

# Agenda

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## Audit and Governance Committee

Date: **Thursday 18 December 2014**

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Time: **6.00 pm**

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Place: **St Aldate's Room, Town Hall**

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# Audit and Governance Committee

## Membership

**Chair**                      Councillor James Fry

**Vice Chair**                Councillor Jean Fooks

**Members**                 Councillor Van Coulter  
                                  Councillor Roy Darke  
                                  Councillor Mike Rowley  
                                  Councillor Scott Seamons  
                                  Councillor David Thomas

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# AGENDA

## Pages

### 1 APOLOGIES FOR ABSENCE

The quorum for this Committee is three Members and substitutes are allowed.

### 2 DECLARATIONS OF INTERESTS

Members are asked to declare any disclosable pecuniary interests they may have in any of the following agenda items. Guidance on this is set out at the end of these agenda pages.

### 3 SETTING OF THE COUNCIL TAX BASE 2015-16

7 - 26

Report of the Head of Finance

#### **Purpose:**

To set the Council Tax Base for 2015/16 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

#### **Recommendations:**

- a) that the 2015/16 Council Tax Base for the City Council's area as a whole is set at 42,658.7 (as shown in Appendix 1)
- b) that the projected level of collection is set at 97.5%
- c) that the tax bases for the Parishes, and for the Unparished area of the City (as shown in Appendix 2) be set as follows:

Unparished Area of the City	35,683.1
Littlemore Parish	1,663.1
Old Marston Parish	1,220.9
Risinghurst & Sandhills Parish	1,397.4
Blackbird Leys Parish	2,694.2
<b>City Council Total</b>	<b>42,658.7</b>

### 4 EXTERNAL AUDIT PROGRESS REPORT 2013/14 NOVEMBER UPDATE - ERNST AND YOUNG

27 - 34

Report of the external auditor: Audit progress report year ending 31 March 2014 – 18 November 2014 update.

**Purpose:** to provide an overview of the stage reached in the 2013/14 audit and ensure the audit is aligned with the committee's expectations.

The Committee is asked to note the report.

<b>5</b>	<b>ANNUAL AUDIT LETTER TO YEAR END 31 MARCH 2014</b>	35 - 42
	Report of the external auditor: Annual Audit letter	
	<b>Purpose:</b> to set out the key issues arising from the work of the external auditors.	
	The Committee is asked to note the Annual Audit letter.	
<b>6</b>	<b>LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING</b>	43 - 54
	Local Government Audit Committee briefing presented by the Council's external auditors.	
<b>7</b>	<b>INTERNAL AUDIT PROGRESS QUARTER 2 2014/15 - PRICEWATERHOUSECOOPERS</b>	55 - 66
	The Head of Finance has submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers.	
	<b>Purpose:</b> the report details the progress made in delivering the work set out in the 2014/15 audit plan.	
	The Committee is asked to note the report.	
<b>8</b>	<b>INTERNAL AUDIT REPORT - COLLECTION FUND</b>	67 - 84
	The Head of Finance has submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers.	
	<b>Purpose:</b> the report details the audit of the collection fund (controls and processes over council tax and business rates)	
	The Committee is asked to note the report.	
<b>9</b>	<b>PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS</b>	85 - 90
	Report of the Head of Finance.	
	<b>Purpose:</b> to update the Committee on the progress made on the implementation of internal and external audit recommendations.	
	The Committee is asked to note the report.	
<b>10</b>	<b>RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 2 2014/2015</b>	91 - 98
	Report of the Head of Finance	

**Purpose:** the report updates the committee on both corporate and service risks as at the end of Quarter 2, 30 September 2014.

The Committee is asked to note the report.

**11 UPDATE ON FRAUD INVESTIGATION 1 APRIL TO 30 NOVEMBER 2014** 99 - 108

Report of the Head of Finance.

**Purpose:** to report to Members the Investigation Team's activity and performance from 1 April 2014 to 30 November 2014 and update on the progress of the team restructure, Department of Communities and Local Government grant bid and transfer of Housing Benefit investigation responsibilities to the Department for Work and Pensions.

The Committee is asked to note the report.

**12 MINUTES OF THE PREVIOUS MEETING** 109 - 112

Minutes of the meeting held on 22 September 2014.

**13 DATES AND TIMES OF MEETINGS**

The Committee will meet at 6.00pm in the Town Hall on the following dates:

Thursday 26<sup>th</sup> February 2015  
Thursday 23<sup>rd</sup> April 2015

## **DECLARING INTERESTS**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your\* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licences for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

\*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those of the member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

**To:** Audit and Governance Committee  
**Date:** 18<sup>th</sup> December 2014  
**Report of:** Head of Finance  
**Title of Report:** Setting of the Council Tax Base 2015-16

## Summary and Recommendations

**Purpose of report:** To set the "Council Tax Base" for 2015/16 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** No

### **Recommendations:**

- a) that the 2015/16 Council Tax Base for the City Council's area as a whole is set at **42,658.7** (as shown in Appendix 1)
- b) that the projected level of collection is set at 97.5%
- c) that the tax bases for the Parishes, and for the Unparished area of the City (as shown in Appendix 2) be set as follows:

Unparished Area of the City	35,683.1
Littlemore Parish	1,663.1
Old Marston Parish	1,220.9
Risinghurst & Sandhills Parish	1,397.4
Blackbird Leys Parish	2,694.2
<b>City Council Total</b>	<b>42,658.7</b>

- Appendix 1 Oxford City Council Tax Base 2015-16  
Appendix 2 Parish Councils' Tax Base 2015-16  
Appendix 3 Dwellings by valuation band at 30<sup>th</sup> Nov 2014  
Appendix 4 Growth in dwellings  
Appendix 5 Risk register

## Background

1. Council agreed at their meeting on November 25<sup>th</sup> 2013 to delegate the setting of the Council Tax Base for the City Council's area as a whole and for the individual parishes to the Audit and Governance Committee.
2. The Tax Base is the estimate of the taxable capacity of the area for the period. The numbers of dwellings in each valuation band are converted to Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at Nov 30<sup>th</sup> 2014 and projections are then made for expected movements over the period December 1<sup>st</sup> 2014 – March 31<sup>st</sup> 2016. Separate calculations are required for a) the whole of the Authority's area and b) the individual Parishes and the Unparished areas of the City. The Tax Base is used by the Council to calculate the yield from Council Tax for 2015/16, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2015.

