



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Internal Audit Service 2008/09 Progress report (5)

Oxford City Council

24th March 2009

AUDIT

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Audit Plan / Timing 2008/09

	Area	Planned Days	Timing	Scope
Authority Wide				
1	Corporate Governance	10	Audit in Progress	Further enhancements are required within this area to improve the use of resources score received. We will focus on a couple of key issues to aid in the development of this area.
2	Risk management	15	Completed with on – going support	We have assisted the Authority in the development of a revised risk register format, attended a Wider Leadership Team to promote risk management, established a Risk Group to champion risk management, and given a training session to Members on risk management. We also assisted in the development of the 2007/08 year end risk register, meeting with Heads of Service to populate the register.
3	Equality and Diversity	15	Final report issued 3 February 2009 SATISFACTORY	This area has not been subject to a review by internal audit (brought forward from 2007/08). We will review the overall arrangement for ensuring equality and diversity across the organisation against good practice.
4	Health and Safety follow-up	6	Final report issued 3 February 2009 WEAK	This area was assessed as weak at the review in 2006/07, and follow up in 2007/08 identified recommendations remained outstanding. Members require independent assurance that controls and procedures are operating as intended and as such we will continue to review progress in the implementation of agreed actions.
5	Single status	6	To be completed prior to full costed proposal milestone of March 2009.	This review was requested by management and involves a validation of the single status pay model base data.
6	Business Continuity/ Disaster Recovery	10	Final report issued 7 November 2008 WEAK	The Authority has been reviewing its arrangements in light of recent issues, including the Oxford floods in 2007. We have reviewed the progress made by the Authority in implementing its action plan.

Audit Plan / Timing 2008/09 (cont'd)

	Area	Planned Days	Timing	Scope
Finance and Asset Management				
7	Benefits	15	Final report issued 12 January 2009 GOOD	Managed audit – essential for DA reliance. Satisfactory ratings in 2005/06 and 2006/7 and good in 2007/08. We propose a similar compliance type audit due to the significance and value of the transactions.
8	Local Taxation	10	Final report issued 12 January 2009 GOOD	Managed audit – essential for DA reliance. Satisfactory ratings in 2005/06 and good / satisfactory ratings in 2006/07 progressing to good in 2007/08. We propose walkthrough testing for both NNDR and Council tax.
9	Payroll	10	Final report issued 13 January 2009 WEAK	Managed audit – essential for DA reliance. Satisfactory ratings in 2005/06 to 2007/08. We propose to undertake compliance testing.
10	Accounts payable	5	Final report issued 9 March 2009 GOOD	Managed audit – essential for DA reliance. Satisfactory ratings to in 2005/6 and 2006/7 and good in 2007/08. We propose to carry out walkthrough testing.
11	Accounts receivable	5		Managed audit – essential for DA reliance. Satisfactory ratings to in 2005/6 and 2006/7 and good in 2007/08. We propose to carry out walkthrough testing.
12	Main accounting	5		Managed audit – essential for DA reliance. Satisfactory rating to date. We propose to undertake walkthrough testing to confirm that the design of the controls has not changed.
13	Treasury management	5	Final report issued 24 December 2008 GOOD	Managed audit – essential for DA reliance. Good rating to date. We propose to undertake walkthrough testing to conform that the design of the controls has not changed.
14	Fixed Assets	10	Audit in Progress	Managed audit – essential for DA reliance. We propose to undertake compliance testing in this area.

Audit Plan / Timing 2008/09 (cont'd)

	Area	Planned Days	Timing	Scope
Business Systems				
15	Data Security	10	Final report issued 7 November 2008 WEAK	We have reviewed the arrangements the Authority has in place which ensures the safe keeping of information both on and off site.
City Regeneration				
16	Building Control / Planning / Inspection/ Enforcement	20	Audit in Progress	We will review the controls in place over application processing, inspection and enforcement which ensure compliance with documented procedures.
17	Taxi Licensing	15	Final report issued 10 September 2008 WEAK	We have reviewed the controls in place over the approval and review of taxi licences which ensure compliance with documented procedures.
City Services				
18	Local Financial Systems	15	Draft report issued 19 December 2008	We have reviewed the local systems for receipting and collecting income within trade waste, leisure and the tourist information centre. We have also followed up the implementation of recommendations made in relation to the parks cash collection which was graded as weak in 2007/08.
19	Housing Repairs	20	Draft report issued 6 January 2009 SATISFACTORY	We have completed an end to end review of the responsive repairs process, from initial enquiry through to post inspection. We have also reviewed the controls in place for recharging tenants for repairs which are their responsibility.
20	Leaseholder recharging	10	February 2009 Audit in Progress	We propose to review the processes in place which ensure compliance with legislation with the recovery of all income due to the Authority, including the approval of write-offs of bad debt.
21	Car Parking	10	Final report issued 10 September 2008 WEAK	We have reviewed the overall arrangements in respect of car parking including the implementation of the car parking strategy, setting and collecting of charges, and compliance with legal obligations.

Audit Plan / Timing 2008/09 (cont'd)

	Area	Planned Days	Timing	Scope
VFM				
22	VFM follow up	10	Work has been completed with reports issued	Members need assurance that management are beginning to implement the outcomes of value for money reports that have been agreed by the Audit & Governance Committee. We propose to undertake follow-up work on the Capital Programme, Street Cleaning, Vehicle Maintenance and Housing Repairs.
23	Leisure Market Testing	20	Completed	The market testing of Leisure Services is a major project for the City Council and is very important in delivering the savings required for 2009/10 and beyond. Members were keen that KPMG should have a role reviewing the project as it unfolds, rather than waiting until the end of the process. We will use our experience of market testing to discuss alternative approaches with relevant officers/Members and will keep the Audit & Governance Committee informed of progress.
24	VFM Mapping	7	Completed	This exercise commenced in 2007/08 and is attempting to collate all the available empirical evidence of the comparative cost and quality of individual services and will enable the Authority to make better informed decisions on the areas it should prioritise for improved VFM.
25	VFM studies	13	Yet to be utilised	As with last year, we have allowed some VFM days to be commissioned on a "call-off" basis by the Audit & Governance Committee and officers in order to address emerging issues.
Contingency				
26	Contingency	25		15 days utilised in relation to grant claim audits. 10 days utilised for further risk management support. Additional work completed in relation to: <ul style="list-style-type: none"> •Capitalisation of Assets •Home Choice Deposits



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Overall report rating:

Satisfactory

Internal Audit Report 2008/09

Oxford City Council
Equality and Diversity
3rd February 2009

AUDIT

Report status

Debrief date	16 th December 2008
Discussion draft issued	9 th January 2009
Management responses received	30 th January 2009
Final report issued	3 rd February 2009
Presented to Audit and Governance Committee	24 th March 2009

Distribution listing

Peter McQuitty (Head of Policy, Performance and Communications)	For action
Melanie Faulkner-Barrett (Equalities and Diversity Officer)	For action
Penny Gardener/Sarah Fogden (Head of Finance)	For information / circulation

1. Executive summary

Conclusion

As internal auditors to Oxford City Council ("the Authority"), we provide an annual overview of the system of internal control. In arriving at this overview, we give a conclusion on the individual systems reviewed during the year. Our conclusion is either that the system is good, satisfactory, weak or unacceptable.

However, in giving our conclusion, it should be acknowledged that our work is designed to enable us to form an opinion on the quality of the systems examined based upon the work undertaken during our current review. It should not be relied upon to disclose all weaknesses that may exist and therefore the conclusion is not a guarantee that all aspects of the systems are adequate and effective.

Overall rating	
Satisfactory	From the work performed on the arrangements that Oxford City Council has in place in respect of Equality and Diversity we consider that there is considerable work still to be done to improve on its current level of attainment, as well as achieve Level 3 by 2011. As a result, we believe that the design of the current system and those procedures proposed for the future which if implemented, provide a satisfactory basis for improvement.

We arrived at our conclusion by assessing the "Authority" against the criteria defined in the Equality Standard produced by the Improvement and Development Agency (IDeA). However, it should be noted that our interpretation and conclusions may not necessarily mirror those of the IDeA. Consequently, our report should be read with this in mind.

There are five different categories included in this assessment. These are: Overview, Leadership and Corporate Commitment, Community Engagement and Accountability, Service Delivery and Customer Care and Employment and Training. Each one of these areas would be assessed by the IDeA and scored on a scale of one to five, with five being the highest level of achievement. Our work indicates that the Authority appears to have achieved level 1, with certain aspects of levels 2 and 3 being partially evident.

At the request of the Authority, we have also benchmarked the Authority against the IDeA level 5 criteria at Appendix 1, in order to highlight to the Authority what actions we believe are required to achieve the highest level of Equality Standard.

We have made 7 recommendations to address the weaknesses in the areas reviewed. The implementation of these recommendations should enhance the control environment in relation to Equality and Diversity and provide an increased level of assurance to the Authority and management from the date of implementation.

1. Executive summary

Context

This report details the results of our review of Equality and Diversity at Oxford City Council. It was undertaken in accordance with the 2008/09 Internal Audit Plan agreed by the Audit and Governance Committee.

