

Annual Governance Statement 2010/11

Scope of responsibility

1. The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
2. The County Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government*'. A copy of the code is on our public website. This statement explains how the County Council has complied with the Code and also meets the requirements of Regulation 4(2) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement. Corporate governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, lead and control their functions, to achieve their objectives. The quality of corporate governance arrangements is a key determinant of the quality of services provided by organisations.

DELIVERING GOOD GOVERNANCE - FRAMEWORK:

The purpose of the governance framework

3. The governance framework comprises the systems, processes, culture and values, by which the County Council is directed and controls its activities. It is the means by which it accounts to, engages with and leads the community. It enables the County Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable - and not absolute - assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This statement evaluates the governance framework which has been in place at the County Council for the year ended 31 March 2011 and up to the date of approval of the annual report and statement of accounts.

The Governance Environment

The key elements of the systems and processes that comprise the Council's governance arrangements are set out below.

Identifying and communicating vision of our purpose and intended outcomes for citizens and service users

4. The County Council's vision and objectives are supported by five long term strategic objectives which are developed jointly by the Cabinet and the County Council Management Team (CCMT) and articulated in our published Corporate Plan. These are:
- ◆ World class economy
 - ◆ Healthy and thriving communities
 - ◆ Environment and climate change
 - ◆ Better public services
 - ◆ Breaking the cycle of deprivation

The planning process 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 Scrutiny Committee for further advice and consideration and then submitted to full Council for approval.

5. The strategic priorities are translated into SMART¹ 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 Plans 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 ongoing progress.

Reviewing the County Council's vision and its implications for the County Council's governance arrangements

6. The 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 and sets out their legal requirements. The County Council's Corporate Plan supplements the County Council's Policy Framework. These formal policies are approved by full Council in accordance with the provisions of the County Council's Constitution. The Constitution also sets out a record of what responsibility each County Council body or individual has for particular types of decisions or for decisions relating to particular areas or functions. The Constitution requires that all decisions taken by or on behalf of the County Council will be made in accordance with the principles set out in the Constitution.
7. The Constitution also sets out how the public can take part in the decision-making process and the Cabinet's Forward Plan of decisions sets out what consultation will be undertaken before a decision is taken and with whom. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken.
8. The Constitution is reviewed annually, but underwent a fundamental review in 2009, the effectiveness of which was considered by Full Council on the 2 November 2010. Whilst

¹ Specific, Measurable, Achievable, Realistic, Timely

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most of the changes have been retained, the two principal amendments related to removing the rules relating to themed debates and consequently amending the rule relating to ending Council meetings at 3.30pm.

9. A 30 minute Question Time has been introduced 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.
10. As part of the changes to the Constitution, the Council has agreed to retain its procedure for dealing with the 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 were put in place for the creation of e-petitions.

Risk Management

11. The 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 Committee are nominated as Risk Champions.
12. The 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.
13. A strategic risk register is in place that is owned and reviewed by CCMT. Service Risk Registers are owned and reviewed by each Head of Service 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 both the officer Risk Champion and by the Chief Executive's Office as part of the quarterly corporate monitoring.
14. Risk Management in projects is a standard defined in the Corporate Project Management Guidelines and includes the requirement for risk registers to be maintained as part of the project management process.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the County Council's objectives and for ensuring that they represent the best use of resources

15. Scrutiny Committees hold 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 planning framework to ensure service priorities are in accordance with the County Council's objectives. We also use our residents' survey and citizens' panel to test user perceptions of service quality.

16. The County Council's and Directorate Business Strategies for 2011/12 to 2015/16 set out a programme that will enable the Council to deliver its required savings and will 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.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

17. The County Council's Constitution sets out how the Council operates including the roles of the Cabinet and Committees. The arrangements for delegation to individual Cabinet Members are also set out in the Constitution.
18. The general scheme of delegation to officers is set out in the Constitution, as are the specific powers and functions of senior officers. In addition, individual Directorates have a scheme of further delegations of both financial and decision making powers and each of these is approved by the Chief Finance Officer and the Monitoring Officer.²
19. The Assistant Chief Executive holds the statutory role of Chief Financial Officer within the Council. This role is performed in accordance with the standards defined in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2010.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

20. The 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.
21. The Independent Chairman of the Standards Committee provides a formal annual report to the Council on the work of the Standards Committee which has overall responsibility for standards of behaviour for Councillors.