## Council Tax Reduction Scheme

3. The Council Tax Reduction Scheme which replaced Council Tax Benefit from April 1<sup>st</sup> 2013 has the effect of reducing the Tax Base. To assist the Local Authority (and the Parishes) with the resulting loss of income, grant funding is paid by the Government. In 2013/14 this represented 90% of the grant the Council previously received for Council Tax Benefit. However, the grant has subsequently been absorbed into Formula Grant and is not separately identifiable.

## Factors taken into account in the calculation of the Tax Base

4. The following factors are taken into account when calculating the tax base:
  - **Dwellings:** The number of dwellings in each valuation band as at 30<sup>th</sup> November 2014 (see Appendix 3 attached).
  - **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax charge, some are exempt. Others can attract a discount, either at 25%, 50% or 100% dependant on the number of adults who are resident. The level of exemptions and discounts reduces the Tax Base.
  - The estimate of the numbers of dwellings that will be eligible for a 25% discount in 2015/16 (recently built or uninhabitable dwellings) is 85. This figure is shown in line 8 of Appendix 1 and is based on data as at Nov 30<sup>th</sup> 2014.
  - The estimate of the numbers of dwellings that will be eligible for a 100% discount (applicable for one month only) (empty and unfurnished dwellings) is 50. This is included within line 2 of Appendix 1 and is based on data as at Nov 30<sup>th</sup> 2014.



- **Disability Reductions:** Where there is a disabled occupant and adaptations have been undertaken for their benefit, the dwelling is treated as being in the band below the one in which it was actually valued.
- **Council Tax Reduction Scheme:** The estimate of the total number of dwellings that will be eligible for discounts under the Council Tax Reduction Scheme in 2015/16 is 7,079 compared to 7,309 in 2014/15. The breakdown per band of these dwellings is detailed in line 3 of Appendix 1.
- **Long Term Empty Premium:** The estimate of the number of dwellings that will be subject to 150% Council Tax after being empty for two years is 76 (Line 12 of Appendix 1).
- **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:
  - (i) **Number of new properties built:** Appendix 4 shows the net annual increase in the total numbers of dwellings banded for Council Tax going back to 1997/98. The graph shows the 'boom' years of 2004/05, 2005/06 and 2006/07, followed by a considerable drop thereafter. The net increase in 2014/15 to date is 288. There are a number of building projects nearing completion and a figure of **83** new builds has been included for the remainder of 2014/15 (line 1a of Appendix 1).

For 2015/16 an estimate of **699** new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been given to these dwellings to reflect that some will have discounts or exemptions, and most will not be in the Valuation List for the entire period.

(ii) **Allowance for non-collection** -The Council is required to make an allowance for non-collection of Council Tax. The Head of Finance has recommended that the allowance for 2015/16 is 2.5%. This compares to 3.0% for 2014/15. This reassessment is based on:

- The cumulative collection fund surplus as at March 31<sup>st</sup> 2014 being £1,386,328
- The caseload for the Council Tax reduction scheme reducing from 7,309 to 7,079
- Collection rates gradually rising. As at October 31<sup>st</sup> the Council have collected 66.0% of the 2014/15 Council Tax debit. The equivalent result 12 months earlier was 65.8%.

### Calculation method

5. The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914). The basic calculation is as follows:
  - Number of dwellings in each of the valuation bands
  - Less Exempt dwellings
    - Dwellings eligible for the Council Tax Reduction Scheme
    - Disabled reductions

- Discounts (25% and 50%)
  - Convert to Band D equivalents
  - Adjust for projected collection rate.
6. Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

**Table 1.**

<b>Council Tax Bases</b>				
	<b>2014/15</b>	<b>2015/16</b>	<b>Change</b>	
	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>	<b>%</b>
Unparished Area	34,888.1	35,683.1	795.0	2.3
Littlemore	1,625.0	1,663.1	38.1	2.3
Old Marston	1,220.8	1,220.9	0.1	0.0
Risinghurst and Sandhills	1,382.3	1,397.4	15.1	1.1
Blackbird Leys	2,636.3	2,694.2	57.9	2.2
<b>City Council Total</b>	<b>41,752.5</b>	<b>42,658.7</b>	<b>906.2</b>	<b>2.2</b>

### **Reasons for increase in Council Tax Base**

7. The calculated figure of 42,658.7 for the overall Tax Base for 2015/16 represents an increase of 2.2% on the 2014/15 figure. The main reasons for this are:
- a) a slow, but steady, growth in the overall number of dwellings. As at November 30<sup>th</sup> 2013 dwellings totalled 59,265. Twelve months later this had grown to 59,561 (an increase of 0.5%)
  - b) a reduction in the estimate of the number of dwellings entitled to discounts under the Council Tax Reduction Scheme from 7,309 in 2014/15 to 7,079 in 2015/16 ( a reduction of 3.15%). This is reflected in our steadily reducing caseload of households entitled to Council Tax Support.
  - c) the reduction of the non-collection allowance from 3% to 2.5%.

### **Risk Implications**

8. A risk assessment has been undertaken and the risk register is attached at Appendix 5.

### **Equalities Impact Assessment**

9. There are no Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.

### **Financial Implications**

10. These are all included within the main body of the report.

**Legal implications**

11. The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at 30<sup>th</sup> November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31<sup>st</sup> January.

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**Background papers:**

None.