We have reviewed the controls which ensure that there has been consideration of the development of:

- appropriate culture and governance frameworks which promote equality and diversity, including the development of strategies, schemes and action plans;
- communication processes which ensure appropriate methods of access by all key stakeholders including the community, partners, contractors and staff;
- processes for stakeholder involvement which enables appropriate needs to be taken into account; and
- tools which aid the Authority in the evaluation of success of Equality and Diversity initiatives and compliance with legislative requirements, including benchmarking against Equality Impact Criteria.

Equality and Diversity is an important aspect to public service provision and this is reflected in the Council's key aim for 'stronger more inclusive communities'. In addition to this, importance is placed on Equality and Diversity through the legislative agenda whereby organisations must comply with a number of Acts and Bills as well as the completion of Equality Impact Assessments.

The Authority has made progress to achieving the Equality Standards by publishing its Corporate Equality Scheme (CES) in August 2008, establishing an Equalities Board, appointing an Equalities and Diversity Officer, introducing an action plan for the attainment of objectives and setting a three year timetable for Equality Impact Assessments.

Acknowledgement

We would like to take this opportunity to thank all members of staff over the course of this review for their time and assistance.

1. Executive summary

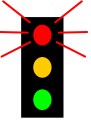


Progress to date / plans in place	Further development needed to attain a level 3
<ul style="list-style-type: none"> ✓ The CES makes reference to equality and diversity legislations and the CES is due to be reviewed on a three year basis. ✓ The CES Incorporates a race equality scheme, gender equality scheme, and a disability equality scheme. ✓ An action plan to achieve the CES objectives and a timetable for equality impact assessments has been produced detailing the service area responsible. The equality impact assessment timetable has been produced taking into account risk. ✓ The action plan for equality impact assessments includes sexual orientation, religion, belief and age and 52 of these assessments have been completed. ✓ The Authority has monitoring systems in place in the form of Best Value Performance Indicators, the Equalities board, and the database monitoring system. ✓ Stakeholder groups have been involved in certain aspects of the policy, i.e. the tenancy involvement with Oxford City Homes, and the initial consultation undertaken during the drafting stages of the CES, which included 1,000 local citizens who are registered to provide their views. ✓ A draft Consultation strategy has been produced which is to be approved by the directors following the amendment of the strategy to take into account the restructuring the Authority has undertaken. The strategy documents the consultation methods and the individual service consultation plans which will be agreed with the service departments. Each service area has a consultation officer and is required to submit and monitor the consultation timetable. ✓ Service level equality objectives are currently being agreed in liaison with the heads of service areas and the Policy team and are to be incorporated within the service plans by January 2009. ✓ A commitment has been made in the CES to have an Authority wide fair employment and equal pay policy. 	<ul style="list-style-type: none"> • The legislative content of the CES should be reviewed on an annual basis rather than a three year basis. • The service level objectives and equality impact assessments should be monitored through the monitoring database and this should be fully utilised. • The consultation strategy should be approved and published. • Service area objectives and targets once agreed should be available for scrutiny in a number of languages. • Progress on actions and targets should be publicised. • Equality content of all community strategies should be reviewed. • Need to ensure involvement of members, employee representatives, directorate and service managers on impact assessments and all aspects of the CES. • Partnership agreements should incorporate reference to equality and diversity and partners' Equality and Diversity policies should be reviewed against the Authority's policies. • Results on actions should be publicised to show how, where and when actions are on target. • Internal and external forums should be set up to establish groups who can monitor and feedback information to ensure stakeholder involvement. For example, gender forums and race forums. • Ensure service plans specifically address the importance of barriers, accessibility and reasonable adjustment in the service of provisions. • A detailed allocation of resources should be undertaken to demonstrate how targets will be achieved. • Structures of responsibility should be included within the service level plans.

1. Executive summary

Progress to date / plans in place	Further development needed to attain a level 3
<ul style="list-style-type: none"> ✓ Specific resources have been allocated to equality and diversity- i.e. in the form of an Equalities and Diversity Officer; an Equalities Board and also specific budgets totalling £85k have been allocated. ✓ The Equalities board has representatives from most service areas and therefore provides the opportunity to discuss service level issues. ✓ The CES can be translated into a number of different languages and formats. ✓ Community champions are in place. ✓ An Access forum is in place to deal with disability related issues. ✓ Contractors are required to submit their equality and diversity policy and evidence their compliance during the tender process. This relates to those purchases above £100k. ✓ The CES makes reference to the adoption of non discriminatory practises for recruitment procedures and there is a commitment to undertake an assessment of local labour market, workforce profiling and equal pay review. ✓ The Single status, which encompasses the equal pay policy is currently under review and is due to be rolled out in Summer 2009. ✓ The CES makes reference to achieving employment objectives, adoption of fair publicity, wide variety of application forms, commitment to review personnel information system, commitment to make procedures consistent with employment code and to develop a programme of staff training. ✓ Review of recruitment procedures is to be undertaken in Apr 2009. ✓ A Timetable for review of policies is in place to ensure the policies are consistent with current legislation and employment codes of practise. ✓ Training on equality impact assessments has been provided to those staff involved. 	<ul style="list-style-type: none"> • The Authority should adopt a fair employment policy and equal pay policy and set employment objectives. • The Authority should undertake an equality impact assessment of the local labour market and engage in an equal pay review. • A local government workforce strategy should be adopted by the Authority. • The Recruitment and selection policy should be reviewed to ensure the achievement of level 2 targets. • Application forms and job descriptions should be standardised. • A staff handbook on equality policies should be produced. • A system of guidance and training should be produced to short listing of panels and interviewers. • Staff should be made aware of action plans. • Training for managers on implementation of the standard should be provided. • Competency of managers should be appraised to ensure managers and staff are capable of implementing the standard. • Training for all staff on detailed implementation of the standard should be undertaken with updates on developments. • Training on scrutiny process should be provided. • Equality objectives should also be incorporated within the appraisals of staff.

1. Executive summary

We have assessed each finding in our report and assigned to it a rating, as follows:

Priority rating for performance improvement observations raised		
	<p>Priority one: Issues arising referring to important matters that are fundamental and material to Oxford City Council's system of internal control. We believe that the matters observed might cause a system objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency.</p>	
	<p>Priority two : Issues arising referring mainly to issues that have an important effect on Oxford City Council's controls but do not require immediate action. A system objective may still be met in full or in part or a risk adequately mitigated but the weakness represents a significant deficiency in the system.</p>	
	<p>Priority three: Issues arising that would, if corrected, improve Oxford City Council's internal control in general but are not vital to the overall system of internal control.</p>	

The table below details the number of recommendations made, the priority assigned and those accepted by management. See section 2 for our observations and recommendations.

	High	Medium	Low	Total
Made	-	7	-	7
Accepted	-	7	-	7

Updated Management Response:

Oxford City Council recognizes that there is still considerable work to be done to improve on its current level of attainment under the Equality Standard. In 2009/10 we have made a commitment, and have an action plan in place, to achieve Level 2 by August 2009 and Level 3 by March 2010.

We are very pleased that it has been identified that the current system and procedures that we propose in our action plan provide a satisfactory basis for improvement

From the informal feedback, that we received from KPMG in December 2008, we sent a monitoring report to scrutiny on the 14th January that highlighted the areas for improvement.



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Internal Audit Report 2008/09 Responsive Repairs

Satisfactory

Oxford City Council
3 February 2009

Report status

Date of debrief	20 th November 2008
Draft issued	6 th January 2009
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Distribution listing

For action:

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Sean Fry: Operations Support Manager

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Sarah Fogden / Penny Gardner: Head of Finance
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Ian Henwood: Senior Repairs Manager
Susan Smart: Accountant

1. Executive summary

Conclusion

As internal auditors of the Oxford City Council ("the Authority") we provide an annual overview of the system of internal control. In arriving at this overview, we give a conclusion on the individual systems reviewed during the year. Our conclusion is either that the system is good, satisfactory, weak or unacceptable. However, in giving our conclusion, it should be acknowledged that our work is designed to enable us to form an opinion on the quality of the systems examined based upon the work undertaken during our current review. It should not be relied upon to disclose all weaknesses that may exist and therefore the conclusion is not a guarantee that all aspects of the systems reviewed are adequate and effective.

From the work performed on responsive repairs, we consider that there is some risk that objectives may not be fully achieved. Slight improvements are required to enhance the adequacy and / or effectiveness of risk management, control and governance. As a result, we have graded this report as Satisfactory.

We have made 7 recommendations, which will address the identified weaknesses. The implementation of our recommendations should enhance the control environment and provide an increased level of assurance to the Authority and management from the date of implementation.

Context

This audit was completed as part of the agreed internal audit plan for 2008-09. The objective was to provide management with information as to the adequacy and effectiveness of controls operating within the Authority's responsive repairs system within Oxford City Homes ("OCH").

The Head of OCH has overall responsibility for responsive repairs. Until November 2008, this officer was supported by the Responsive Operations Manager and the Senior Repairs Manager. However, with effect from that date the Operations Support Manager has taken over responsibility from the Responsive Operations Manager to enable this management resource to be redirected to street cleaning services.

The majority of responsive repairs work is undertaken by the in-house repairs team on the housing stock of 7,876 units. The responsive repairs budget is £3.1 million and includes both salaries and supplies and services. As at 31 October 2008, 22,000 repairs had been undertaken with year to date expenditure of £1.6 million against a year to date budget of £1.8m. This represents an under-spend of £0.2m (11%). Part of this under spend is due to reduction in staff salaries as a result of vacancies, long term sickness and a planned management trial to establish whether the service could be structured in a different way.

