

# **Oxfordshire County Council Auditors Annual Report**

Year ended 31 March 2024

May 2025

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Audit and Governance Committee  
County Hall  
New Road  
Oxford OX1 1ND

22 May 2025

Dear Audit & Governance Committee Members

**2023/24 Auditor's Annual Report**

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Oxfordshire County Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council's any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 4 June 2025.

Yours faithfully



Stephen Reid

Partner

For and on behalf of Ernst & Young LLP

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# Contents

01 Executive Summary



02 Audit of the financial statements



03 Value for Money Commentary



04 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Oxfordshire County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit and Governance Committee and management of Oxfordshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit and Governance Committee and management of Oxfordshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary

## Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

## Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 22 April 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Executive Summary (continued)

## 2023/24 Conclusions

<p><b>Financial statements</b></p>	<p>The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').</p> <p>The audit of the financial statements for the year ended 31 March 2023 for Oxfordshire County Council was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 28 November 2024.</p> <p>Our audit work in the current year was focused on transactions in the year and the current year balance sheet.</p> <p>As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:</p> <ul style="list-style-type: none"> <li>➤ in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year.</li> <li>➤ in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet.</li> <li>➤ in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet.</li> </ul> <p>We therefore issued a disclaimed 2023/24 audit opinion on 10 February 2025.</p>
<p><b>Going concern</b></p>	<p>We have concluded that the Executive Director for Resources and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p>
<p><b>Consistency of the other information published with the financial statements</b></p>	<p>Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.</p>
<p><b>Consistency of the Pension Fund annual report and other information published with the financial statements</b></p>	<p>Financial information in the Pension Fund Annual report and published with the financial statements was consistent with the audited accounts.</p>
<p><b>Value for money (VFM)</b></p>	<p>We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary in Section 03.</p>
<p><b>Consistency of the annual governance statement</b></p>	<p>We were satisfied that the annual governance statement was consistent with our understanding of the Council.</p>

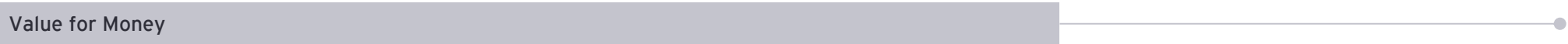
# Executive Summary (continued)

## 2023/24 Conclusions

Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.
Certificate	We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Oxfordshire County Council

# Executive Summary (continued)

Value for Money



Scope



Auditors are required to be satisfied that Oxfordshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Executive Director for Resources and Section 151 Officer and the Chief Accountant;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.



# Executive Summary (continued)

Value for Money (continued)

Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24. We include within the VFM commentary below the associated recommendation we have agreed with the Council.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

# Executive Summary (continued)

## Independence

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The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)

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02

# Audit of the financial statements

# Audit of the financial statements

## Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 10 February 2025, we issued a disclaimed audit opinion on the financial statements. The audit of the financial statements for the year ended 31 March 2023 for Oxfordshire County Council was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 28 November 2024. Our audit work in the current year was focused on transactions in the year and the current year balance sheet. As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date.

We reported our audit scope, risks identified and detailed findings to the March Audit & Governance Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. The findings for each of the accounts areas are set out in the Audit Results Report in Appendix A. We reported 8 internal control recommendations and 8 areas for improvement in the control environment in the Audit Results Report.

### Oxfordshire County Council

#### Significant risk

#### Conclusion

<b>Misstatements due to fraud or error - Management override of controls</b>	We identified no evidence of material misstatement due to fraud or error. We did identify instances where there were no supporting evidence that journals were authorised prior to posting for 3 out of the 31 samples selected. We consider this to be a weakness in internal control and have raised an associated recommendation for improvement.
<b>Misstatements due to fraud or error - Risk of manipulation of reported financial performance</b>	Our audit work found no indication of fraud in either revenue or expenditure balances.
<b>Misstatements due to fraud or error - capitalisation of revenue expenditure</b>	We identified no evidence of material misstatement due to incorrect capitalisation of revenue expenditure from our testing of Property, Plant & Equipment additions or testing of Revenue Expenditure Funded from Capital Under Statute. However, our testing identified that staff timesheets used to support capitalised labour costs were not subject to management review and could be retrospectively amended. We consider this to be a weakness in internal control and raised an associated recommendation for improvement that was accepted by management.
<b>Valuation of investment property</b>	There are no material errors or other material matters that we wish to draw to your attention.
<b>Valuation of property, plant and equipment</b>	Our work did not identify any adjustments above our reporting threshold. However, the Council failed to process the valuation on the fixed asset register at the correct point in time which resulted in a trivial misstatement of the financial statements. This constituted a weakness in internal control.