Both codes are reviewed by the Monitoring Officer to ensure that they continue to be effective and up to date.

22. The Coalition Government following elections in May 2010 have made explicit their view that the standards regime should be abolished and to that end there are provisions contained in the Localism Bill by which the compulsory requirement on Councils to adopt a Code of Conduct will be abolished. The precise terms of this are yet to be finalised and the Council awaits the final shape and outcome of these proposals once

² The Chief Finance Officer carries out the role described by section 151 of the Local Government Act 1972

the provisions of the Act are formally approved by Parliament. Until that time, the current provisions remain in force.

Reviewing and updating standing orders, standing financial instructions (financial regulations), a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

23. 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 the Council. The County Solicitor is 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, 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.
24. The Financial Procedure Rules and Financial Regulations are reviewed annually by the Chief Finance Officer and published on the public website. Schemes of Financial Delegation and Delegation of Powers are reviewed and updated annually and are published on the County Council's intranet.
25. The County Council has an Audit Committee which meets six times a year, and operates in accordance with proper practice as defined in the guidance published by CIPFA in 2006. In addition to the formal Audit Committee, the County Council also operates an Audit Working Group, made up of members of the Committee and Senior Officers, chaired by the co-opted member on the Audit Committee; this group looks in detail at specific areas of governance, risk or control under the direction of the Audit Committee.

Review of the effectiveness of the internal audit function

26. In accordance with the Accounts and Audit (England) Regulations 2011, the Audit Committee receives a report annually from the Monitoring Officer on the effectiveness of internal audit. The Audit Committee has determined the process by which this review is undertaken, which includes continuous monitoring of the Internal Audit process by the Audit Working Group and a survey of Senior Officers on effectiveness.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

27. The 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;

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- 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 Assistant Head of Finance (Audit);
- Corporate Governance Strategy for Law and Governance ;
- Protocol for Implementing New Legislation.

28. Guidance and advice on all key policies and procedures have been reviewed and updated. All policies and guidance have been incorporated into a Handbook for Managers and toolkits for use for Human Resources and Finance.

29. Compliance with the new or revised policies is monitored by the relevant corporate lead officers and their assessment is incorporated in the year end statements signed off by each corporate lead officer.

30. 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 2010/11. The Monitoring Officer undertakes a review of the County Council's annual governance arrangements. This review is formally reported to the Audit Committee.

Financial Management

31. The Financial Procedure Rules, Financial Regulations, Scheme of Financial Delegation and Delegation of Powers (paragraph 21 above) are supported by a Treasury Management manual, a Capital manual, an Accounting manual and toolkits for use by non-finance specialists which are published on the County Council's intranet. The Accounting manual has been communicated to staff via a series of finance briefings; the toolkits have been communicated to managers through manager briefings.

32. In addition there are teams of professionally qualified staff both in the Chief Executive's Office and within Oxfordshire Customer Services (formerly known as the Shared Service Centre). Part of their role is to support managers throughout the County Council in fulfilling their financial responsibilities. This support is mainly, but not exclusively, provided by the Finance Business Partners and their teams. The teams also provide regular scrutiny and challenge where appropriate.

Whistle-blowing and receiving and investigating complaints from the public

33. The 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.

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

Identifying the development needs of Councillors and senior officers in relation to their strategic roles, supported by appropriate training

35. There are specific role descriptions for Leader of the Council, Deputy Leader of the Council and Cabinet and Shadow Cabinet Members. In addition, the County Council's Constitution sets out the roles and functions for all councillors. Members' development needs are ascertained against these role descriptions and appropriate learning and development opportunities identified.