Performance information on repairs is reported throughout the year to management, Members and tenants. OCH also benchmarks its repairs performance through its membership of the data benchmarking club, Housemark.

Overleaf we have summarised the Authority's most recent responsive repairs performance.

1. Executive summary

Conclusion

Repair type	2007-08 Q4	2008-09 Q1	2008-09 Q2	Latest quartile position	
Emergency and urgent	99.64	99.70	99.70	Upper	The Authority has slightly improved performance for Emergency and Urgent repairs and is in the upper quartile. Routine repairs performance has dropped putting the Authority into the Median/Lower quartile.
Routine	95.69	94.16	94.03	Median-lower	

The Audit Commission's suggested target split between emergency and urgent : routine repairs is 30:70. OCH monitors this target at the year end. As at March 2008, 28,940 repairs had been completed of which 49.5% related to emergency and urgent repairs. Oxford City Homes does however monitor the cost of emergency and urgent repairs monthly and we understand is currently under the audit commission 10% target of total cost of responsive repairs.

The Authority has invested in the Servitor system to classify and monitor progress with repairs. In order to improve services to make it more efficient and customer focussed, the Authority has also implemented a number of processes and is introducing new systems. These include:

- offering appointments to tenants through the Optitime system;
- use of PDAs by operatives to track progress with repairs;
- developing a customer relationship management (CRM) system to go live in 2009;
- rolling out opti-time to allow communication with tenants using mobile texting (which went live in December 2008)
- working with Unipart to identify and develop process efficiencies through a repairs resource review and use of an opportunities matrix; and
- operation of a range of methods by which tenants can notify repairs including the dedicated OCH Contact Centre and a free-phone out of hours service.

Acknowledgement

We would like to take this opportunity to thank all members of staff whom we contacted over the course of this review for their time and assistance.

1. Executive summary

This table below highlights the main findings of our review. Further details, together with our recommendations, are included in the 'detailed findings and recommendations section' of the report.

Areas of good practice	Areas for further development
<p>Our review identified the following areas of good practice in respect of the Authority's responsive repairs arrangements:</p> <ul style="list-style-type: none"> ✓ several methods exist for tenants to notify OCH of repairs; ✓ the Optitime appointments system offers am and pm appointments; ✓ monitoring of calls through the OCH Contact Centre to minimise call waiting and handling times for tenants; ✓ repairs invoices tested were approved in line with delegated authorisation limits; ✓ a 'Tenants Repairs Book' has been issued to tenants; ✓ the Servitor system is utilised as a process tracking tool; ✓ PDAs are used to record progress with repair jobs; ✓ OCH benchmarks its repairs performance through a benchmarking club; ✓ Repairs performance is reported monthly to the senior management team, the Middle Managers Group and the Tenant Involvement Monitoring Panel; and ✓ information is also reported to members at least twice yearly to the Value and Performance Scrutiny Committee. 	<p>Our work has also identified the following areas where controls could be further strengthened. These include reviewing:</p> <ul style="list-style-type: none"> ▪ The Operations Support Manager should arrange for performance data to be more easily extracted from the system to avoid the present manual intervention. ▪ OCH should carry out a review of repairs being classified as emergency / urgent in order to develop its understanding of why the proportion is great than that promoted by the Audit Commission. The findings will help the Authority to explain its split during any Audit Commission inspection. ▪ Management should ensure that the manual worksheets are retained to support repair completion times and key performance information. This could be achieved through regular spot checks. ▪ The timeliness with which pre-inspections are completed should be measured, monitored or reported to management on a monthly basis. ▪ OCH management should review the current arrangements with respect to post inspections. ▪ OCH should review its 'Repair Priorities' list and bring it in line with the repair classifications used by the Audit Commission, facilitating easier comparisons. ▪ Management should ensure that recharge invoices are raised in a timely manner. This could be achieved through monthly sample checks.

Recommendations	High	Medium	Low	Total
Made	-	5	2	7
Accepted	-	5	2	7

2. Results of compliance testing

Responsive repairs

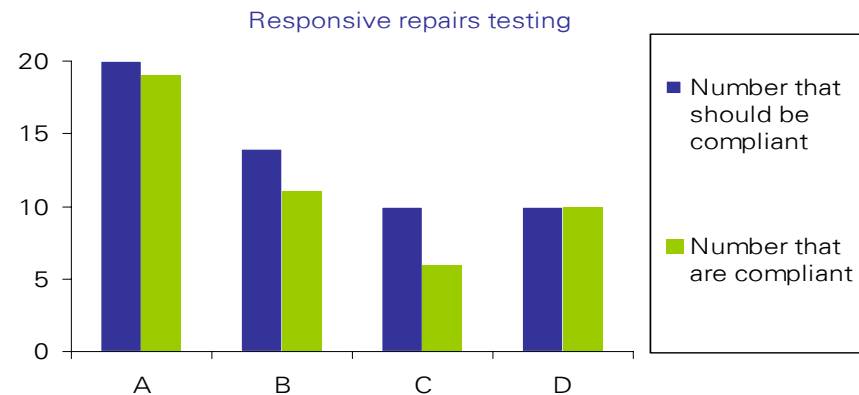
The responsive repairs process requires each repair to be classified in accordance with the OCH 'Repair Priorities' list. Repairs operatives record repair progress including start and completion dates and/or times using handheld PDAs or manual 'worksheets' where PDAs are not used (eg in out of hours cases). Details are uploaded on the Servitor system. The procedures requires pre and post inspections to be undertaken and repairs arising through the fault of the tenant to be recharged.

We tested a sample of 20 responsive repairs, 14 manual worksheets, 10 pre-inspections and 10 invoices to assess whether procedures have been complied with.

Testing of responsive repairs controls

The following criteria were adopted.

- A Are responsive repairs classified correctly on Servitor?
- B Are manual 'worksheets' retained where appropriate?
- C Are pre inspections undertaken within target?
- D Are invoices appropriately authorised?



Key findings

- Repairs are generally classified correctly.
- Manual worksheets are not always retained to support practical completion dates.
- Repair pre-inspections are not always carried out within target.
- Invoices tested were appropriately authorised.



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Internal Audit Review 2008/09 Core Financial Systems Review

Oxford City Council

10th March 2009

Overall system ratings:	
Main Accounting System	Good
Accounts Payable	Good
Accounts Receivable	Good

AUDIT –This report is confidential and its circulation and use are restricted. See notice on page 1.

Report status	
Date of Debrief	16 th January 2009
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Management responses received	9 th March 2009
Final report issued	10 th March 2009
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Distribution for action	Distribution for information
Andy Brooks (Chief Technical Accountant)	Penny Gardner (Head of Finance)
	Sarah Fogden (Head of Finance)

1. Executive summary

Conclusion

As internal auditors of the Authority we provide an annual overview of the systems of internal control. In arriving at this overview, we give a conclusion on the individual systems reviewed during the year. Our conclusion is either that the system is good, satisfactory, weak or unacceptable. However, in giving our conclusion, it should be acknowledged that our work is designed to enable us to form an opinion on the quality of the systems examined based upon the work undertaken during our current review. It should not be relied upon to disclose all weaknesses that may exist and therefore the conclusion is not a guarantee that all aspects of the systems reviewed are adequate and effective.

From the work performed on main accounting system, accounts receivable and accounts payable, we have concluded as follows:

Main accounting system, accounts receivable and payable	Good	There is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.
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We have made one formal recommendation and noted that the Authority is planning to review aspects of main accounting with respect to procedures and accessibility. The implementation of our recommendation and the additional actions should enhance the control environment in relation to the systems reviewed and provide an increased level of assurance to the Authority and management from the date of implementation.

Context

As part of internal audit's review of the general control environment within Oxford City Council ("the Authority") a review of some of the core financial systems was undertaken. This was completed in accordance with the agreed internal audit plan for 2008/09. The objective of the audit was to assess the adequacy and effectiveness of the controls in place over the main accounting system, accounts receivable and accounts payable and to follow up the implementation of prior year recommendations.

Main accounting

The general ledger system at the Authority is Agresso v4. The system currently has approximately 240 users, and has separate modules for general ledger, accounts payable, accounts receivable, bank reconciliations (cheques only), sales orders and subscriptions. Discussion with the Chief Technical Accountant identified that the system is being upgraded to Agresso v5 in February 2009. This project is currently in the testing phase and is being project managed by the Chief Technical Accountant.

Accounts receivable

The Authority ceased to have a designated cash office in 2007/08. The Authority only receive cheques in the post and over the counter at either St Aldates or Ramsey House (Planning team). Other payment methods however remain unchanged. Customers are able to make payment via the internet facility, prescribed telephone payment system, cheque, Direct Debit, Standing Order and via the Post Office swipe card system.

Accounts payable

The core order system is paper based through use of standard Oxford City Council order pads. This is supported by automated order systems at both Oxford City Homes and City Works, due to the high levels of ordering necessary for both Business Units and linkages to operational performance. The Authority uses both BACS and cheques to pay suppliers. Weekly payment runs are generated by Agresso. No system changes have occurred since our review in 2007/08. We understand that the new version of Agresso will have the functionality to automate this process.