# Audit of the financial statements (cont)

Oxfordshire Pension Fund	
Significant risk	Conclusion
Misstatements due to fraud or error (management override and incorrect posting of investment valuation journals)	We identified no evidence of material misstatement due to fraud or error.
Incorrect valuation of unquoted (Level 3) investments	We found no evidence that the Pension Funds level 3 investment valuations were materially misstated.



03

## Value for Money Commentary

# Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is working to refine budgets and the Medium-Term Financial Strategy (MTFS) to respond to cost pressures as they emerge, and we recognize that effective financial planning remains difficult due to continuing uncertainties in the funding that will be made available to councils. Moreover, the Council has additional cost pressures due to the significant increase in inflation which was 10.1% in March 2023 and 4% in December 2023 latest available report (as per Consumer price inflation, UK - Office for National Statistics).

## Financial Performance:

By the end of the 2023/24 financial year, the directorates had an overspend of £6.6 million (1.1%). This was driven by persistent inflation, rising demand for children's social care, and workforce shortages. The directorates overspend was balanced by an underspend in the contingency fund held for risk and additional interest earned on cash balances. Overall, the council reported an underspend of £12.3 million, equivalent to -2.1% of the £578.8 million Net Operating Budget approved in February 2023.

## Medium Term Financial Strategy (MTFS):

The 2024/25 budget is balanced, but from 2025/26 onwards, there is a gap between projected spending and available funding. There is uncertainty around future government funding, with likely real terms cut to local government, posing a risk to the council's financial stability. As a result, the council must focus on creating balanced budgets over the medium term to maintain financial sustainability.

The main risks in the 2024/25 budget relate to demand and inflation. To mitigate these, alongside £36.8 million allocated for inflationary pressures, the proposed budget includes a £7.3 million contingency and an additional £1.5 million for inflation risk in Adult Services. Whilst the 2024/25 budget is balanced, there remains a gap between estimated spend and funding streams for 2025/26, this is in line with previous years and it largely due to the funding uncertainty which does not become clear until the Local Government Finance Settlement is released.

As well as holding a contingency budget, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. In reaching the decision on the level of balances budgeted for 2024/25, the Section 151 officer considered the strategic, operational and financial risks facing the Council including its ability to deliver planned savings, as well as external risks such as the impact of flooding. The recommended level of balances for 2024/25 based on the risk assessment was £30.2m

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services**

# Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness

All Council decisions are made in accordance with the Council's Constitution including the Council's Financial Regulations. The Constitution includes the roles and responsibilities of the Executive, Committees, Full Council and Chief Officers and the rules under which they operate. How decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. Many of these processes are required by statute, while the Council has determined others locally. The Financial Regulations, set out the roles and responsibilities for the Council, each of its committees and executive staff (including the Section 151 and Monitoring Officer). Executive decisions are made by the Executive Body being the Leader and Cabinet, within the overall policy and budgetary framework approved by Full Council. Any decisions the Executive wish to take outside of the framework must be referred to Full Council to decide. Scrutiny committees monitor the work of the Executive Body.