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APPENDIX 1

SETTING OF THE COUNCIL TAX BASE FOR 2015/2016  
TOTAL FOR OXFORD CITY COUNCIL BILLING AUTHORITY

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2014		2,441.0	9,169.0	18,800.0	15,715.0	6,849.0	2,792.0	3,216.0	579.0	59,561.0
1a. Estimated new dwellings for Dec 1st - Mar 31		3.0	13.0	26.0	22.0	10.0	4.0	4.0	1.0	83.0
1b. Estimated new dwellings 2015-16		28.0	107.0	221.0	185.0	80.0	33.0	38.0	7.0	699.0
2. Number of dwellings exempt 2015/16		468.0	765.0	1,166.0	1,801.0	1,033.0	240.0	235.0	206.0	5,914.0
3. Number of dwellings eligible for Council Tax Support		557.0	2,346.0	2,877.0	1,000.0	257.0	27.0	14.7	0.5	7,079.2
4. No.of chargeable dwellings for 2015/16(lines 1+1a+1b -2-3)		1,447.0	6,178.0	15,004.0	13,121.0	5,649.0	2,562.0	3,008.3	380.6	47,349.9
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2014		2.0	20.0	77.0	67.0	29.0	13.0	16.0	8.0	232.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	2.0	20.0	77.0	67.0	29.0	13.0	16.0	8.0		232.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	2.0	1,465.0	6,235.0	14,994.0	13,083.0	5,633.0	2,565.0	3,000.3	372.6	47,349.9
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	4.0	16.0	27.0	15.0	7.0	14.0	2.0	85.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2014	0.0	1,285.0	4,660.0	5,813.0	4,165.0	1,619.0	588.0	496.0	27.0	18,653.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2014	0.0	2.0	14.0	38.0	30.0	18.0	15.0	30.0	16.0	163.0
11 Additional 50% discounts for new dwellings	0.0	28.0	107.0	221.0	185.0	80.0	33.0	38.0	7.0	699.0
12. Dwellings subject to Long Term Empty Premium	0.0	5.0	18.0	18.0	17.0	10.0	2.0	5.0	1.0	76.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	2.0	145.0	1,432.0	8,888.0	8,659.0	3,891.0	1,920.0	2,417.3	319.6	27,673.9
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	2.0	1,131.3	5,017.5	13,416.3	11,936.0	5,180.5	2,393.3	2,841.0	354.8	42,272.5
15. Ratio to band D	519	619	719	819	110	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	1.1	754.2	3,902.5	11,925.6	11,936.0	6,331.7	3,456.9	4,735.0	709.5	43,752.5
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2015/16										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										43,752.5
19. At projected collection rate of 97.5%										42,658.7

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Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2014

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2014

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2015-16 comes from Planning applications

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2014

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APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2015/2016  
TOTAL FOR LITTLEMORE PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2014		257.0	415.0	1,405.0	260.0	133.0	56.0	8.0	1.0	2,535.0
1a. Estimated new dwellings for Dec 1st - Mar 31		3.0	6.0	4.0	0.0	0.0	0.0	0.0	0.0	13.0
1b. Estimated new dwellings 2015-16		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2015/16		1.0	13.0	15.0	7.0	2.0	1.0	0.0	0.0	39.0
3. Number of dwellings eligible for Council Tax Support		93.0	118.0	171.0	19.0	9.0	0.0	0.0	0.0	409.0
4. No.of chargeable dwellings for 2015/16(lines 1+1a+1b -2-3)		166.0	290.0	1,223.0	234.0	122.0	55.0	8.0	1.0	2,100.0
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2014		1.0	0.0	11.0	1.0	0.0	1.0	0.0	1.0	15.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	1.0	0.0	11.0	1.0	0.0	1.0	0.0	1.0		15.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	1.0	165.0	301.0	1,213.0	233.0	123.0	54.0	9.0	0.0	2,100.0
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	1.0	2.0	0.0	1.0	0.0	0.0	0.0	4.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2014	0.0	131.0	233.0	392.0	67.0	33.0	10.0	2.0	0.0	868.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2014	0.0	0.0	3.0	15.0	0.0	0.0	1.0	1.0	0.0	20.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	2.0	1.0	3.0	0.0	0.0	0.0	0.0	0.0	6.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	1.0	32.0	63.0	801.0	166.0	89.0	43.0	6.0	0.0	1,202.0
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	1.0	133.3	241.5	1,108.5	216.3	114.5	51.0	8.0	0.0	1,874.0
15. Ratio to band D	5.9	6.9	7.9	8.9	1.0	11.9	13.9	15.9	18.9	
16. Number of band D equivalents (line 14 x line 15)	0.6	88.8	187.8	985.3	216.3	139.9	73.7	13.3	0.0	1,705.7
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2015/16										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,705.7
19. At projected collection rate of 97.5%										1,663.1

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Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2014

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2014

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2015-16 comes from Planning applications

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2014

APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2015/2016  
TOTAL FOR OLD MARSTON PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2014		84.0	56.0	297.0	780.0	153.0	25.0	71.0	3.0	1,469.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2015-16		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2015/16		3.0	1.0	4.0	12.0	1.0	0.0	0.0	0.0	21.0
3. Number of dwellings eligible for Council Tax Support		12.0	7.0	37.0	54.0	5.0	0.0	0.0	0.0	115.0
4. No.of chargeable dwellings for 2015/16(lines 1+1a+1b -2-3)		69.0	48.0	256.0	714.0	147.0	25.0	71.0	3.0	1,333.0
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2014		1.0	0.0	2.0	6.0	0.0	0.0	2.0	0.0	11.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	1.0	0.0	2.0	6.0	0.0	0.0	2.0	0.0		11.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	1.0	68.0	50.0	260.0	708.0	147.0	27.0	69.0	3.0	1,333.0
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2014	0.0	43.0	25.0	112.0	223.0	38.0	7.0	15.0	0.0	463.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	0.0	4.0	1.0	0.0	0.0	0.0	0.0	0.0	5.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	1.0	25.0	21.0	147.0	485.0	108.0	20.0	54.0	3.0	864.0
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	1.0	57.3	45.8	232.5	652.3	137.3	25.3	65.2	3.0	1,219.5
15. Ratio to band D	5.9	6.9	7.9	8.9	1.0	11.9	13.9	15.9	18.9	
16. Number of band D equivalents (line 14 x line 15)	0.6	38.2	35.6	206.7	652.3	167.8	36.5	108.8	6.0	1,252.2
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2015/16										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,252.2
19. At projected collection rate of 97.5%										1,220.9

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Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2014

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2014

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2015-16 comes from Planning applications

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2014



APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2015/2016  
TOTAL FOR RISINGHURST AND SANDHILLS PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2014		15.0	281.0	274.0	990.0	103.0	90.0	21.0	0.0	1,774.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2015-16		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2015/16		3.0	5.0	7.0	16.0	1.0	2.0	0.0	0.0	34.0
3. Number of dwellings eligible for Council Tax Support		0.0	85.0	42.0	54.0	4.0	2.0	0.0	0.0	187.0
4. No.of chargeable dwellings for 2015/16(lines 1+1a+1b -2-3)		12.0	191.0	225.0	920.0	98.0	86.0	21.0	0.0	1,553.0
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2014		0.0	0.0	2.0	4.0	0.0	0.0	0.0	0.0	6.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	0.0	0.0	2.0	4.0	0.0	0.0	0.0	0.0		6.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	0.0	12.0	193.0	227.0	916.0	98.0	86.0	21.0	0.0	1,553.0
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	1.0	2.0	0.0	0.0	0.0	0.0	3.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2014	0.0	11.0	163.0	100.0	211.0	21.0	16.0	3.0	0.0	525.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2014	0.0	0.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	2.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	0.0	4.0	1.0	0.0	0.0	0.0	0.0	0.0	5.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	0.0	1.0	26.0	124.0	703.0	76.0	70.0	18.0	0.0	1,018.0
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	0.0	9.3	154.3	201.8	862.8	92.2	82.0	20.3	0.0	1,422.5
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.0	6.2	120.0	179.3	862.8	112.7	118.4	33.8	0.0	1,433.2
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2015/16										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,433.2
19. At projected collection rate of 97.5%										1,397.4