1. Executive summary

Audit Type

Walkthrough – main accounting, accounts receivable and accounts payable.

Objectives

The core financial systems review forms part of our agreed agenda of work to be undertaken in 2008/09. The objectives of our review, as agreed in our terms of reference, are summarised below:

Core financial system	Summary of aims
Main accounting system	<p>To review the adequacy of controls over:</p> <ul style="list-style-type: none"> • Journal entries to the financial ledger. • Processing of accruals and prepayment. • Review and clearance of suspense accounts on a timely basis. • Access to the main accounting system. • Feeder systems reconciliation to the financial ledger on a regular basis.
Accounts receivable	<p>To review the adequacy of controls over:</p> <ul style="list-style-type: none"> • Accurate and timely raising of debtor invoices. • Accurate and timely reconciliation of debtors control account to financial ledger. • Accurate and timely posting of remittances received to debtors' accounts. • Regular reconciliation of cash and debtor systems. • Arrears recovery. • Authorisation of write-offs. • Reporting of performance and income recovery. <p><i>NB: The raising of debtor invoices for Council Tax, NNDR and Housing Benefit overpayments were covered in separate audits.</i></p>
Accounts payable	<p>To review the adequacy of controls over:</p> <ul style="list-style-type: none"> • Orders raised to ensure they are properly authorised prior to ordering goods and services. • Receipt of goods and services. • Invoice checking to goods received. • Authorisation of invoices. • Control account reconciliations. • Payments made within agreed target dates. • BACS and cheques payments.

1. Executive summary

Findings

Our key findings against our core objectives, indicating both good practice and areas for further development, are summarised below. For each aspect of our review we have specific recommendations for management consideration to further develop the Authority's core financial systems. Further details of these are provided in section two. We have also followed up our previous recommendations to identify the extent to which they have been fully implemented by management. As part of the audit we identified that all prior recommendations had been fully implemented.

Areas of good practice	Areas for further development																		
Main accounting system																			
<ul style="list-style-type: none"> ✓ Password controls are in place to ensure the security of the general ledger. ✓ Our testing confirmed that procedures are in place to ensure that 2007/08 closing balances are correctly carried forward. ✓ All reconciliations reviewed had been completed in a timely manner and subjected to independent review. ✓ There is now only one income error suspense account which is reviewed three times a week and is cleared to zero at the end of each month. ✓ The Authority has in place an up-to-date finance authorised signatory list. 	<p>We are aware that the Authority plans to review procedure notes and access to Agresso as part of the upgrading of the system in February 2009. Therefore, we do not propose to make any formal recommendations in this area.</p>																		
<table border="1" style="margin-left: auto; margin-right: 0;"> <thead> <tr> <th style="background-color: #003366; color: white;">Status of recommendations raised in 2007/08</th> <th style="background-color: #003366; color: white;">High</th> <th style="background-color: #003366; color: white;">Medium</th> <th style="background-color: #003366; color: white;">Low</th> <th style="background-color: #003366; color: white;">Total</th> </tr> </thead> <tbody> <tr> <td>Accepted</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Implemented</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>					Status of recommendations raised in 2007/08	High	Medium	Low	Total	Accepted	0	0	1	1	Implemented	0	0	1	1
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Implemented	0	0	1	1															

1. Executive summary

Areas of good practice					Areas for further development																																		
Accounts receivable																																							
<ul style="list-style-type: none"> ✓ Detailed aged debt information is circulated to management throughout the Authority via the monthly monitoring information pack. ✓ Debts tested for write-offs were authorised in accordance with the Authority's policy. ✓ The Agresso system requires separation of duty between raising and authorising an invoice. ✓ New user set up capability on the Agresso system has been restricted to key members of Finance. 					<p>The Authority should consider the need for a corporate approach to debt recovery which involves ensuring that those chasing debts are fully aware of all debts due to the Authority so that these are taken into account when finding an affordable solution.</p>																																		
<table border="1"> <thead> <tr> <th>Recommendations from this review</th> <th>High</th> <th>Medium</th> <th>Low</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Made</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> </tr> <tr> <td>Accepted</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> </tr> </tbody> </table>					Recommendations from this review	High	Medium	Low	Total	Made	0	0	1	1	Accepted	0	0	1	1	<table border="1"> <thead> <tr> <th>Status of recommendations raised in 2007/08</th> <th>High</th> <th>Medium</th> <th>Low</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Accepted</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> </tr> <tr> <td>Implemented</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> </tr> </tbody> </table>					Status of recommendations raised in 2007/08	High	Medium	Low	Total	Accepted	0	0	1	1	Implemented	0	0	1	1
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Implemented	0	0	1	1																																			
Accounts payable																																							
<ul style="list-style-type: none"> ✓ A monthly reconciliation is completed between the general ledger and the accounts payable system. Our testing found this to be completed and reviewed in a timely manner. ✓ Processes for entering new suppliers on the system and the process for amending suppliers details on the system is more formalised and transparent than at the time of our previous visit. ✓ Accrual balances tested in the course of our review were found to be correctly calculated, authorised and entered on the ledger. ✓ Separation of duty between raising and authorisation of an order. 					<p>We have not made any recommendations for improvement as a result of this review.</p>																																		
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INFRASTRUCTURE AND GOVERNMENT

Grading

WEAK

Internal Audit- Health and Safety follow up 2008/09

Oxford City Council

9 March 2009

Report status	
Debrief date	15 th January 2009
Discussion draft issued	3 rd February 2009
Management responses received	9 th March 2009
Final report issued	9 th March 2009
Presented to Audit and Governance Committee	28 th April 2009

Distribution for action	Distribution for information
Mark Preston (Corporate Safety Advisor)	Penny Gardener/Sarah Fogden (Head of Finance)
Simon Howick (Head of Human Resources)	

1. Executive Summary

Conclusion

As internal auditors to Oxford City Council (“the Authority”), we provide an annual overview of the system of internal control. In arriving at this overview, we give a conclusion on the individual systems reviewed during the year. Our conclusion is either that the system is good, satisfactory, weak or unacceptable. However, in giving our conclusion, it should be acknowledged that our work is designed to enable us to form an opinion on the quality of the systems examined based upon the work undertaken during our current review. It should not be relied upon to disclose all weaknesses that may exist and therefore the conclusion is not a guarantee that all aspects of the systems are adequate and effective.

Health and Safety was initially reviewed in 2006/7 and the recommendations were followed up in 2007/08. In our follow up report of December 2007, we identified that only 3 of the 14 recommendations made in our report of December 2006 had been implemented. As a result, management agreed revised timescales for the implementation of the recommendations, with a final revised deadline of December 2008 for full implementation. In our latest review in January 2009, we identified that there were still only 3 recommendations which have been fully implemented, and 11 not fully implemented although some progress has been made in respect of 2 of these.

Since our initial report there has been revised legislation in relation to corporate manslaughter which places much greater emphasis on organisations needing to have effective policies and procedures with a strong culture of health and safety embedded across the organisation.

As a consequence of the lack of progress in the implementation of recommendations our work continues to conclude that there is considerable risk that the system will fail to meet its objectives and that significant improvements are required to improve the adequacy and effectiveness of arrangements for health and safety across the Authority. As such we have continued to grade the management of health and safety as weak.

We are aware that the area of Health and Safety has been included as a corporate risk within the Authority’s risk register, however, risks in this area have not reduced over the past 12 months.

In order that the Authority is seen to be addressing the issues raised in this report, we feel that it would be beneficial for the Audit and Governance Committee to receive a formal report from management on progress with our recommendations along with a position statement on what else the Authority is carrying out in order to discharge its health and safety duties. We have provided at Appendix 1 a list of questions that the Executive and Members could consider as part of such a report. In appendix 2 we have provided an outline of a Health and Safety framework.

We have detailed in the table below progress with regard to the recommendations and provided further details in section 2.

Recommendations	High	Medium	Total
Made	4	10	14
Accepted	4	10	14
Implemented as at 2007/08 and 2008/09	1	2	3
In progress and overdue as at 2008/09	3	5	8
Not in progress and overdue as at 2008/09	0	3	3

2. Follow up of previous recommendations

Our internal audit report dated September 2006 resulted in 14 recommendations of which 11 had not been implemented in our 2007/08 follow up. Due to the importance of this are, we have reviewed progress against all the recommendations.