The Council has sought to develop systems to identify, evaluate and mitigate risks which threaten its ability to meet its objectives to deliver services to the public. To ensure that risks are appropriately mitigated, a Risk Register has been developed. Strategic risks are reviewed monthly as part of business management and monitoring processes. Risks can be added and escalated at any time during the year. The Audit and Governance Committee reviews the risks and the appropriateness of actions taken to manage risks. The risk register is also discussed at the Cabinet Meetings. The risks are consistent with our broader expectation and consider the service level of impacts of both the Adult's, Children's and FRS inspections, and have been updated and amended based on the latest reports received. We also note the risk around the Council's financial resilience and sustainability in the medium term. In addition, there is an established internal audit function and an annual opinion on internal control is given by the Head of Internal Audit. There is also an Internal Audit Charter which describes the purpose, authority, and responsibility of internal audit activity. The Head of Internal Audit opinion for 2023/24 was 'satisfactory'.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.**



# Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council strategic plan (2023 -2025) sets out the Council's vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.

The Plan is supported by an Outcome Framework for corporate reporting for 2023-24, which includes Key Performance Indicators (KPIs) which are used to monitor the performance of the Council for the key priority areas. Performance in delivering the overall strategy, including progress towards targets, supporting performance measures and budget, is reviewed regularly and communicated through the county council's business management and monitoring reports. The reports are then reviewed by the council's Cabinet, senior management team and by the Performance and Corporate Services Overview and Scrutiny Committee.

The Council has a number of established scrutiny committees, including the Performance & Corporate Services Overview & Scrutiny Committee which scrutinises the budget proposals at its meetings in December and January before Cabinet propose the budget, MTFS and capital programme in February. The Council continues to monitor and review their Strategic Plan and MTFS to ensure that the plan and KPI's is aligned to the changing environment especially given the current economic uncertainties. This furthermore enables the Council to identify services that are not performing as per expected targets according to their embedded priorities as per their Strategic Plan. This also enables the Council to ensure that actions are implemented to ensure the continuation of delivering of Services.

The Council have the following partnerships in place which assists and improves the way it manages and delivers its services.

- In 2023/24 the Council acted as the Accountable body for the Oxfordshire Local Enterprise Partnership (OxLEP). The LEP brings together representatives from academia, business and the public sector across Oxfordshire.
- As a result of the Ofsted and Care Quality Commission inspection held in July 2023, HMCI required the local area partnership to prepare and submit a priority action plan (area SEND) to address the identified areas for priority action. The action plan has been developed and progress is currently being monitored. A monitoring inspection will be carried out within approximately 18 months. The next full reinspection will be within approximately 3 years.
- The Council is a formal partner in the Integrated Business Centre (IBC) hosted by Hampshire County Council and is represented on the performance board of the IBC. Performance is formally reviewed on a quarterly basis, and this includes a range of performance measures, overlaid by comprehensive service performance reports, and agreed actions to drive continued collective performance improvement. The IBC also provides an ISAE 3402 Type 2 report in relation to the control environment. This allows OCC to monitor the control environment and follow up on any control weaknesses noted. During the current year, 7 control exceptions were noted in the report for which management have provided responses.
- The Council has two National Health Service Section 75 Pooled Budgets. One with Oxfordshire Clinical Commissioning Group and one with Oxford Health NHS Foundation Trust. The pooled budgets operate to provide better outcomes for patients within Oxfordshire and ensure that the resources in place are best utilised for maximum impact.
- The Oxfordshire Partnership is a joint committee of the six councils of Oxfordshire together with key strategic partners working together to deliver a better future for the county

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.**



04

# Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

### Reporting criteria considerations

### Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Council is working to refine budgets and the Medium-Term Financial Strategy (MTFS) to respond to cost pressures as they emerge and recognizes that effective financial planning remains difficult due to continuing uncertainties in the funding that will be made available to councils. Moreover, the Council has additional cost pressures due to the significant increase in inflation which was 10.1% in March 2023 and 4% in December 2023.

By the end of the 2023/24 financial year, directorates had a cumulative overspend of £6.6 million (1.1%) with the biggest overspend being in Children Services of £7.7 million. This was driven by persistent inflation, rising demand for children's social care, and workforce shortages. The directorates overspend was balanced by an underspend in the contingency fund held for risk and additional interest earned on cash balances. Overall, the council reported an underspend of £12.3 million, equivalent to -2.1% of the £578.8 million Net Operating Budget approved in February 2023.