36. Training and development needs for senior managers are identified and followed up through the appraisal and personal development plan process. Between January and March 2011 we have also undertaken a comprehensive management assessment process with SOLACE which has identified individual and corporate development requirements for our senior managers.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

37. The County Council has clear channels for communicating with all stakeholders. This includes a comprehensive website, a press office for managing messages via the media and responding to media enquiries, established channels for communicating with MPs, representatives from district councils and other partners and an intranet system for communicating with its own staff. A series of staff roadshows were also held for staff which was led by the Chief Executive, to communicate with them about possible changes. This was complemented by an online staff suggestion scheme and a suggestion scheme for the public. A recent OFSTED inspection of safeguarding and looked after children rated Oxfordshire's involvement with parents and children as "outstanding".

38. The County Council also has well established consultation and involvement arrangements to specifically engage the community. There is a council-wide Consultation & Involvement Strategy 'Ask Oxfordshire'. 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>. In addition last year a series of public meetings were held around the county to discuss with the public the proposed budget reductions - called the Big Debate.

Understanding community and stakeholder views and needs in support of strategy and policy development and service planning and delivery.

39. The 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 base 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 the Oxfordshire Data Observatory (<http://www.oxfordshireobservatory.info/>) which is an established partnership 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 while encouraging self-help solutions.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in Oxfordshire County Council's overall governance arrangements.

40. The County Council re-structured its Local Strategic Partnership in 2006/07 in advance of the Local Government White Paper, "Strong and Prosperous Communities" to ensure that its strategic partnership arrangements were fit for the purpose of developing the sustainable community strategy together with negotiating and managing a new larger Local Area Agreement from April 2008. The Oxfordshire Partnership have built on this by undertaking a further review of governance in 2008/09 in order to improve performance management, communication, accountability and the effective engagement of elected members (district and county) in significant partnerships. The Oxfordshire Partnership Board and Public Service Board adopted the new Oxfordshire Partnership Governance and Performance Management Framework in June 2009. The current partnership framework is currently under review with all thematic partnerships currently reviewing their roles, remits and purpose.

Governance and funding within Schools

41. The financial framework for schools is set out in the Scheme for Financing Schools, which is approved by the Secretary of State. The practical day to day application 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 and updated annually through the Schools Forum and schools receiving delegated budgets adhere to the financial framework. Failure to comply with the scheme can lead ultimately to withdrawal of delegation.

42. The DSG (Dedicated Schools Grant) is divided between funding direct to 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 receive other grant streams via the council and from external sources.

43. It is the responsibility of each School's governing body to set down and oversee the 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 to provide 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 provide immediate SAP applications and finance guidance where

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needed. The team's use a comprehensive risk assessment tool to identify schools with higher financial risks or issues and provide them with additional support and oversight. Where progress is not made, a notice of concern can be issued advising the school of recommended actions and ultimately this could, if necessary, lead to withdrawal of (in whole or part) the delegated budget powers from a school.

44. The management accounting team reviews the spend and governance of the centrally retained DSG expenditure in CYP&F. Both management accounting and schools support are in turn supported by schools technical team responsible for the DSG funding formula calculation (and other funding streams) based on DfE guidance.
45. Schools Support, Compliance and Technical teams each have responsibilities to ensure compliance with the Financial Manual of Guidance and the Scheme for Financing Schools (section 48 of Schools Standards and Framework Act 1998) as well as the national statutory and regulatory environment governing schools finance. All local authorities are required to publish, under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, an annual budget statement. Oxfordshire's section 251 statement for 2010/11 was published on the OCC website as per guidance. The 2011/12 s251 statement process is in progress at the time of writing.
46. Oxfordshire Schools Forum is consulted on financial and governance issues and advises the council on these from the schools' perspective as well as council officers' direct work with schools and schools' partnerships. 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.

