation of the action plan. It was agreed the full report will be presented to the June AWG with officers invited to attend.

### **AWG 19.05 Financial Management Update**

11. The Assistant Director of Finance provided an update on the Financial Management Improvement Plan. The group noted that Financial Management Improvement has been incorporated into the Finance Review which concludes at the end of May 2019. The group were updated on the current focus of work

which includes reviewing the Finance Function, looking for opportunities for new ways of working and looking at financial management structures within Directorates to ensure they are enabling services to be managed effectively.

The group agreed to monitor the specific actions being undertaken, requesting a verbal update to the June Audit Working Group meeting and a report back to the September meeting.

#### **AWG 19.06 Back-up and Recovery**

12. The March Audit & Governance Committee requested that officers attend the AWG to provide an update regarding the current issues with backup and recovery and assurances as to how this is being addressed.
13. The group noted that the current back-up solution is no longer supported and that procurement for its replacement is underway. The group also noted the current arrangements for managing the risk pending implementation of the new solution. The area is included within the Internal Audit Plan for 2019/20 and this will be reported back to Audit Working Group and the Audit & Governance Committee.

#### **AWG 19.07 Strategic Risk Register**

14. At the last Audit Working Group meeting the group acknowledged the ongoing work and the strategic direction being provided by the Chief Executive to improve and properly embed risk management as a routine part of OCC's everyday work, at the time the strategic risk register was under review. The group therefore requested that the strategic risk register be brought back to the April meeting. The latest version of the risk register was reviewed and commented on.
15. A full update on risk management is scheduled for the June AWG meeting.

#### **AWG 19.08 Security Bonds**

16. The AWG requested from Officers attending the February AWG meeting, that a paper be submitted to the April meeting to confirm implementation of outstanding actions. The group noted some actions are still outstanding, however that these are expected to be implemented shortly. The group requested confirmation of implementation at the next meeting.

## **AWG 19.10 Contingency Care**

17. The group received an update from the Lead for Older People – Commissioning on the progress in addressing the weaknesses identified from the audit of Contingency Care, finalised in December 2018, which was graded as Red.
18. The group noted the current review of contracting arrangements and were satisfied with the implementation of the improvement plan. It was reported to the group that remaining actions were on target for implementation. The group agreed that Internal Audit would continue to monitor the implementation of the agreed action plan.

Lorna Baxter, Director of Finance

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Date of next AWG meeting Wednesday 26 June 2019 at 14:00