#### Medium Term Financial Strategy (MTFS):

A budget for 2024/25 and medium-term financial strategy for 2024/25 to 2026/27 was passed in February 2024. The proposed 2024/25 budget and Medium-Term Financial Strategy to 2026/27 address rising inflation, demand pressures, and the ongoing effects of COVID-19. While the 2024/25 budget is balanced, a funding gap remains for 2025/26 and beyond. There is uncertainty around future government funding, with potential real-term cuts to local government, posing a risk to the Council's financial stability. As a result, the Council must focus on maintaining balanced budgets in the medium term to ensure long-term financial sustainability.

The main risks in the 2024/25 budget relate to demand and inflation. To mitigate these, alongside £36.8 million allocated for inflationary pressures, the proposed budget includes a £7.3 million contingency and an additional £1.5 million for inflation risk in Adult Services.

Due to increasing pressures and the need for savings, the budget carries a certain level of financial risk. To manage this, a corporate contingency of £7.3 million is proposed for 2024/25. This contingency is intended to cover risks such as higher-than-expected demographic pressures, unfunded new burdens, unbudgeted pay awards, inflationary risks, and the potential shortfall in achieving proposed savings. The importance of maintaining a contingency budget was demonstrated in 2023/24, when it was needed to cover the higher-than-expected pay award on an ongoing basis.

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

### Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

### Arrangements in place

The business management and monitoring report for January 2024 was presented to Cabinet in March 2024. This report included the forecasted year end position and the performance against planned savings. Note 31 and 32 outlined that of the £10.2 million budgeted savings not achieved in 2022/23, 73% were delivered or were expected to be delivered in 2023/24, while 27% remained at risk.

The Council's 2023/24 budget and indicative budgets for the following two years to 2025/26 have allowed for best estimates and considered any anticipated unavoidable pressures plus investments and the savings that are required to match the funding available. All the estimates within the proposed budget are the product of a comprehensive budget process with Cabinet Members, Corporate Directors and Directors resulting in agreement on the level of service delivery within the identified financial resources.

Whilst the 2024/25 budget is balanced, there remains a gap between estimated spend and funding streams for 2025/26, this is in line with previous years and is largely due to funding uncertainties prior to the release of the Local Government Finance Settlement.

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

### Reporting criteria considerations

### Arrangements in place

How the body plans to bridge its funding gaps and identifies achievable savings

The 2024/25 budget is balanced, but from 2025/26 onwards, there is a gap between projected spending and available funding. There is uncertainty around future government funding, with likely real terms cut to local government, posing a risk to the council's financial stability. As a result, the Council must focus on creating balanced budgets over the medium term to maintain financial sustainability.

The main risks in the 2024/25 budget relate to demand and inflation. To mitigate these risks, alongside the £36.8 million allocated for inflationary pressures, the proposed 2024/25 budget includes a £7.3 million contingency and an additional £1.5 million for inflation risks in Adult Services.

As reported in the 2023/24 Financial Strategy, the Councils' priority over the next two years will be to make investments that increase the ability to sustain high quality services to the residents of Oxfordshire while maintaining a balanced budget. This will be achieved by making capital investments that will reduce future costs, by transforming the effectiveness and efficiency of key services and by taking a more proactive approach to the management of the Council's property assets.

The 2023/24 Financial Strategy of the Council have two key strategic indicators of which one is to ensure that the Council is financially resilient. One of the measures is **"Delivering to budget and achieving planned savings"** of which there are 3 targets. The performance against these targets is reported to bi-monthly to Cabinet. In addition, ongoing efforts are being made to maximize the delivery of both existing planned savings and new budget reductions throughout 2023/24. Savings plans continue to focus on managing demand, redesign services and income generation. Savings not expected to materialize in 2023/24 are factored into the 2024/25 Budget & Business Planning Process to ensure alignment with future financial goals.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has a detailed plan on how it is in the process of implementing its 'Strategic Plan 2023-25'. The intention of the plan is to bring together the Council's policy, business and financial planning and risk management. It is hoped it will be the vehicle for the County Council's decision making and planning to improve the use of the resources available, understanding the value for money the Council delivers and focused on its priority outcomes. The plan was taken to Cabinet on the same date that the medium-term financial plan was presented, this ensures alignments between the corporate plan and the annual budget setting process.