Programme and Project Management

47. The 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 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.

ICT and Information Security

48. The Head of ICT Business Delivery has overall responsibility for ICT development and security. The Deputy Head of Law & Governance is the Council's Data Controller and chairs the Information Governance Group with representatives from all Directorates, Human Resources and ICT. This Group reports to the Corporate Governance Working Group chaired by the Monitoring Officer.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

Review of effectiveness

49. The 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 Head of Internal Audit's annual report, whistleblowing reports and comments made by the external auditors and other review agencies and inspectorates.

50. The following paragraphs describe the process that has been applied in maintaining and reviewing the effectiveness of the governance framework, and include some comment on the role of key bodies.

The Audit Committee

51. The Chairman of the Audit Committee produces an Annual Report to Council. The report for 2010 identified the following key achievements:

- Sustained high level of governance and system of internal control as demonstrated in the outcomes of the Annual Governance Review and the results of the Audit of the Statement of Accounts where no material issues were reported.
- Investigation into the ICT Overspend and assurance over the adequacy of the management actions taken to minimise the risk of further occurrence.
- Ensuring improvements in the corporate overview and reporting on risk and performance.

The Annual Report also refers to the effective role performed by the Audit Working Group. The 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

52. CIPFA guidance indicated that Audit Committees 'should have clear reporting lines and rights of access to for example scrutiny committees'. The Chairman of the Strategy and Partnerships Scrutiny Committee has a standing invitation to attend Audit Committee to provide advice in relation to the work of Scrutiny Committees.

The Standards Committee

53. The Council adopted the model Code of Conduct for Members in May 2007. With the announcement that Standards for England are to be abolished the requirement for quarterly reports has been discontinued by that body. In 2010/11, there were two complaints made against County Councillors of this Authority. In one case the decision of the Initial Assessment Panel was that no further action was required and in the further case the Monitoring Officer was instructed to take 'other action'. The Standards

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Committee's Independent Chairman has produced an Annual Report to Council of its activities for 2010/11. The report was considered at a meeting of the Standards Committee on the 26 May 2011 and approved, the report concluded that the standards of conduct had remained high in the Council and that the Standards Committee had actively promoted awareness and understanding of the Code of Conduct for Members of the Council. Full Council formally received the report on 14 June 2011.

54. The Monitoring Officer has undertaken a confidential survey of Member/Officer relations and has concluded that there are no issues of concern with regards to Member intimidation or bullying or inappropriate attempts to influence Officer decision making.
55. The Members' declarations have been reviewed with no significant issues of concern identified and the Council has placed details of all Members' expenses on-line to demonstrate transparency and re-assurance to the public on these important matters.

Corporate Governance Assurance Group

56. This Group monitors and reviews the Annual Governance Statement action plan and completion of risk registers during the year. 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 2009/10 Annual Governance Statement.

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57. Progress Report on AGS Action Plan 2009/10

Action	Status	
1. The effectiveness of the new structure and process changes resulting from the Schools Support and Technical Section BPR exercise to be monitored at Chief Officer level until satisfactory performance is achieved.	Action completed.	Complete
2. CYPF is to undertake a further organisational review of management in 2010. The governance arrangements in particular relating to financial management to be embedded to provide effective assurance.	This action has been superseded by further restructuring as a result of the new Business Strategy. Structural changes have been approved by Cabinet and implementation is being overseen by the Business Strategy Group. This group includes senior managers and Cabinet members.	No further action – to be kept under general review.
3. To monitor the development and effectiveness of the integrated corporate reporting of the three key business management streams: risk management; performance management and project management.	Integration was completed 31 August 2010 and Monitoring effectiveness was completed quarterly (Nov 2010, Feb 2011).	Complete
4. To monitor performance on the use of SAP in schools to ensure that the support for schools in using the application is effective.	Project now implemented. As a result year end reconciliation of schools balances has been completed for the first time. Feedback on Helpdesk service has been very positive.	Complete
5. To develop, implement and embed a robust policy and associated processes, for the governance of external data transfer.	A policy has been developed but there has been a delay in the implementation because of issues relating to the cost of encryption and the identification of resources to pay, as well as some technical issues that needed to be addressed. It is	Carried forward to 2011/12 action plan for monitoring of implementation.