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Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2014

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2014

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2015-16 comes from Planning applications

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2014

APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2015/2016  
TOTAL FOR BLACKBIRD LEYS PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2014		279.0	1,278.0	2,952.0	448.0	46.0	1.0	0.0	2.0	5,006.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2015-16		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2015/16		3.0	23.0	23.0	4.0	0.0	0.0	0.0	0.0	53.0
3. Number of dwellings eligible for Council Tax Support		134.0	456.0	583.0	98.0	15.0	1.0	0.0	0.0	1,287.0
4. No.of chargeable dwellings for 2015/16(lines 1+1a+1b -2-3)		142.0	799.0	2,346.0	346.0	31.0	0.0	0.0	2.0	3,666.0
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2014		0.0	3.0	15.0	5.0	4.0	0.0	0.0	1.0	28.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	0.0	3.0	15.0	5.0	4.0	0.0	0.0	1.0		28.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	0.0	145.0	811.0	2,336.0	345.0	27.0	0.0	1.0	1.0	3,666.0
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2014	0.0	222.0	766.0	883.0	136.0	10.0	1.0	0.0	0.0	2,018.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2014	0.0	0.0	2.0	1.0	0.0	1.0	0.0	1.0	0.0	5.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	0.0	-77.0	43.0	1,452.0	209.0	16.0	-1.0	0.0	1.0	1,643.0
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	0.0	89.5	618.5	2,114.8	311.0	24.0	-0.3	0.5	1.0	3,159.0
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.0	59.7	481.1	1,879.8	311.0	29.3	-0.4	0.8	2.0	2,763.3
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2015/16										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										2,763.3
19. At projected collection rate of 97.5%										2,694.2

Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2014

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2014

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2015-16 comes from Planning applications

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2014

APPENDIX 2

SETTING OF THE COUNCIL TAX BASE FOR 2015/2016  
TOTAL FOR UNPARISHED AREA OF OXFORD CITY COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2014		1,806.0	7,139.0	13,872.0	13,237.0	6,414.0	2,620.0	3,116.0	573.0	48,777.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	7.0	22.0	22.0	10.0	4.0	4.0	1.0	70.0
1b. Estimated new dwellings 2015-16		28.0	107.0	221.0	185.0	80.0	33.0	38.0	7.0	699.0
2. Number of dwellings exempt 2015/16		458.0	723.0	1,117.0	1,762.0	1,029.0	237.0	235.0	206.0	5,767.0
3. Number of dwellings eligible for Council Tax Support		318.0	1,680.0	2,044.0	775.0	224.0	24.0	15.0	0.0	5,080.0
4. No.of chargeable dwellings for 2015/16(lines 1+1a+1b -2-3)		1,058.0	4,850.0	10,954.0	10,907.0	5,251.0	2,396.0	2,908.0	375.0	38,699.0
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2014		0.0	17.0	47.0	51.0	25.0	12.0	14.0	6.0	172.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	0.0	17.0	47.0	51.0	25.0	12.0	14.0	6.0		172.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	0.0	1,075.0	4,880.0	10,958.0	10,881.0	5,238.0	2,398.0	2,900.0	369.0	38,699.0
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	3.0	13.0	25.0	13.0	7.0	14.0	2.0	77.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2014	0.0	878.0	3,473.0	4,326.0	3,528.0	1,517.0	554.0	476.0	27.0	14,779.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2014	0.0	2.0	9.0	21.0	30.0	16.0	14.0	28.0	16.0	136.0
11 Additional 50% discounts for new dwellings	0.0	28.0	107.0	221.0	185.0	80.0	33.0	38.0	7.0	699.0
12. Dwellings subject to Long Term Empty Premium	0.0	3.0	9.0	13.0	17.0	10.0	2.0	5.0	1.0	60.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	0.0	164.0	1,279.0	6,364.0	7,096.0	3,602.0	1,788.0	2,339.0	316.0	22,948.0
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	0.0	842.0	3,957.5	9,758.8	9,893.8	4,812.5	2,235.3	2,747.0	350.7	34,597.5
15. Ratio to band D	519	619	719	819	1.0	1119	1319	1519	1819	
16. Number of band D equivalents (line 14 x line 15)	0.0	561.3	3,078.1	8,674.4	9,893.8	5,882.0	3,228.7	4,578.3	701.4	36,598.0
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2015/16										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										36,598.0
19. At projected collection rate of 97.5%										35,683.1

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Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2014

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2014

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2015-16 comes from Planning applications