As well as holding a contingency budget, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. In reaching the decision on the level of balances budgeted for 2024/25, the Section 151 officer considered the strategic, operational and financial risks facing the Council including the ability to deliver planned savings, as well as external risks such as the impact of flooding. The recommended level of balances for 2024/25, based on the risk assessment, was £30.2 million.

The Council takes a lead role in the Oxfordshire health, public health and care system. The Council's vision statement includes the current provisions of services and how these are expected to change in the future based on expected changes in demand.

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>There is an integration between the Council's business and financial planning and has been described above. This is then linked to its capital strategy and capital programme. The development of the annual budget and Medium-Term Financial Strategy, and detailed assumptions on the operations of the Council that underpin them, is now being driven by its vision of the future as set out in the Strategic Plan, which is also then linked to the key governance and control arrangements of the Council, for example its performance and risk management arrangements.</p> <p>This has shown that the Council is able to react and work effectively as part of wider system of public services.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The Council has a number of established scrutiny committees. The Performance &amp; Corporate Services Overview &amp; Scrutiny Committee considers annual budget proposals at its meetings in December and January before Cabinet propose the budget, MTFS and capital program in February.. The Council has also established a new Education &amp; Young People Overview &amp; Scrutiny Committee to review and/or scrutinise decisions, or actions taken by the Council's Cabinet and to more generally consider the performance of the Council's services for young people. Scrutiny arrangements are to be reviewed in developing the Council's new Constitution and in the light of emerging statutory guidance.</p> <p>Any changes to demand are managed through regular budget monitoring and utilizing underspends in other areas. The Council also hold a healthy balance of investments although this is held with a long-term view, these are available where needed.</p>

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

### Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

### Arrangements in place

To ensure that risks are appropriately mitigated, the Council's strategic risks as per the Strategic Risk Register are reviewed monthly as part of the Business management and monitoring process. Risks can be added and escalated at any time during the year.

The Council has an established anti-fraud and corruption strategy, anti-money laundering policy and whistle-blowing arrangements that are accessible on its website.

There is an established internal audit function and an Internal Audit Charter which describes the purpose, authority, and responsibility of internal audit activity. Internal audit set out their testing approach at the beginning of each financial year, detailing the areas they will focus on in an annual audit plan which is agreed by management and the Audit and Governance Committee. The audit plan has been developed having regard to the Council's vision, priorities and values, the Council's risk management framework and areas of Corporate/National significance such as Climate Change.

The Head of Internal Audit opinion for 2023/24 was 'satisfactory'

How the body approaches and carries out its annual budget setting process

The Annual Budget process including the responsibilities and procedures in the annual budget process is set out within the Constitution of the Council within Part 3.2 is the Budget & Policy Framework Procedure Rules. The Council's arrangements in setting the annual budget are the following:

The Council approves or adopts the policy framework which sets out the council's service delivery plans, including the Strategic Plan and in addition approves or adopts the annual budget, as set out in Part 3.2 of the Constitution. The Cabinet is responsible for making sure that there is effective financial planning within the council. This includes preparing proposals for the budget, which should take account of the views of the public, local stakeholders and the council's Performance and Corporate Services Overview and Scrutiny Committee. This process is set out in detail in Part 3.2 of the Constitution.