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	anticipated that this matter can be completed within the next month.	
6. To develop, implement and embed a robust policy and associated processes, for the governance of end user developments.	The Access Strategy and Excel Development Policy have now been drafted and will be finalised by 30 June 2011. Key controls include a general prohibition on any End-User developments unless otherwise authorised. It should be noted that implementation and embedding of this policy was delayed during 2010/11, mainly due to the significant changes to the business structure however the use of Business Continuity review process to identify business critical systems/processes and also the improvements to escalation and reporting lines for key meetings e.g. ICT Programme Board and Business Strategy Group at the back end of 2010/11 should mean that these improvements can be delivered 2011/12.	Carried forward to 2011/12 action plan for monitoring of implementation.
7. To review the adequacy & effectiveness of ICT services and their governance arrangements, to meet the needs of the organisation, and to implement any resulting actions.	Action completed.	Complete
8. To review the adequacy & effectiveness of the CRB process and the new Independent Safeguarding Authority vetting and barring scheme, as a key control in managing the safeguarding of children.	Internal Audit have completed additional testing of safer recruitment practices and identified significant improvements with the adequacy and effectiveness of processes.	Complete

Internal Audit

58. The Assistant Head of Finance (Audit) has prepared an Annual Report on the work of Internal Audit which concludes that the work plan completed by the team has been sufficient to provide reasonable assurance on the Council's system of internal control. The opinion on the Council's system of internal control is that overall it continues to operate satisfactorily; in general the key controls in place are adequate and effective such that reasonable assurance can be placed on the operation of the Council's functions.
59. 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 Committee, External Auditor's opinion, and a survey of Senior Management on the effectiveness of Internal Audit. In the report to the Audit Committee it was concluded that there is acceptable effectiveness with no significant weaknesses identified.

Effectiveness of Governance in Schools

60. Renewed schools support, helpline and technical team structures were in operation throughout 2010/11 and supported the full roll-out of SAP in schools along with budget planning and monitoring for the financial year. These new structures have enabled staffing resources to be redirected to more effectively challenge higher risk schools and thereby improve financial management and governance across all schools.
61. The Financial Management Standard in Schools (FMSiS), which assessed financial control within schools on a three year cycle, was withdrawn by government during the financial year. All schools had achieved the minimum standards set out by FMSiS at least once and in many cases twice during the period for which it was in force. All but one school whose accreditation fell due for review during the latter half of 2010/11 agreed voluntarily to be assessed against the FMSiS standard, though not to complete the detailed self assessment which had previously been imposed by government. At the time of removal of the FMSiS standard Oxfordshire was in full compliance with the standard and guidance with some agreed management actions not yet due to be completed. Where schools had initially failed to meet the requirements they were actively assisted to ensure they did meet the standard. It is anticipated that the government will introduce a revised mandatory standard for financial management in schools during 2011/12. Schools Forum has already agreed to a continuation of the current local arrangements using the council's internal audit service to complete assessments against the new standard, which creates efficiencies and synergies for both schools and council in applying the standard. Part of these efficiencies and improved effectiveness is the

joint management of the work of the FMSiS audit staff and the Schools Compliance team.

Partnerships and other group working

62. The Oxfordshire Partnership conducted a review of governance of partnerships in 2008/09 in order to improve performance management, communication, accountability and the effective engagement of elected members (district and county) in significant partnerships. The Oxfordshire Partnership Board and Public Service Board adopted the new Oxfordshire Partnership Governance and Performance Framework in June 2010.

63. The revised framework has improved the effectiveness of partnerships by clarifying governance, improving quarterly reporting arrangements and increasing the responsibilities of the thematic partnerships for managing as well as monitoring performance. The increased transparency of role and purpose enables the Partnership Working Unit and the Council's internal auditors to undertake annual assessments of effectiveness. Partnerships were able to claim £8.6M in Local Area Agreement reward grant for targets met in the period 2006-2009. This revised framework overall improved the effectiveness of partnerships.