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2014

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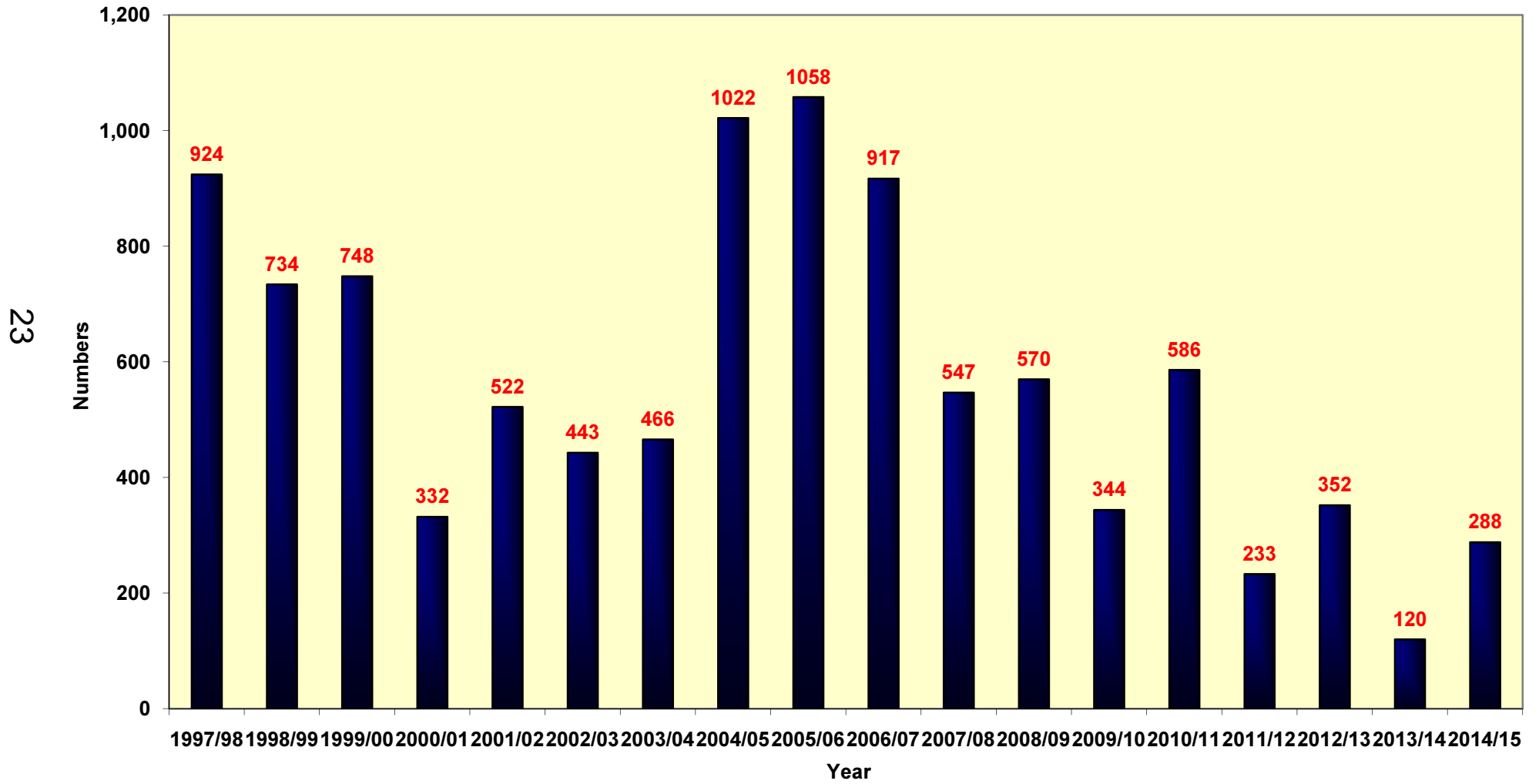


**Statement of Numbers and Bands  
of all Properties shown in the  
1993 Valuation List for the  
Billing Authority Area  
of Oxford  
BA Code 3110  
As at 30-NOV-2014**

<b>Band</b>	<b>Numbers</b>
A	2441
B	9169
C	18800
D	15715
E	6849
F	2792
G	3216
H	579
<b>Grand Total of All Properties In Valuation List</b>	<b>59561</b>

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### APPENDIX 4 - Net annual growth in Council Tax dwellings totals



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## Appendix 5

### Risk Register

Council report – Setting of the Council Tax Base 2015-16

Date – Dec 2014

Author – Adrian Wood (Finance)

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness				Current Risk		
Risk Score <b>Impact Score:</b> 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Almost Certain						<b>Probability Score:</b> 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 =									
25		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner:	Outcome required: Milestone Date:	Q	Q	Q	Q4	I	P
											1	2	3	4	
	<b>COUNCIL TAX DEBIT</b> A reduced debit (and lower tax base) would mean the City Council having to borrow to meet the Precept demands of the County Council and the Police and Crime Commissioner. Also the City Council would have less Council Tax Income to fund services.	4	3	There could be less new builds than estimated in the remainder of 2014/15 and in 2015/16. In addition there could be increased numbers of exemptions/discount cases.	Assumptions used in numbers of new builds are conservative. The estimate is reduced by 50% to allow for possible delays in these new properties being built and occupied in 2015/16. The base for the number of Exemptions is the peak of 2014/15. Customer Services are reviewing existing exemption and discount cases to ensure these should still be granted.	3	2	Continuing monitoring of external trends (Adrian Wood). Monthly position on actual tax base is calculated and reported to the Heads of Service of Customer Services and Finance (Adrian Wood). Significant changes to be reported to CEB (Adrian Wood). Mitigating control owner: Nigel Kennedy	Assumptions remain as accurate as possible to minimise the possibility of shortfall. Monthly reviews.						

					Assumptions are based on prior years/historical trends and take account of external impacts.										
	<b>COUNCIL TAX COLLECTION RATE</b> A shortfall in income actually received would mean the City having to borrow to meet the Precept demands (see above).	4	3	Taxpayers withholding some or all of their Council Tax payments	We eventually collect over 99% of the collectable debit for each period. Customer Services carry out regular reminder runs in cases of non-payment followed by Magistrates Court proceedings (if necessary).	3	2	Monthly position on collection rate for current year (and arrears) is calculated and reported (Adrian Wood). Significant changes to be reported to CEB (Adrian Wood). Mitigating control owner: Nigel Kennedy	Collection rate remains as on course as possible to minimise the possibility of shortfall. Monthly reviews.						

# Audit Progress Report Year ending 31 March 2014

Oxford City Council

18 November 2014

Ernst & Young LLP



Audit & Governance Committee  
Oxford City Council  
Town Hall Offices  
St Aldates  
Oxford  
OX1 1BX

18 November 2014

Dear Councillors

## **Audit Progress Report 2013/14**

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit and Governance Committee with an overview of the stage we have reached in your 2013/14 audit and ensure our audit is aligned with the Committee's expectations.

Our audit will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We brought our Audit Fee Letter to the June 2013 Audit and Governance Committee.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mick West  
Director  
For and Behalf of Ernst & Young LLP  
UK

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## Contents

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<b>2. Timetable.....</b>	<b>3</b>
<b>Appendix A Audit Progress.....</b>	<b>1</b>

## 1. Planned work

### **2013/14 Work**

We have completed our financial statements and value for money assessment and report the high level messages in our Annual Audit Letter which we will present to the Audit and Governance Committee in December 2014.

### **Grant Claims**

We have completed our certification of the Pooling of Housing Capital Receipts return on 24 September 2014 (deadline for certification 27 September 2014) with no issues arising.

We are currently working on the Council's Housing Benefit Subsidy Claim. We have identified a number of errors which require additional testing and we will provide an update at the December Audit and Governance Committee and will report formally to Members at the February 2015 Committee.

### **2014/15 Planning**

We will discuss our proposed work with Senior Managers before producing a draft plan for discussion with you at the February 2015 Committee.

