

OXFORD CITY COUNCIL
Executive Board
 4th April 2005

Report of	Strategic Director Finance and Corporate Services
Title	S11 response
Wards	All
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Key decision	Yes
Lead Member	Cllr Alex Hollingsworth
Scrutiny responsibility	Finance

RECOMMENDATIONS

Executive Board agrees to note and endorse the recommended actions to address the issues raised in the Audit Commission's "S11" report.

1. Summary

The Audit Commission write an annual "Management Letter" which we received on the 24th December 2004. This letter sets out the Commission's view of our financial and management arrangements.

The 7th February 2005 Executive Board considered the Management Letter, the 1st March Finance Overview and Scrutiny looked at the same issues. The Audit Commission's Relationship Manager (Andy Burns) attended both meetings, setting out the reasons for his findings and answering questions.

The Management letter included two "Section 11" recommendations¹. The Council must give a public response within four months of receiving the Management Letter.

This report makes up that public response.

¹ This refers to Section 11 of the 1998 Local Government Act.

2. Audit Commission Recommendations under S11 of 1998 Local Government Act

Audit Commission recommendation	Actions in response	Responsibility	Implementation
<p>“Improve the arrangements for the accurate and timely completion of annual financial statements”</p>	<p>We will carry out significantly more “pre-closing work”, in advance of the year-end. We are particularly focussing on asset valuations, as this is an important issue where there have been past difficulties.</p>	<p>Finance Business Manager² and Audit Commission Manager to jointly timetable work planning.</p>	<p>April 2005</p>
	<p>We have arranged for early asset valuations and will process this information and then load it onto computer systems earlier in the closedown timetable. Information will be therefore available in March/April 2005 for audit testing. This will allow the Audit Commission time review this area well in advance and we can then resolve potential problems early in the process.</p>		
	<p>We have also carried out a “trial closedown” presenting our accounts at the 31st December 2004. This information is being used to a) inform the 31st March closedown and b) identify potential problems.</p>	<p>Finance Business Manager</p>	<p>Done</p>
	<p>We are consulting on and implementing a new management structure for the Finance Business Unit. This will clarify individuals’ responsibilities in the area of final accounts and provide greater management capacity so that if any individual is absent - another can take on their work.</p>	<p>Finance Business Manager.</p>	<p>May 2005</p>
	<p>As part of these transitional arrangements we have retained an experienced interim manager to ensure sufficient expertise for the closedown. We will bring in other expertise if it is needed.</p>		
	<p>The 2003-4 audit had difficulties with coordination. We will jointly diarise when auditors and accountants will be available. We have also timetabled monthly meetings with Audit Commission staff (fortnightly at critical work times) so operational issues are picked up at an early stage.</p>	<p>Finance Business Manager and Audit Commission Manager</p>	<p>April 2005</p>
	<p>The meeting agendas will include when information/staff will be available and when auditors will be on site. Any significant problems that cannot be resolved will be promptly referred upwards for action.</p>		
<p>As in previous years we have drawn up a timetable for completion of accounts and allocated individuals’ responsibilities in achieving this task. This timetable anticipates the faster closedown deadlines. We will monitor progress against these deadlines.</p>	<p>Finance Business Manager and Director to jointly monitor.</p>	<p>Done</p>	

² The full title of the Business Manager is “Business Manager - Finance and Asset Management” The shortened form is shown here for brevity.

7.2

Audit Commission recommendation	Actions in response	Responsibility	Implementation
<p>“Ensure the Council has sufficient and appropriate access to legal advice....”</p>	<p>Oxford City Council has always ensured it has had access to experienced legal advice in the Monitoring Officer role. Qualified Legal and Democratic staff are present at Executive Board meetings and lawyers review committee reports.</p>	<p>Strategic Director Finance & Corporate Services</p>	<p>Interviews April 2005</p>
	<p>We have not permanently filled the Business Manager/Monitoring Officer role because we are seeking the appropriately qualified candidate.</p>		
	<p>We are undertaking a major recruitment exercise. We approached three consultancies with ideas as to why earlier exercises had failed and how we could be successful this time.</p>		
	<p>With recruitment consultants “Tribal” we have reviewed and represented the job description and person specification against comparative roles, assembled an extensive and professional marketing pack (and micro-site) and increased the remuneration package.</p>		
	<p>We have included “executive search” (headhunting) as a key part of the exercise.</p>		
	<p>We are recruiting a “Practice Manager” who will support the Business Manager (this was a recommendation of the recent service review).</p>		
<p>We are employing two experienced managers to provide interim cover and take forward the service review recommendations.</p>			
<p>We will fill vacant posts in the Legal and Democratic Business Unit when they arise. We will also commission legal support through contracts with other providers where that is more appropriate route.</p>			
<p>Councillors added £50,000 to the Business Unit 2005-6 budget to allow Officers to address the recruitment/management issues.</p>	<p>Strategic Director Finance and Corporate Services</p>	<p>Done</p>	
<p>Getting the right candidate for this role is crucial for us. We will <u>not</u> appoint a candidate who does not appear appropriately skilled, simply to fill this post.</p>			

7.3

Audit Commission recommendation	Actions in response	Responsibility	Implementation date
...and that robust procedures are put in place to evidence consideration and action by the council based on that advice.”	We have updated our Constitution, Scheme of Delegation and Financial Regulations to make our decision-making processes more transparent.	Strategic Director Finance and Corporate Services	Done (updating constitution and regulations)
	We will put training in place to ensure that Elected Members, Managers and Staff all understand their respective responsibilities to both seek and then act on professional advice.		June 2005 (training)
	We will update our guidelines for Business Managers/Report Authors making clear responsibilities to seek and then follow professional advice.		September 2005 (revised guidelines)
	<p>We have:</p> <ul style="list-style-type: none"> Revised our forward planning process, creating a twelve-month plan for committee reports with responsibility allocated in Legal and Finance for clearing items. Updated the remit of Strategic Management Board (SMB). This group identifies higher risk issues in reports and reviews them at an earlier stage. Included the Monitoring Officer (and Head of HR) in that group. SMB is taking an increasing role in advising on and then monitoring corporate risks and performance. 	Chief Executive + SMB	Ongoing

7.4

This report has been seen and approved by:	
Portfolio Holder	Cllr Alex Hollingsworth
Chair of Audit Committee	Cllr Bob Price
Legal and Democratic Services	Lindsay Cane (Monitoring Officer)
Finance and Asset Management	Sarah Fogden (Business Manager)
Human Resources	Anne Marie Scott (Business Manager)

Unpublished background papers; remit of SMB paper (copy with Mike Newman)