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
1	High	<p><u>Corporate Health and Safety Policy</u></p> <p>The Corporate Health and Safety Policy should be reviewed as a matter of urgency to ensure that it reflects current health and safety regulations and practices.</p> <p>To ensure that it is kept up to date, the Safety Committee should revisit the policy on an annual basis.</p>	<p>Agreed.</p> <p>We are in the process of updating all HR policies. We will put this one at the front for review and updating.</p> <p>Interim HR Business Manager December 2006.</p>	<p>Implemented.</p> <p>The Oxford City Council Health and Safety Policy was updated and approved by Safety Committee and Senior Management Board (SMB) in April 2007.</p> <p>It is part of the Safety Committee objectives to review and approve the document annually.</p>	<p>Implemented.</p> <p>The Corporate Health and Safety policy was updated and approved by the Safety committee in Dec 07 and the Joint Consultative Committee in April 08. The policy is due to be reviewed at the Safety Committee in Jan 09, followed by the Weekly Management Board in Apr 09.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
2	High	<p><u>Local Health and Safety Policies</u></p> <p>Business Unit Managers should ensure that Business Unit health and safety policies are reviewed by the Corporate Safety Advisor prior to issue.</p> <p>The Safety Committee should also review and approve the Business Unit policies on an annual basis, with the review documented within the meeting minutes.</p>	<p>Agreed.</p> <p>This action needs to follow from the updated corporate H&S policy (recommendation 1).</p> <p>Updates to be completed by March 2007.</p> <p>Process to be overseen by Corporate H&S Advisor.</p>	<p>In progress and overdue.</p> <p>Discussion with the Corporate Health and Safety Advisor (CSA) identified 3 Business Units have safety policies – Oxford City Homes, City Works and Leisure.</p> <p>The Leisure health and safety policy has been reviewed by the CSA in 2007/08 and was found to be in line with the corporate document.</p> <p>The above process is yet to be completed for City Works and Oxford City Homes.</p>	<p>In progress and overdue.</p> <p>Further work is required to ensure the City Works and OCH safety policies are consistent with the Corporate Safety Policy.</p> <p>The City Works safety policies and safe working procedures are yet to be reviewed and updated.</p> <p>The CSA is currently in the process of reviewing the OCH policies.</p> <p>Although the service area policies are not approved and reviewed by the Safety Committee, they are reviewed at the local Safety action groups. The CSA has suggested that a report documenting the review and approval of these policies is provided to the Safety Committee once approved by the relevant action groups with the option to review these in more detail if required.</p> <p>The CSA advises us that these are the only business unit safety policies in place.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
3	High	<p><u>Risk assessment completion</u></p> <p>The Corporate Safety Advisor should inform Strategic Directors and Business Unit Managers of the mandatory requirement for risk assessments to be completed for each Business Unit on an annual basis.</p> <p>The Corporate Safety Advisor should instigate training for Business Unit Managers on how risk assessments should be completed.</p>	<p>Agreed.</p> <p>Interim HR Manager will discuss how to ensure this is delivered with and through the Corporate H&S function.</p> <p>We are updating the corporate knowledge and competencies that we believe Business Managers need. We will include knowledge of H&S in that exercise.</p> <p>Interim H&S Manager to overview process, target date for completion of January 2007.</p>	<p>In progress and overdue.</p> <p>The Authority have introduced the 'Managing Safely' training programme in 2007/08 which includes two modules on risk assessment completion.</p> <p>Business Unit Managers nominate at least one officer from their Business Unit to attend the training.</p> <p>As at December 2007, 4 Business Units have completed the training.</p> <p>Discussion with the CSA has identified that the training is voluntary, however all Business Units are to be approached and involved by 2008/09.</p>	<p>In progress and overdue.</p> <p>Guidance is provided to service areas which is available on the intranet.</p> <p>Heads of Services and Executive Directors were informed of the requirement to complete the risk assessments following the original audit.</p> <p>The Corporate Safety Advisor is not formally updated on the progress of the risk assessments.</p> <p>Risk assessment training has been provided to representatives from 7 of the 11 business units in the form of the 'Managing Safely' training course.</p> <p>The remaining training is due to be provided by 2009/10.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
4	High	<p><u>Risk assessment monitoring</u></p> <p>The Strategic Directors should ensure that their respective Business Unit Managers have completed the risk assessments. Business Unit Managers should inform the Corporate Safety Advisor on an annual basis that the risk assessments have been reviewed and updated.</p> <p>In addition, the Corporate Safety Advisor should undertake periodic sample checks of Business Units to ensure that risks assessments have been reviewed and updated.</p>	<p>Agreed.</p> <p>We agree the recommendation and in addition will ensure this process is integrated into our annual Directors' Statement of Internal Control, which they sign each March and which supports the corporate SIC.</p> <p>Interim HR Business Manager to oversee process of corporate log of risk assessments.</p> <p>January 2007.</p>	<p>Not implemented and overdue.</p> <p>Business Unit Managers were contacted on 20/11/07 in regards to the annual review of risk assessments by the CSA.</p> <p>The CSA is currently building a list of the main risk assessment contact in each Business Unit. The contacts are to be approached for review of their risk assessments over the next 12 months.</p>	<p>In progress and overdue.</p> <p>The Corporate Safety Advisor is not formally updated on the progress of the risk assessments.</p> <p>Although risk assessments are reported on at relevant Safety working groups for OCH; City Works; and City Leisure, there are no other processes utilised by Executive Directors to ensure the Heads of Services have completed the risk assessments. We understand that this is due to be reported to the new Health and Safety Performance Steering Group in 2009/10.</p> <p>The CSA has undertaken a sample check of three business units (namely City Works; City Leisure; and Oxford City Homes) risk assessments to ensure they were consistent with guidance and whether they were completed. Sample checks of the remaining business areas are due to be completed by end March 2009.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
5	Medium	<p><u>Format of risk assessments</u></p> <p>The Authority should consider adopting a standard risk assessment format which should be used by all Business Units.</p> <p>The Corporate Safety Advisor should ensure the risk assessment format used is in compliance with HSE guidance. The Corporate Safety Advisor should provide support to Business Units to ensure that risks assessments have been completed appropriately and comprehensively.</p>	<p>Agreed.</p> <p>Corporate Safety Advisor January 2007</p>	<p>In progress and overdue.</p> <p>The standard Oxford City Council risk assessment pro forma is available on the Authority's intranet site.</p> <p>Use of the pro-forma is not mandatory at the present time.</p> <p>The CSA is looking to combine feedback on the format of risk assessments with the annual risk assessment review.</p>	<p>In progress and overdue.</p> <p>A standard risk assessment format has not been adopted due to the differing nature of the service areas and the voluntary inclusion of data such as the 5x5 risk matrices by some service areas.</p> <p>As per the audit undertaken by CSA, the three service areas' (OCH, City Works and City Leisure) risk assessments comply with the guidance. The remaining service areas risk assessments will be reviewed by March 09.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
6	Medium	<p><u>Risk assessment action plan</u></p> <p>The Corporate Safety Advisor should inform Strategic Directors and Business Unit Managers of the requirement for risk assessment action plans to contain measurable or timely actions.</p> <p>Monitoring of action plans should be carried out by management and the Corporate Safety Advisor to ensure that actions are being completed appropriately.</p>	<p>Agreed.</p> <p>This should be built into corporate training on this issue.</p> <p>Corporate Safety Advisor – March 2007.</p>	<p>Not implemented and overdue.</p> <p>Business Unit Managers were contacted on 20/11/07 in regards to the requirement for risk assessment action plans and the annual review of the action plans by the CSA.</p> <p>Actual monitoring of each Business Unit's risk assessment action plan has not occurred at this point in time.</p>	<p>Not implemented and overdue.</p> <p>Although the actions resulting from risk assessments are discussed at service area Safety action groups (OCH, City Works and City Leisure), the delivery of actions are not monitored by CSA or management.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