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>Within the Constitution of the Council there are processes and procedures in place to ensure the body have</p> <ul style="list-style-type: none"> <li>• effective processes and systems in place to ensure budgetary control, to communicate relevant,</li> <li>• accurate and timely management information; to support its statutory financial reporting requirements and</li> <li>• to ensure the body is taking corrective action where needed,</li> </ul> <p>Part 8 Section 8.2 Financial Procedure Rules states that the Executive Director of Resources and Section 151 Officer is responsible to ensure that financial systems and procedures are in place to provide financial information to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators. In addition, directors are required to maintain budgetary control within their services</p> <p>The Executive Director of Resources and Section 151 Officer reports a Business Management and Monitoring Report to Cabinet. The report includes the actual expenditure against the budget and monitors the expenditure and includes financial and includes areas identified that needs corrective action based on the overspending incurred during the year and how the Council can implement corrective action/savings to reduce the overspending.</p>
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>Executive decisions are made by the Executive Body being the Leader and Cabinet, within the overall policy and budgetary framework approved by Full Council. Any decisions the Cabinet wishes to take outside of the framework must be referred to Full Council to decide. Scrutiny committees monitor the work of the Executive Body.</p> <p>The Council has four Scrutiny Committees (Education and Young People Overview &amp; Scrutiny Committee, People Overview &amp; Scrutiny Committee, Performance &amp; Corporate Services Overview &amp; Scrutiny Committee and Place Overview &amp; Scrutiny Committee) to review and/or scrutinise decisions made, or actions taken by the Cabinet and to scrutinise generally the performance of the Council's services. Scrutiny arrangements are to be reviewed in developing the Council's new Constitution and in the light of emerging statutory guidance.</p> <p>The Planning &amp; Regulation Committee relate to strategic planning plus functions relating to food safety and animal welfare.</p>



# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

### Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee (continued)

### Arrangements in place

The Audit and Governance Committee will also be responsible the overview of the whistle blowing policy, overview of complaints handling and Ombudsman investigations and oversight of the Council's Constitution.

The Audit and Governance Committee, provide adequate oversight over the entity's external financial reporting and related internal control. The Audit and Governance Committee receives reports from both external and internal audit, and the minutes of the Audit and Governance Committee demonstrate that effective action is taken where issues of non-compliance have been identified.

From our attendance of the Committee, we have observed that:

- ▶They provide effective oversight of the entity's external financial reporting and internal control over financial reporting.
- ▶There is an open line of communication with external and internal auditors and the nature and frequency of communication is appropriate given the size and complexity of the entity.
- ▶They have sufficient knowledge, experience and time to perform their role effectively and have received training from monitoring officer, finance, Internal Audit and external audit regarding their roles and responsibilities
- ▶They are appropriately independent of management given the size and complexity of the entity.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

### Reporting criteria considerations

### Arrangements in place

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Oxfordshire County Council has a code of conduct that is communicated and monitored via the Code of Conduct. The handbook includes policies regarding ethics and behavioural standards for employees and it is well communicated to the stakeholders of the business and is available on the Council's intranet. All staff are provided with a copy of the policy when joining and are required to read and sign up to the code of conduct/employee handbook. Management takes appropriate action in response to departures from approved policies and procedures or the code of conduct. The relevant processes are set out in the code of conduct/employee handbook.

A review of internal controls is performed by internal audit and communicated to management on a yearly basis. Additionally, as part of the annual governance statement, a review of the system of internal control is in place and assurance over internal controls is provided by each of the Directors. An assurance checklist is used for this exercise.

The monitoring officer is responsible for ensuring that the authority complies with all applicable laws and is involved in providing an opinion on all decisions that are made by the authority and its various committees as to whether there is an issue with non-compliance.

The Council maintains a Register of interest for each Councillor on their website.

The Officers and Members of the Council needs to submit an annual declaration of interest which is in line with the Gift and Conflict of Interest policy of the Council. There is an annual process by which the authority requests declaration of interests from both Councillors and Senior Officers to identify related party disclosures required as part of the annual accounts.

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

### Reporting criteria considerations

How financial and performance information has been used to assess performance to identify areas for improvement

### Arrangements in place

The Council strategic plan (2023 -2025) sets out the Council's vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.

The Plan is supported by an Outcome Framework for corporate reporting for 2023-24, which includes Key Performance Indicators (KPIs) which are used to monitor the performance of the Council for the key priority areas. Performance in delivering the overall strategy, including progress towards targets, supporting performance measures and budget, is reviewed regularly and communicated through the county council's business management and monitoring reports. The reports are then reviewed by the council's Cabinet, senior management team and by the Performance and Corporate Services Overview and Scrutiny Committee.