### **Meetings**

We will continue regular meetings with key officers as part of our ongoing audit process including:

- Fortnightly meetings with key finance staff during the opinion audit visit to discuss significant risks around the accounts, and updates on our work;
- Quarterly meetings with the Executive Director of Organisation Development and Corporate Services and Senior Finance Officers to discuss the significant risks faced by the Council and our approach and progress with the audit.

## 2. Timetable

### Audit and Governance Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2013/14 Audit and Governance Committee cycle.

We will provide formal reports to the Audit and Governance Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	<b>June 2013</b>	Fee Letter taken to the June 2013 Audit and Governance Committee
Risk assessment and setting of scopes	<b>December/ January</b>	Audit Plan - Reported to Those Charged With Governance February 2014
Update on progress and interim feedback	<b>February 2014</b>	Progress report - Reported to Those Charged With Governance June 2014
Value for money conclusion	<b>February/September 2014</b>	Completed - Reported to Those Charged With Governance September 2014
Year-end audit	<b>July – September 2014</b>	Report to those charged with governance  Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).  Audit completion certificate  Whole of Government Accounts Certification  Reported to Those Charged With Governance September 2014
Reporting	<b>December 2014</b>	Annual Audit Letter

Grant claims      **January 2015**      Report on the audit of grant claims

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In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings.

**Planning discussions**

We will update our planning throughout the course of our audit.



## Appendix A Audit Progress

### *Progress against key deliverables*

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	June 2013	Completed	Reported to Those Charged With Governance July 2013
2012/13 grant claim report	January 2014	Completed	Reported to Those Charged With Governance February 2014
Audit Plan	January 2014	Completed	Reported to Those Charged With Governance February 2014
Report to Those Charged with Governance	September 2014	Completed	Reported to Those Charged With Governance September 2014
Audit Report (including opinion and vfm conclusion)	September 2014	Completed	Reported to Those Charged With Governance September 2014
Audit Certificate	September 2014	Completed	Reported to Those Charged With Governance September 2014
WGA Certificate	October 2014	Completed	Reported to Those Charged With Governance September 2014
Annual Audit Letter	October 2014	Completed	Reported to Those Charged With Governance December 2014
Report on the Audit of Grant Claims	January 2015	not due	

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## Annual Audit Letter

Year end 31 March 2014

Oxford City Council

22 October 2014

Ernst & Young LLP



Building a better  
working world

The Members  
Oxford City Council  
Town Hall  
St Aldates  
Oxford OX1 1BX

22 October 2014

Ref:  
Your ref:

Direct line: 01582 643186

Email: MWest@uk.ey.com

Dear Members

## Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Oxford City Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance (the Audit and Governance Committee) of Oxford City Council in our 29 September 2014 Audit Results Report for 2013-14.

The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of Oxford City Council for their assistance during the course of our work.

Yours faithfully



**Mick West**  
Director  
*For and behalf of Ernst & Young LLP*  
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## Contents

<b>1. Executive summary .....</b>	<b>1</b>
<b>2. Key findings .....</b>	<b>2</b>
<b>3. Control themes and observations.....</b>	<b>4</b>

## 1. Executive summary

Our 2013-14 audit work has been undertaken in accordance with the Audit Plan we issued on 27 February 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ Forming an opinion on the financial statements
- ▶ Reviewing the Annual Governance Statement
- ▶ Forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources
- ▶ Undertaking any other work specified by the Audit Commission

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Oxford City Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK and Ireland)	On 29 September 2014 we issued an unqualified audit opinion.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 29 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Audit and Governance Committee) communicating significant findings resulting from our audit.	On 29 September 2014 we issued our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 2 October 2014.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA/SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 29 September 2014 we issued our audit completion certificate.
Issue a report to those charged with governance of the Authority summarising the certification (of grant claims and returns) work that we have undertaken.	On 27 February 2014 we issued our annual certification report to those charged with governance with respect to the 2012-13 financial year.

## 2. Key findings

### 2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified auditor's report on 29 September 2014.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good.

The main issues identified as part of our audit were:

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#### Significant risk: Management override

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Our general audit work on journals, accounting estimates and significant unusual transactions identified no matters that we needed to bring to the Council's attention.

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#### Other key findings:

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**Internal recharges** – service expenditure and income in the Comprehensive Income and Expenditure Statement included Direct Services costs and recharges which grossed up the reported expenditure and income. Amendments were made to the 2013-14 Statement (£25mn) and the 2012-13 comparatives (£23mn) to eliminate the internal transactions.

- ▶ There was no impact on the net Cost of Services from these amendments.
  - ▶ The Council will improve its accounting arrangements to ensure such internal recharges are removed from future Statements
- 

**HRA Dwellings impairments and revaluations** – amendments were made to correct 2013-14 and prior year errors in the treatment of impairments and revaluations of HRA dwellings. The prior year adjustments transferred £7mn from the 1 April 2012 revaluation reserve to the capital adjustment account based on the best information available for earlier years. For 2013-14, the adjustments decreased the revaluation entries shown in the revaluation reserve by £42mn, decreased the net Cost of Services by £42mn and increased the capital adjustment account by £42mn.

The end result of the amendments had no impact on the Council's overall financial position as at 31 March 2014.

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### 2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013-14 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 29 September 2014. Our audit did not identify any significant matters.

### 2.3 Whole of Government Accounts

We reported to the National Audit Office on 2 October 2014 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts. We did not identify any areas of concern.

## **2.4 Annual governance statement**

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA/SOLACE guidance. We completed this work and did not identify any areas of concern.

## **2.5 Certification of grants claims and returns**

We presented our Annual Certification Report for 2012-13 to those charged with governance on 27 February 2014. We certified three claims and returns worth £157mn. We issued one qualification letter in relation to the housing and council tax benefit subsidy claim highlighting a number of areas where the Authority had not fully complied with the relevant grant conditions. We will issue the Annual Certification Report for 2013-14 in January 2015.



### 3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we were required to communicate to those charged with governance (the Audit and Governance Committee) significant deficiencies in internal control.

We completed this work and did not identify any areas of concern.

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## Local Government Audit Committee Briefing

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**Accounting, auditing and Governance**

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**Find out more**

### Introduction

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.





## Government and economic news

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### **EY Item Club: Autumn 2014 Forecast**

ITEM Club is the only nongovernmental economic forecasting group to use the HM Treasury model of the UK economy, independent of any political, economic or business bias. The Autumn 2014 report summarises the latest quarterly forecast and gives EY's assessment.

The ONS's recent revisions to the UK's historical economic data have given a very different perspective on the shape of the recession and subsequent recovery.