64. The current partnership framework is currently under review with all thematic partnerships currently reviewing their roles, remits and purpose.

Other external review/assurance mechanisms.

65. The County Council receives external reports from a range of sources that can provide assurance or indicate any issues related to internal control and governance. Reports include the Oxfordshire Area Assessment, Ofsted reports on Children's services, Care Quality Commission (CQC)³, Surveillance Commission on the use of RIPA powers (Regulation of Investigatory Powers Act), the Annual Audit Letter and Annual External Audit Report from the external auditors and any other reports on County Council services published by the Audit Commission during the year.

66. The Care Quality Commission's annual performance assessment for 2009/10 reported that the Council is judged overall to be "performing well" in how it promotes adult social care outcomes.

67. The Children's Services annual rating for Oxfordshire for 2010 was 3 "performs well"; In addition, the annual unannounced inspection of contact, referral and assessment arrangements within Oxfordshire Children's Services by Ofsted identified areas of strength and areas of practice that met requirements, with some areas for development. The areas for development identified at the previous inspection of contact, referral and

³ The Care Quality Commission replaced the Commission for Social Care Inspectorate (CSCI) with effect from 1 April 2009

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assessment arrangements in November 2009 have been addressed, in full or in part, and the area for priority action identified at the previous inspection has been fully addressed.

68. The latest Ofsted inspection of Oxfordshire's Safeguarding and Looked After Children's Services was conducted in March 2011. The report concludes with a view about the following areas, all of which were judged to be 'good': Overall effectiveness of safeguarding services and capacity to improve; and overall effectiveness of services for looked after children and capacity to improve.
69. There have been no major control issues raised by the Audit Commission, in their 2009/10 annual report. Recommendations for improvements were made in the areas of: Journal authorisation and review, Devolved Formula Capital to Schools, Year-end supporting information from schools, SAP to lending database reconciliations, ABACUS to SAP reconciliation, School bank reconciliations and Pension Fund Accounts – use of Authority's bank account.

Business Strategy Governance Arrangements for 2011/12

70. Key deliverables within Directorate Business Strategies are to be managed as projects as a part of the directorate business management process. Updates on projects will be reported quarterly to the Business Strategy Group, with information reported to the Policy Unit through existing quarterly business management (Performance/risk/projects) reporting procedures. The financial position will be reported monthly through the monthly Financial Monitoring Reports to Cabinet. The report name has been amended to Financial Monitoring Report and Business Strategy Delivery Report reflecting the change in emphasis of reporting.
71. Further to these monitoring arrangements, the Chief Finance Officer is meeting regularly with all Deputy Directors to ensure that support is targeted to projects as required to address exceptions arising.
72. Progress of delivering the Directorate Business Strategies is also being regularly reported to CCMT.

Improving the Quality of Governance

73. Some areas have been identified where the quality of governance could be improved, or where there are planned material changes to the governance arrangements. The action plan for 2011-12 is as follows:

Action Plan for 2011-12

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Action	Timescale for Completion	Responsible Officer	Monitoring Body
4) To implement effective governance of SAP roles, to ensure management of segregation of duties.	30 September 2011	Financial Management Corporate Lead	Corporate Governance Assurance Group
5) To address improvements in respect of weaknesses identified by HSE for not having robust systems in place when awarding, managing and monitoring service provider contracts, which include improvements to health and safety clauses in contracts and related documentation, targeted training of relevant staff to increase their knowledge and ability to challenge providers, and safeguard the authority by supporting providers in improving their health and safety management system performance.	Updates to be provided at end of each quarter throughout 2011/12	Health and Safety Corporate Lead	Corporate Governance Assurance Group

74. We propose over the coming year 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.

Signed on behalf of Oxfordshire County Council

.....Date.....

Joanna Simons
Chief Executive

.....Date.....

Keith R Mitchell
Leader of the Council

.....Date.....

S E Scane

ANNUAL GOVERNANCE STATEMENT

Chief Financial Officer

.....Date.....

P G Clark

Monitoring Officer