The Performance and Corporate Services Overview and Scrutiny Committee is responsible for the reporting of the performance against the KPI and to ensure effective and efficient mitigated actions is actioned for areas that is not performing against the targets set as per the Strategic Plan. The committee identifies areas that is lacking performance and suggest actions that needs to be adopted to ensure the performance of the KPI. This is also reported on the website of the Council.

The nine priorities of the council are as follows:

1. Put action to address the climate emergency at the heart of our work.
2. Tackle inequalities in Oxfordshire.
3. Prioritise the health and wellbeing of residents
4. Support carers and the social care system
5. Invest in an inclusive, integrated and sustainable transport network
6. Preserve and improve access to nature and green spaces
7. Create opportunities for children and young people to reach their full potential
8. Play our part in a vibrant and participatory local democracy
9. Work with local businesses and partners for environmental, economic and social benefit

How the body evaluates the services it provides to assess performance and identify areas for improvement

Within this document we have documented various considerations of how the Council evaluates the service and identify areas of improvement. These include the review of the Corporate Risk Register, Budget monitoring reports and External Inspections.

The Council continues to monitor and review their Strategic Plan and MTFS to ensure that the plan and KPI's is aligned to the changing environment. This furthermore enables the Council to identify services that are not performing as per expected targets according to their embedded priorities as per their Strategic Plan. This also enables the Council to ensure that actions is implemented to ensure the continuation of delivering of Services.

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

### Reporting criteria considerations

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

### Arrangements in place

#### **Oxfordshire Local Enterprise Partnership (LEP)**

The Council acts as the Accountable Body for the Oxfordshire LEP (OxLEP). The LEP's purpose is to inspire and collaborate to deliver economic opportunities for the communities of Oxfordshire. The LEP brings together representatives from academia, business and the public sector across Oxfordshire.

#### **Inspections**

In July 2023 Ofsted and the Care Quality Commission inspected services for children and young people with SEND provided by Oxfordshire's local area partnership. The outcome of the inspection highlighted widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with special educational needs and/or disabilities (SEND), which the local area partnership must address urgently. As a result of this inspection, HMCI required the local area partnership to prepare and submit a priority action plan (area SEND) to address the identified areas for priority action. A monitoring inspection will be carried out within approximately 18 months. The next full reinspection will be within approximately 3 years. Based on the findings raised, an action plan has been developed and progress has been monitored. Progress of actions taken can be found on the Councils webpage

#### **Integrated Business Centre**

The Council is a formal partner in the Integrated Business Centre (IBC) hosted by Hampshire County Council. The Council joined in 2014/15 as the first operational partner for the provision of shared financial and HR services. The service offered by the IBC are HR Services, Finance Services, Purchase to Pay Services.

The Council is formally represented on the performance board of the IBC. Performance is formally reviewed on a quarterly basis, and this includes a range of Performance Measures, overlaid by comprehensive service performance reports, and agreed actions to drive continued collective performance improvement. The IBC also provides an ISAE 3402 Type 2 report in relation to the control environment. This allows OCC to monitor the control environment and follow up on any control weaknesses noted.

#### **National Health Service Section 75 Pooled Budgets**

During 2023/24 the Council had two pooled budgets with Oxfordshire Clinical Commissioning Group and one with Oxford Health NHS Foundation Trust. The pooled budgets operate to provide better outcomes for patients within Oxfordshire and ensure that the resources in place are best utilised for maximum impact.

#### **Oxfordshire Partnership**

The Oxfordshire Partnership is a joint committee of the six councils of Oxfordshire together with key strategic partners working together to deliver a better future for the county.

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

### Reporting criteria considerations

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve (continued)

### Arrangements in place

The partnership's purpose is to deliver the bold aims of the Strategic Vision which all six councils have adopted. It will:

- ▶Coordinate local efforts to manage economic, housing and infrastructure development in a way that is inclusive and maximises local social and environmental benefits;
- ▶Support the development of local planning policy that meets the UK Government's stated aim of net zero carbon by 2050, and contributes towards biodiversity gain whilst embracing the changes needed for a low carbon world; and,
- ▶Seek to secure funding in the pursuit of these aims and oversee the delivery of related work programmes delegated to it by the joint committee's constituent local authority members.