Consumer spending remains subdued by falling real wages, which has helped to keep inflation at bay. Inflation as measured by the CPI was just 1.2% in September, the lowest reading in five years and ninth successive month that it has been below 2%. Whilst falling prices for food and petrol have played a role in keeping inflation down, underlying price pressures are also well contained. Since consumer spending has been subdued, business investment has now taken over as the engine of recovery; with capital spending accounting for almost half the rise in GDP in the past year. UK GDP has been revised up, meaning it actually passed its previous high-point in 2013, and that output is now well above the 2008 peak.

This picture is more consistent with the strong growth in employment. The upward revisions to business investment have been particularly pronounced; meaning the scope for catch up is less than previously thought. Despite the growing risks and uncertainties, EY Item club is projecting GDP growth of 3.1% in 2014, followed by a slight easing to 2.4% growth in 2015 and 2.3% in 2016, and then a modest uptick in 2017.

### **Contracting out public services to the private sector**

In the last briefing we considered the response of the House of Commons Committee of Public Accounts (the "PAC") to evidence including the National Audit Office report "The role of major contractors in the delivery of public services" and submissions from central government bodies.

The PAC made a range of recommendations in four key areas. In the previous briefing we looked at contract management and delivery. We will now consider Capability, Transparency and Ethical Standards.

#### **Capability**

The PAC found that, often, there is a lack of expertise within central government to extract the greatest value from contracting with private providers.

We often find that both public and private sector organisations lack clear lines of responsibility for contract management, which falls between procurement, operations and finance functions. A greater focus on contract governance would enable local authorities to ensure that accountability is clear and that experienced contract managers have the necessary training and skills for this important role.

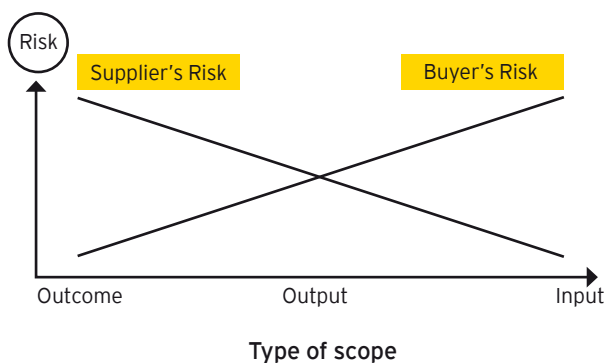
#### **Transparency**

Calls for increased transparency include recommendations that the public sector makes greater use of 'open-book' accounting. This is something we would endorse, especially where contracts are constructed around the purchase of 'inputs' such as labour on a daily or hourly rate.



## Government and economic news

Furthermore, we would recommend that the public sector considers whether it can purchase services based around outcomes, rather than inputs, as these can help to mitigate the buyer's risk as illustrated below:



### Ethical standards

The PAC emphasised the value of effective whistleblowing policies. Our experience shows that many private sector suppliers have whistleblowing policies. However, these tend not to provide a direct link from the potential whistleblower to the public sector buyer, sometimes reducing the effectiveness of these policies.

However, in order for whistleblowing to be a truly effective contract management tool, the buyer needs to have appropriate routes to provide rights of access to a contractor's employees as well as its accounting records, plus the teams with the necessary skills and experience to investigate contract performance.

### Summary

At a time when local authorities continue to look for savings, the PAC Report provides a timely reminder that effective contract management can both:

- ▶ Be a means by which savings can be achieved
- ▶ Help to improve public confidence in the use of public funds

### Councils face a £5.8 billion shortfall in funding says LGA

The Local Government Association (LGA) has published its Future Funding Outlook 2014, which notes that the funding gap, created by a combination of funding cuts and spending pressures, is growing at an average rate of £2.1 billion per year. Spending on social care and waste management, both of which have significant statutory elements, is taking up an increasing proportion of the funding available to councils, which means that according to the LGA model, funding for other council services will drop by 43% in cash terms by the end of the decade. Council expenditure has fallen significantly since 2010-11 in all areas other than public transport, children's social care, adult social care and waste management and other environmental services. However, assuming consistent service levels, and taking into account cost drivers and assumed efficiency levels, the LGA model predicts that total expenditure will rise from £51.1 billion in 2013-14 to £55.7 billion in 2019-20, whereas total funding will fall by £10.6 billion when the impact of ring-fenced funding for public health is excluded. Bringing together the predicted income and expenditure trends, the LGA forecasts a gap of £12.4 billion between funding and net expenditure by 2019-20. LGA research indicates that in many authorities savings are starting to come from service reductions rather than efficiencies, and that in 2015-16, savings will be achieved more through service reductions than through efficiencies. The funding gap by the end of 2015-16 is forecast to be £5.8 billion, of which £1.9 billion relates to adult social care.



## Government and economic news

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### **Independent commission on local government finance**

The Local Government Association and the Chartered Institute for Public Finance Accountancy have together established the Independent Commission on Local Government Finance, which is chaired by Darra Singh, a partner in EY's Government and Public Sector team. The Commission aims to build on the work of the LGA and CIPFA, who individually set out proposals for public service reform, and will consider five key challenges:

- ▶ Promoting economic growth and investment in infrastructure
- ▶ Ensuring sufficient housing is provided in every
- ▶ Integrating the health and social care systems to promote independent living, including preventing unnecessary health
- ▶ Achieving a welfare benefits system that promotes work and protects the vulnerable
- ▶ Supporting families and developing young lives through early intervention

The Commission aims to shape the debate on local government finance, and to influence the next government. It published an interim report in October, and its final recommendations are due out in early 2015.

The interim report contains the following key points:

- ▶ The need for reform is urgent and creates an opportunity to establish a funding system for local government which is largely self-sufficient.
- ▶ Councils have a role to play in addressing the chronic housing shortage, and should be able to borrow to invest in social housing.
- ▶ The Commission will be looking at the option of creating central funds which offer to match-fund local partnership contributions in order to support early intervention for children and families.
- ▶ Larger investment in transformation is needed for the delivery of integrated care.



## Accounting, Auditing and Governance

### Future of Local Audit

As part of its consultation on Local Audit Regulations associated with the Local Audit and Accountability Act, which ended on 18 July 2014, the government is proposing to bring forward the dates for the accounts to be signed and certified by the Responsible Financial Officer, then approved and published, from 30 June and 30 September respectively to 31 May and 31 July respectively. They propose that this change would take place from the 2017-18 accounts, but hope that authorities will move to the new timetable as soon as possible.