7	Medium	<p><u>Health and safety induction training</u></p> <p>A review of the Compel system should be completed to ensure that all staff have received appropriate Health and Safety training.</p> <p>Where staff have not received training this should be completed as a matter of urgency.</p> <p>All new members of staff should attend the health and safety induction training with attendance recorded by the course leader and then input onto the Compel system.</p> <p>The Authority should consider the use of on-line induction, and Health and safety training through electronic media.</p> <p>The Corporate Safety Advisor should review the Compel records to ensure all new employees have received the appropriate health and safety induction.</p>	<p>Agreed.</p> <p>There are several issues here, 1) the completeness of the compel records, Getting the correct H&S records on compel is a priority. Corporate H&S Manager to work out how to do this by December 2006.</p> <p>2) H&S and its role as part of the corporate induction process and we should look again at the corporate induction and include this issue in that review. Interim HR Manager – December 2006.</p> <p>3) how we best train people in H&S. HR Manager to establish by March 2007.</p>	<p>In progress and overdue.</p> <p>The CSA has reviewed all new starters between 01/10/06 and 30/09/07 on Compel to confirm their health and safety training records.</p> <p>Out of 77 new starters, 40 had received health and safety training.</p> <p>Where no training has been documented, the CSA is currently approaching each Business Unit to determine the extent of local training and why it has not been recorded.</p> <p>Once response has been received further action will follow.</p>	<p>In progress and overdue.</p> <p>A review of the Compel system has not been undertaken since September 07 by the CSA. All new starters are invited to attend the corporate induction training.</p> <p>The Authority is due to review the Corporate Induction process and is currently exploring the use of on-line induction training which may include health and safety.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
8	Medium	<p><u>Health and safety work based training</u></p> <p>A review of specific work based training should be carried out by each Business Unit to ensure that health and safety training is up to date.</p> <p>As a result of the findings of the above review, a health and safety training plan should be developed corporately.</p> <p>In addition, monitoring of individual employee's training should be carried out to highlight areas where training has not been completed within agreed timescales. Where timescales have lapsed, training should be provided.</p>	<p>Agreed.</p> <p>Some larger Business Units (Oxford City Homes and City Works) have done substantial amounts of work in this area. The issue will be to extend that good practice.</p> <p>The corporate training plan will form part of the 2007-08 council wide training plan.</p> <p>Head of HR, February 2007.</p>	<p>Not implemented and overdue.</p> <p>Discussion with the CSA could not determine how specific work based health and safety training had been incorporated within the 2007/08 council wide training plan.</p>	<p>Not implemented and overdue.</p> <p>Health and Safety training plans are in place for City Works, City Leisure and OCH.</p> <p>Other service areas do not have health and safety training plans in place.</p> <p>No specific Council Wide training plan has been developed.</p> <p>Monitoring of individual employee's training is not carried out by CSA although the CSA has suggested this should be undertaken during the appraisal process. We understand the overall appraisal process is due to be reviewed by HR.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
9	Medium	<p><u>Accident forms</u></p> <p>Business Unit Managers should be reminded to forward all accident forms to the Corporate Safety Advisor when they occur.</p> <p>The forms should be accompanied by a cover sheet, to identify the Business Unit and the number of forms submitted.</p> <p>Where no accidents/incidents have occurred in a quarter, the Business Unit Managers should document this and inform the Corporate Safety Advisor using a nil return.</p> <p>The Corporate Safety Advisor should then monitor the receipt of accident form returns via a control log.</p>	<p>We will remind Business Unit Managers of the need to return accident forms in good time (and we will include this point in the training we put in place).</p> <p>We are not convinced that, if we get that process operating properly, sending in blank returns is necessarily a good idea.</p> <p>Interim HR Manager to remind all Business Managers how to complete and return H&S forms.</p> <p>October 2006.</p>	<p>In progress and overdue.</p> <p>The Oxford City Council August 2007 Team Brief included a notice on the completion and submission of accident forms.</p> <p>Discussion with the CSA identified that the Authority are looking to use sequentially numbered accident forms to further improve the process. These should be in use in 2008.</p>	<p>In progress and overdue.</p> <p>Sequentially numbered accident forms are still not in use as per the discussion with CSA. These are due to be implemented once the old accident forms have been fully used. No control log is in place.</p> <p>Following discussions with the CSA, it has been decided that these will be implemented and will aid in reporting accurate accident data.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
10	Medium	<p><u>Management reporting</u></p> <p>The Corporate Safety Advisor should present the accident statistics to the Safety Committee in a tabular or chart format, so that accident trends can be easily identified.</p> <p>Example charts could be:</p> <ul style="list-style-type: none"> - Accidents by type; - Accidents by cause; or - Accidents per Business Unit. <p>Where common themes arise, these should be investigated separately and appropriate action taken, for example, additional work based monitoring/training.</p>	<p>Agreed.</p> <p>CSA to review how information is put to the committee so that trends and common themes can be identified quickly.</p> <p>CSA – December 2006.</p>	<p>Implemented.</p> <p>Quarterly reports are submitted to the Safety Committee. The format of the reports submitted for 2007/08 to date include the following charts:</p> <ul style="list-style-type: none"> -Number of incidents by type; -Days lost by injury type; -Number of incidents per Business Unit; and -Days lost by Business Unit. <p>A body map of injury area frequency has also been introduced within the health and safety quarterly reporting.</p>	<p>Implemented.</p> <p>At the 22nd Oct 2008 Safety Committee, incident data was reported in charts.</p> <p>We understand that a new Health and Safety Performance Steering Group is due to be set up by 2009/10 and accident statistics will be presented to this group.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
11	High	<p><u>Health and safety monitoring</u></p> <p>A form of health and safety quality assurance / audit / inspection should be developed and actioned by the Corporate Safety Advisor.</p> <p>This should include a programme of random and planned reviews and reviews of risk assessments.</p>	<p>Agreed.</p> <p>The role of the CSA needs to be clarified, and the processes in this area reviewed.</p> <p>Interim head of HR – December 2006.</p>	<p>Not implemented and overdue.</p> <p>Discussion with the CSA identified that this recommendation is to be actioned from January 2008 onwards, where the CSA is allocated to a Business Unit for two days of each week to complete health and safety reviews based on health and safety question sets and specific document review.</p>	<p>In progress and overdue.</p> <p>Three audits of service areas, OCH, City Works, and City leisure have been undertaken with audits of the other service areas to be completed by March 2009.</p> <p>As part of the audits, risk assessments were reviewed.</p> <p>There is a programme of planned reviews in place although this has been revised to take into account slippage which has occurred.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
12	Medium	<p><u>Corporate health and safety indicators/targets</u></p> <p>The Authority should develop a suite of corporate health and safety performance targets. For example:</p> <ul style="list-style-type: none"> • 100% completion of annual risk assessment within 12 months; • 95% completions of actions within agreed timescales; • review and authorisation of incident forms within 3 working days of incident; • health and safety induction training to be provided within 1 month of joining. 	<p>Agreed.</p> <p>We should have a suite of H&S measures and they should be regularly reported.</p> <p>Our suggestion is to include high level measures in our quarterly "Red Books" with more detailed information considered at Directorate meetings.</p> <p>Interim HR Manager – December 2006.</p>	<p>Not implemented and overdue.</p> <p>Discussion with the CSA identified that the corporate health and safety performance indicators and targets are to be developed and reported for the 2007/08 year end. This shall be completed at a Safety Committee and Executive level.</p>	<p>Not implemented and overdue.</p> <p>Although at present no health and safety performance targets have been set, a new Health and Safety Performance Steering Group is to be set up by 2009/10.</p> <p>The main purpose of this group will be to review performance and set targets for improvement.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
13	Medium	<p><u>Stress management</u></p> <p>The Authority should review the stress management work undertaken at City Works and consider if this should be introduced in other parts of the organisation.</p>	<p>Agreed.</p> <p>CSA – December 2006.</p>	<p>In progress and overdue.</p> <p>The CSA is currently involved in the City Works Stress Management Focus Group and has attended the Group meetings in 2007/08 to review how the information can be used throughout the Authority.</p> <p>No corporate approach has been determined at this point.</p>	<p>In progress and overdue.</p> <p>The CSA has continued to attend these meetings, although additional work is being undertaken to review stress related issues.</p> <p>A HSE stress management tool resulting from a study undertaken by HSE in liaison with City Works has been used by some service areas, which has highlighted specific training needs.</p> <p>Focus groups are due to meet in Feb 09 to review attendance issues, which will also include stress related issues. We understand that this will highlight any training requirements.</p>