It does this by overseeing the delivery of projects that the councils of Oxfordshire are seeking to deliver collaboratively in the fields of economic development and strategic planning. This cooperation has helped Oxfordshire to secure over £500m of additional investment, such as through the City Deal, Housing and Growth Deal, Housing Infrastructure Fund and the Oxfordshire Rail Connectivity Study. The Future Oxfordshire Partnership also has an important role in representing Oxfordshire on matters of regional interest.

The Partnership meets six times each year to discuss issues facing Oxfordshire's future, most often in a non-decision-making capacity. It is supported by four Advisory Sub-Groups (Infrastructure, Environment, and Housing, with a fourth - Planning - in development), a Scrutiny Panel and a small team of officers who are tasked with delivering on elements of the Partnership's work programme.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

Within the Constitution of the Council in Part 8, Section 3 it sets out the procurement and contracts procedures. This includes the procedures and statutory requirements in terms of the procurement of services.

In June 2019, Marston Holdings Ltd, alleged that the procurement of the parking enforcement contract had been undertaken contrary to the procurement regulations (Public Contracts Regulations 2015) which resulted in a significant settlement. After this settlement, a number of Procurement and Contract Management Review and Improvements were put in place. We have confirmed through enquiry with management that these improvements to the procurement process were still in place for 23/24 and therefore we have not identified a risk of material weakness in 23/24.

During our review of documentation as well as meeting with IA, we noted that there are weaknesses in the Council's Contract Management and Quality Assurance process, as reported in the 23/24 Internal Audit Progress Report (January 2024). However, these were identified and actioned in year.

# Appendix C – Fees – Oxfordshire County Council

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	2023/24	2022/23	2021/22
	£	£	£
Total Fee - Code Work	£291,895	TBC Note 2	£84,668
Scale Fee Variation	£33,860 Note 4	TBC	£124,746 Note 1
Scale Fee Variation 2022/23 - Value for Money	-	18,402 Note 3	
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>	<b>£212,414</b>

*All fees exclude VAT*

(1) As reported in our 2021/22 Audit Results Report, we submitted a proposal to PSAA for rebasing of the 2021/22 scale fee and for scale fee variations. The total value of the additional fee request submitted to PSAA, including both rebasing and scale variation elements was £165,216. Of this PSAA actually determined an amount of £124,746

(2) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 audit.

(3) PSAA has used its fee variation process to determine the final fee for 2022/23 VFM which has been accepted by the Council. The determination of the final fee for 2022/23 work outside of VFM remains outstanding with the PSAA.

(4) The 2023/24 work is now complete and we intend to submit a proposal to PSAA for a scale fee variation totalling £33,860. This final fee includes an adjustment for the following areas:

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report, totalling £4,928
- Additional procedures to consider the Council's readiness for the implementation of IFRS 16 as originally set out in our Audit Planning report, totalling £776.
- Additional work performed to ensure the accounts were appropriately amended for errors identified during the audit £2,738

# Appendix C – Fees – Oxfordshire County Council

*All fees exclude VAT*

- Involvement of our EYRE valuation professionals in response to the assessed significant risk to support PPE and IP valuation, totalling £4,472
- In order to obtain increased level of assurance on the following balances we tested two years of transactions for the following balances and/ or transactions £15,816:
  - Pension liability (includes roll forward of the pension liability for 2 years by our specialist)
  - Additions and disposals of PPE
  - Starters and leavers
  - Payroll testing (SAR)
  - Depreciation (SAR)
  - Grants received in advance, including grant receipts and grant expenditure
- Additional procedures performed on the complimentary user access controls (CUECs) and control deficiencies as reported in the ISAE 3402 report £2,806.
- Additional work performed due to delays in receiving supporting evidence for starters and leavers testing and grants received in advance leading to significant follow-up and incorrect creditor and debtors' listings provided totalling £2,324

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