2. Follow up of previous recommendations

#	Priority	Recommendation	Original management response and Implementation date	Update as at December 2007	Updated position 2008/09
14	Medium	<p><u>Corporate Safety Advisor role</u></p> <p>A job description for the Corporate Safety Advisor should be developed to include the responsibilities and specific duties of the post.</p> <p>For example:</p> <ul style="list-style-type: none"> -Health and safety spot quality assurance and inspection; -Risk assessment monitoring; -Accident form investigation; and -Compilation of management information. 	<p>Agreed.</p> <p>Interim HR Manager – December 2006.</p>	<p>Implemented.</p> <p>The CSA job description was updated and approved in July 2007.</p> <p>It is noted that due to the Authority restructuring, this will be refreshed in January 2008.</p>	<p>Implemented.</p> <p>The restructuring of HR did not have an impact on the job description of the CSA.</p> <p>Following the planned extension of the SLA agreement with City Works, it is anticipated that the job description will not change.</p>

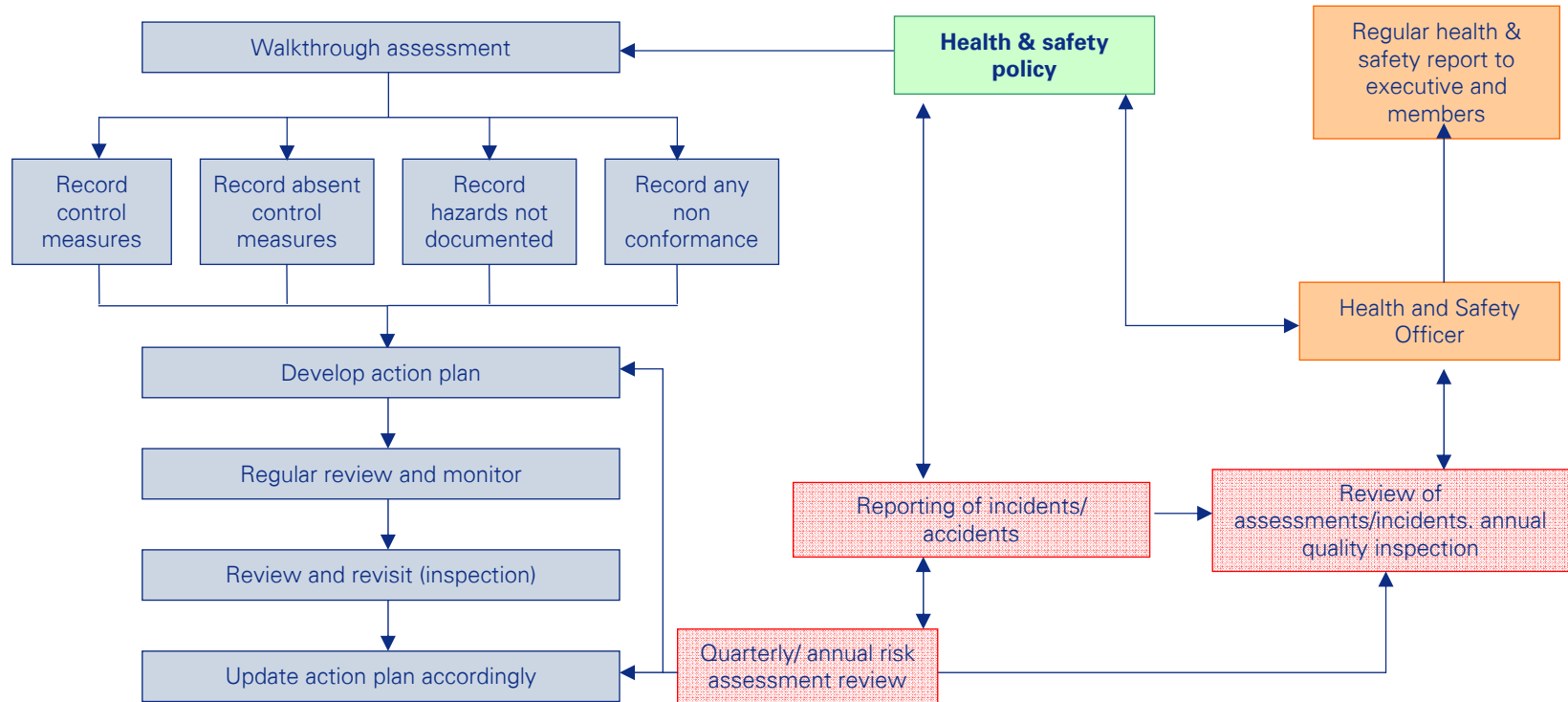
Appendix 1 – Questions to consider

We have provided below a set of questions through which the Authority can assess its position on health and safety.

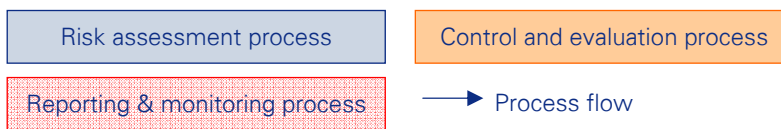
- How is the Executive and Members commitment to H&S demonstrated?
- What is done to ensure appropriate level of Executive and Member review of H&S?
- What has been done to ensure that Authority receives competent H&S advice?
- How is the Executive and Members ensuring all staff are training and competent in their H&S responsibilities?
- How confident is the Executive and Members that the workforce are consulted properly on H&S matters, and their concerns are reaching appropriate levels?
- What systems are in place to ensure the Authority's H&S risks are assessed, and that sensible control measures are established and maintained?
- How well do Executive and Members know what is happening on the ground, and what audits or assessments are undertaking to inform Executive and Members about what the Authority and contractors actually do?
- What information do the Executive and Members receive regularly about H&S e.g. performance data, reports on injuries and work related ill health?
- What targets have been set to improve H&S? Does the Authority benchmark?
- Where changes to working arrangements have significant implications for H&S, how are these brought to the attention of the Executive and Members?

Appendix 2: Health & safety framework – system design

We have detailed below a good practice example design of a health and safety system. This information has been developed from our work across various bodies within the Public Sector.



Key:





INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Internal Audit Report 2008/09

Home Choice Deposits

Oxford City Council

3 February 2009

Overall Report
Rating:

Weak

Report status	
Date of debrief	15th December 2008
Discussion draft issued	24th December 2008
Management responses received	13th January 2009
Final report issued	3 rd February 2009
Presented to Audit and Governance Committee	24th March 2009

Distribution listing
Dave Scholes – Housing Needs Manager – for management response
Graham Stratford – Head of Community Housing and Community Development – for management response
Sarah Fogden / Penny Gardner – for circulation and information

1. Executive summary

Conclusion

As internal auditors of the Oxford City Council ("the Authority") we are required to give an annual overview of the system of internal control. In arriving at this overview, we give a conclusion on the individual systems reviewed during the year. Our conclusion is either that the system is good, satisfactory, weak or unacceptable. However, in giving our conclusion, it should be acknowledged that our work is designed to enable us to form an opinion on the quality of the systems examined based upon the work undertaken during our current review. It should not be relied upon to disclose all weaknesses that may exist and therefore the conclusion is not a guarantee that all aspects of the systems reviewed are adequate and effective.

From the work performed on Home Choice deposits, we consider that significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance and to place reliance on the system for corporate governance assurance. As a result, we have graded this report as Weak.

We have made 3 recommendations, which will address the identified weaknesses. The implementation of our recommendations should enhance the control environment and provide an increased level of assurance to the Authority and management from the date of implementation.

Context

We have been asked to review the Home Choice deposit scheme in addition to the internal audit plan for 08/09. Our review covered the policies and procedures around the administration of the Home Choice scheme. Our work did not cover other deposit schemes run by the Council nor did we review eligibility decisions made by duty officers and Home Choice team members in respect of clients.

The Home Choice scheme was established in 2003 as a homeless prevention measure. It offers assistance to clients that may otherwise be accepted as statutory homeless by the Council. This assistance is to help clients access private sector housing by way of identifying suitable landlords and agents, and through the provision of deposits and fees that the client would otherwise not afford. This scheme is especially suited to Oxford, as the rented sector is particularly substantial.

The Home Choice team consists of a manager and 4 team members. Clients are referred by Duty Officers and assessed for eligibility and appropriateness by a member of the Home Choice team. It is then the responsibility of clients to locate their own accommodation. However, the team is often contacted directly by landlords when they have properties to rent which they are happy to let to Home Choice clients. Clients are then matched to the most appropriate available property. Once clients have accepted a property and signed a tenancy agreement, the deposit is paid over by the Council to the landlord/letting agent. This is usually done via cheque, although an increasing number of landlords will accept the Council holding the deposit monies as a bond.

As at the audit date (December 2008) there had been 215 starts during 08/09 with £237k disbursed in deposit monies. Numbers were also high for the previous years, with 304 starts for which a total of £402k was disbursed. Overall the scheme has had a cumulative total of 1,381 starts since being set up in 2003/04 and has disbursed approximately £1.3m.

1. Executive summary

Acknowledgement

We would like to take this opportunity to thank all members of staff whom we contacted over the course of this review for their time and assistance.

This table below highlights the main findings of our review. Further details, together with our recommendations, is included in the 'detailed findings and recommendations section' of the report.

Areas of good practice	Areas for further development
<ul style="list-style-type: none"> ✓ Procedures are available to all staff through the Housing Needs on-line Staff Guide. ✓ The Home Choice team has a number of template documents for key processes. ✓ All referrals are reviewed for eligibility and suitability by Home Choice team members. ✓ Referral forms were on file, where appropriate. ✓ Deposits are not paid until tenancy agreements are signed. ✓ Deposits checked agreed to the amount on the tenancy agreement. 	<ul style="list-style-type: none"> ▪ Tenancy end dates are not monitored and there is no process to retrieve deposit monies once tenancy has ended. ▪ Information on referrals, clients and available properties are held in a number of Excel spreadsheets making the system overly complex. ▪ The required documentation was not on file for some of the cases in our sample and there is no prescribed file structure for client files leading to different file structures.

The table below details the number of recommendations made, the priority assigned and those accepted by management.

Recommendations	High	Medium	Low	Total
Made	1	2	-	3
Accepted	1	2	-	3

2. Detailed findings and recommendations

	Observation and priority	Risk	Recommendation	Management Response Officer Responsible/ Implementation Date
1	<p>Tracking of funds due</p> <p>The Home Choice Team keep records of all Home Choice tenants in an Excel spreadsheet with a number of fields for key data. However whilst there is a field for tenancy end date, we noted that this had not been completed for any of the clients housed in 08/09 and had only been completed for 3 clients in 07/08 out of a total of 304.</p> <p>As a result, there is no process to track when deposits are due back from landlords and hence chase any outstanding amounts.</p> <p>We understand that due to this control deficiency there are potentially deposits from the first year of the scheme (2003/04) still outstanding and that the level of deposits actually recovered is currently unknown. Given that over £1.3m has now been disbursed and a further £300k-£400k is being disbursed each year this is a significant deficiency which needs to be addressed as a matter of urgency.</p> <p>High ●</p>	<p>Monies paid out for deposits are not monitored, chased and recovered on a timely basis.</p>	<p>The Housing Needs Manager should ensure that tenancy end dates are noted for new Home Choice clients.</p> <p>In addition a regular process should be undertaken to review tenancies which are coming to an end. This would confirm whether tenants are vacating or renewing and chase up deposits where tenants have vacated.</p> <p>The Housing Needs Manager should also conduct a one-off exercise to identify all past deposits which are now due and have not been recovered.</p>	<p>Accepted - however this is a resourcing issue and the entire focus of the team has been on preventing homelessness to date, mainly through working to attract landlords and agents; setting up new tenancies; and working with landlords, agents and tenants to resolve issues, particularly relating to Housing Benefit. We are hoping to have a spend to save business case accepted soon, to provide an additional member of staff to work on sustaining tenancies and ensuring systems are in place to optimise recovery of deposits, when required. We have recognised the deficiency in data concerning end dates and are actively working to check live tenancies and complete this information at the moment, this is part of the project to migrate the data onto the HMIS using the new Housing Advice module.</p> <p>It should also be noted that there is often no need to renew the tenancy at the end of the fixed term because the tenancy becomes a periodic tenancy, which still gives the tenant security of tenure, but does not require the Council to prepare another tenancy deposit or pay agency renewal fees. The key issue is when tenancies <i>actually</i> end, and the reality is that in such cases, an amount in excess of the deposit paid is often left owing, either in rent arrears (usually due to housing benefit shortfalls) or due to dilapidations. The amount of tenancy deposits returned is known - we have a separate budget line to code these to.</p> <p>Housing Needs Manager</p>

2. Detailed findings and recommendations

	Observation and priority	Risk	Recommendation	Management Response Officer Responsible/ Implementation Date
2	<p>Monitoring of data</p> <p>We noted that data on clients and property is held on a number of Excel spreadsheets. There is a spreadsheet listing available properties, a separate spreadsheet listing clients referred to Home Choice and an additional spreadsheet which lists clients who have been housed.</p> <p>This set-up sufficed previously due to the small number of clients, however given the increasing scale of the scheme Excel no longer offers the data security or reporting functionality required.</p> <p>Medium ●</p>	<p>Access to data is not fully controlled.</p> <p>Processes are inefficient due to dispersal of data over several sources.</p>	<p>We understand that the Authority is currently looking to put Home Choice data on the Housing Management Information System. This would solve the issues raised. However, the Authority should ensure that it carefully considers the required functionality for the system and ensures that they will be able to meet the identified requirements through use of the Housing Management Information System.</p>	<p>Accepted.</p>

2. Detailed findings and recommendations

	Observation and priority	Risk	Recommendation	Management Response Officer Responsible/ Implementation Date
3	<p>File structure</p> <p>During our review of a sample of files we noted that 3 of the 15 files did not have the required copy of the deposit notification letter on file. This means that if there is any future dispute, the Authority may not be able to evidence that the landlord was aware of their statutory duties and the requirement to repay the deposit.</p> <p>We also noted that there is no standardised structure for Home Choice client files, resulting in inconsistency of content between files.</p> <p>Medium ●</p>	<p>Key documentation may not be completed as part of the process and therefore not available when required.</p>	<p>We recommend that the Home Choice team implement a standard file structure which could include a checklist noting all required documentation.</p>	<p>Accepted.</p> <p>Housing Needs Manager</p> <p>Immediate.</p>

3. Efficiency opportunities

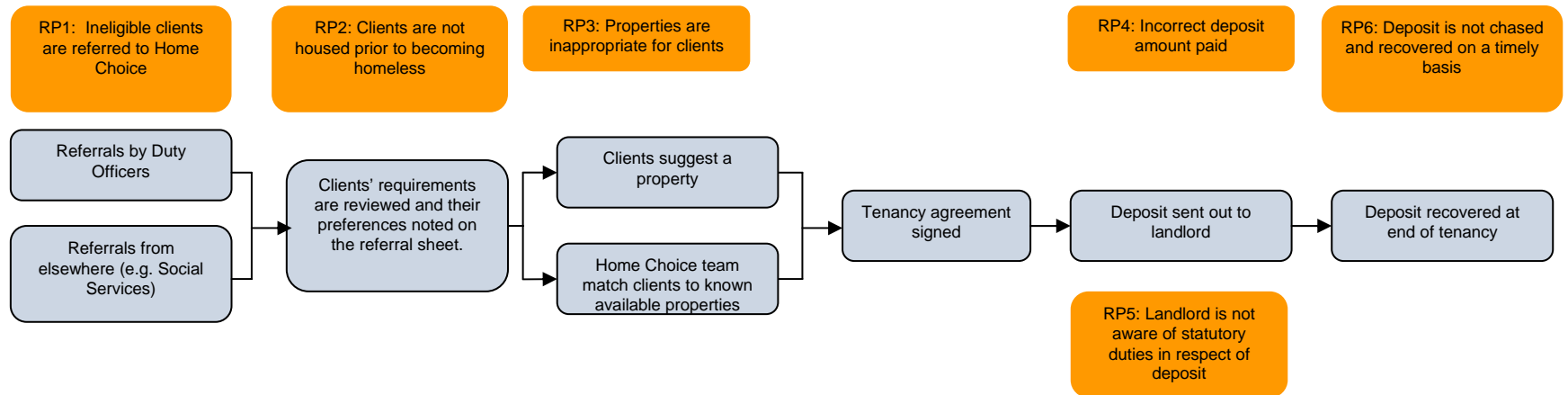
As part of our work, we reviewed the processes and workflows around the Home Choice scheme to ensure that these are operate efficiently. This section of our report highlights areas where the Council may be able make efficiency savings. Our observations are based on testing and discussions with staff.

	Observation	Process efficiency opportunity	Management Response Officer Responsible/ Implementation Date
1	<p>Responsibilities of the Home Choice team</p> <p>Whilst conducting our review we noted that the Home Choice team receive a large number of calls from current tenants and landlords on subjects such as rent arrears, stoppage of housing benefits and threatened evictions.</p> <p>The team therefore have reduced time to dedicate to housing referred clients.</p>	<p>The Council should consider giving a member of the Home Choice team sole responsibility for the maintenance of current tenants. This will free up other team members for the process of housing referred clients.</p>	<p>Accepted - although due to the work pressures on the team, we consider that this requires an additional post (see above comment on the pending spend to save proposal) and could not be delivered by the existing team without a significant loss in performance in other areas.</p>
2	<p>Method of deposit payment</p> <p>The standard method of paying over deposits to landlords is via a cheque. However we noted that a number of landlords are happy to have the deposit held by the Council in the form of a bond.</p> <p>This places the onus on the landlord to make claims against the deposit and reduces the risk of lost deposits.</p>	<p>Landlords should be actively encouraged to take their deposit in the form of a bond in all instances.</p>	<p>Accepted - although it should be noted that many large landlords and management/ letting agents will not accept a bond instead of a deposit payment , and over reliance on a bond scheme will result in a significant reduction in the number of households that can be assisted into the private sector.</p>

Appendix 1

Process flowchart

We have summarised below the process for disbursing and monitoring Home Choice deposits. The blue boxes represent key stages of the process. The orange boxes identify the key potential risk points (RP) we have identified.



Risk Point	Control
RP1: Ineligible clients are referred to Home Choice	Referrals checked for eligibility and suitability by Home Choice team
RP2: Clients are not housed prior to becoming homeless	Expected homeless dates are noted for reference on the referrals sheet
RP3: Properties are inappropriate for clients	Where clients suggest their own property, this is reviewed for suitability by the Home Choice team
RP4: Incorrect deposit amount paid	The deposit amount is checked to the tenancy agreement
RP5: Landlord is not aware of statutory duties in respect of deposit	A deposit confirmation letter is sent with the deposit cheque outlining the landlord's duties – see recommendation 3
RP6: Deposit is not chased and recovered on a timely basis	No control over this risk point – see recommendation 1

Appendix 2: Summary of work done and risks reviewed

Objective	Summary of work done	Detailed risks considered
Home Choice Deposits	<ul style="list-style-type: none"> ▪ Reviewed a sample of 15 files to confirm all documents required by policy in place. ▪ Reviewed tenancy monitoring spreadsheets for completeness of data. ▪ Reviewed recovery of deposits. ▪ Reviewed policies and procedures for efficiency. 	<ul style="list-style-type: none"> • Deposits disbursed are not recovered on a timely basis. • KPIs are not set and monitored. • Processes for dealing with Home Choice referrals and logging tenant information are not efficient; and • Tenant data is not held securely

Performance Information

Performance indicators

We have documented below the performance against the indicators included in the Protocol for the routine internal audit reviews:

Performance Area	Performance Target	2008/09 Performance to date
Issue Terms of Reference	15 days before start on site (target 100%)	100% (17 out of 17) ☺
Issue Draft Report	Within 15 days of final debrief (target 100%)	84% (11 out of 13) ☺
Management response to routine audit reports	Within 15 days of draft report (target 100%)	61% (8 out of 13) ☹
Issue Final Report	Within 10 days of management responses (target 100%)	92% (12 out of 13) ☹

We have documented prior year performance below for information:

Performance Area	Performance Target	2007/08 Performance	2006/07 Performance	2005/06 Performance
Issue Terms of Reference	15 days before start on site (target 100%)	88.9% ☺	88.9% ☺	66.6% ☹
Issue Draft Report	Within 15 days of final debrief (target 100%)	64.7 % ☹	83.3% ☺	83.8% ☺
Management response to routine audit reports	Within 10 days of draft report (target 100%)	23.53% ☹	55.5% ☹	50% ☹
Issue Final Report	Within 10 days of management responses (target 100%)	100% ☺	100% ☺	100% ☺

Audit and Governance Committee reporting schedule

Audit and Governance Committee Date	Proposed reports	
25 th June 2008	•Progress report 1	
24 th July 2008	•Progress update	
23 th September 2008	•Progress report 2	•Taxi Licensing •Car Parking
25 th November 2008	•Progress report 3	•Business Continuity/Disaster Recovery •Data Security
27 th January 2009	•Progress report 4 •Payroll	•Benefits •Local Taxation
24 th March 2009	•Progress report 5 •Equality and Diversity •Repairs	•Health and Safety Follow up •Core Financial Systems (AR/AP/MAS)
28 th April 2009	•Corporate Governance •Leaseholders •Building Control/Planning/Enforcement •Single Status Model	•Local Financial Systems •Annual report