The consultation also covers collective auditor procurement by a specified person. Under the intended regulations, authorities would be able to opt in to sector-led procurement arrangements, and have an auditor appointed on their behalf, rather than appointing their own auditor locally. Under the draft regulations, the Secretary of State may specify the Appointing Person, and may specify different appointing persons for different groups or types of audited bodies.

### Grant claim certification results

The Audit Commission has published a report on its findings from the 2012-13 grant claim certification process. As well as adjustments to claims worth £17.3 million, auditors issued qualification letters for 360 claims and returns. This included:

- ▶ 255 Housing Benefit subsidy claims, 78% of the total,
- ▶ 55 Teachers' Pensions returns, 36% of the total,
- ▶ 39 National Non-domestic Rates returns, 12% of the total

From 2013-14, non-domestic rates returns no longer require auditor certification. Teachers' Pensions has decided to make its own certification arrangements for 2013-14, however the Audit Commission and, after March 2015, its successor transitional body will continue to make certification arrangements for housing

benefit subsidy. Council tax benefit was replaced in 2013-14 with local authority run schemes, which do not require auditor certification. Other grant paying bodies will need to make their own assurance arrangements from 2014-15 onwards.

The purpose of qualification letters is to make a grant paying body aware of issues with a claim or return, typically issues for which it is not possible or cost-effective to quantify the full financial impact. The Department for Work and Pensions issued a subsidy circular (HB S4-2014) in May 2014, reiterating the responsibilities of local authorities to ensure their subsidy claims are:

- ▶ Completed accurately and in accordance with HB subsidy guidance and circulars
- ▶ Supported by systems of internal control, including systems of financial control and internal audit
- ▶ Completed in a timely manner
- ▶ Supported by adequate working papers
- ▶ Subject to supervision and review before completion of the authority's certificate
- ▶ Certificate given by an appropriate officer, typically the responsible finance officer

The circular also states the Department's intention to contact all local authorities whose subsidy claims have been qualified. It will require an outline of the actions taken to address the issues raised. In cases with recurrent qualification issues, the Department will also visit those authorities.

### Protecting the public purse: 25 years on

Detection of fraud in England in 2013-14 by Councils and other local government bodies was at its highest level since the recording of fraud was established some 25 years ago by the Audit Commission. The total figure of £188mn was a 10 fold increase on



## Accounting, Auditing and Governance

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the first recorded figure in 1990. The Audit Commission was and is the sole provider of comprehensive data on all types of fraud detected by local authorities. This is due to the statutory powers the Commission has, to demand that local government bodies provide such data.

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The Audit Commission's Chairman, Jeremy Newman commented: 'I urge the government to mandate the provision of fraud data from all local authorities, after the Commission's closure, to ensure that future reports are able to provide as complete and authoritative a picture of fraud detection as 'Protecting the Public Purse'. This would help preserve the high levels of transparency and accountability that English councils currently exhibit in their approach to countering fraud and prevent those councils that are not yet playing their part in the fight against fraud, from avoiding public scrutiny.'

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The Audit Commission has also released a checklist for elected members, designed to help them analyse their council's results and assess how the NFI is integrated into the council's processes and counter-fraud policies. The Commission recommends that public audited bodies should consider whether it is possible to make better use of matches, and use NFI matches in conjunction with matching services from other providers. It also recommends that local authorities should ensure they retain sufficient capability to investigate non-housing benefit fraud, after the introduction of the Single Fraud Investigation Service.

The Commission's Fraud Team will be moving to CIPFA as part of the closure of the Audit Commission.

The Cabinet Office and the Audit Commission will be working together to ensure the smooth transfer of the NFI functions when the Audit Commission closes in March 2015.

### **Audit fees at a 25 year low as part of the Audit Commission's legacy**

In its last full year of operation before being officially wound down on 31 March 2015 the Audit Commission has announced that it is reducing audit fees by approximately £30 million between 2015-2017. If the government decides to extend and lock in the 2012 and 2014 audit contracts until 2020, it is expected that the total value of savings to local government, police, fire and NHS bodies would be approximately £440mn.

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### **Chairman of the Audit Commission, Jeremy Newman says:**

'We have driven down prices for audit services, showing again that bulk procurement is the best way to maintain a competitive market and provide taxpayers with value for money. The resulting savings are part of the legacy the Commission will leave after March 2015, and will be enjoyed by local authorities and NHS bodies for years after our closure. Fees should be preserved at this level for 2016-17 and we hope the government will take the opportunity we have secured to lock in and extend the savings we have achieved up to 2020.'

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In addition to the above savings, the Commission also intends to return approximately £6mn as a rebate to Local Government and NHS bodies in 2014-15

A transitional body, Public Sector Audit Appointments Limited (PSAAL), has been established by the Local Government Association to oversee the management of the Audit Commission's external audit contracts until they end in 2017 or are possibly extended until 2020. The PSAAL will be responsible for setting fees, appointing auditors and monitoring the quality of auditors' work. They will also be responsible for publishing the Commission's Value for Money Profile tool.





## Regulation News

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### **Open and Accountable Government**

The government has introduced a new law allowing the press and public to film and digitally report (including tweeting and blogging) from all public meetings of local government bodies. These rules will apply to all public meetings including town and parish councils, and fire and rescue authorities. The regulations also give members of the press and public rights to see information related to significant decisions made outside meetings by officers acting under general or specific delegated powers.

### **Whistleblowing**

The Department for Business, Innovation and Skills (BIS) has recently launched a consultation, which closed at the end of September 2014, seeking views on the practical implementation of a legal power requiring prescribed persons to report annually on whistleblowing disclosures. Because of the duty of confidentiality binding prescribed persons, and a lack of legal obligation to investigate, BIS found that whistle-blowers do not have confidence that their reports are investigated. The Department is therefore introducing a reporting requirement in order to ensure more systematic processes across prescribed bodies, and to provide greater reassurance to whistle-blowers that their reports are being

acted on. The reports would not provide specific detail enabling the whistle-blower or the organisation about which the report is made to be identified, but would contain more generic information about the number of disclosures made, and the characteristics of those disclosures, such as whether they required further investigation or referral to an alternative body.

Meanwhile, the Parliamentary Commission on Banking Standards (PCBS) has published recommendations for enhancing corporate transparency, governance and integrity. Eleven of the PCBS' recommendations relate specifically to whistleblowing. The Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) have indicated their intention to adopt all eleven and consequently we can expect change to the regulatory landscape in the near future. We also noted earlier, that whistleblowing was an area raised by the PAC, who emphasised the value of effective whistleblowing policies.

Whistleblowing is therefore clearly a key area for consideration, for both the public and private sectors.

EY has produced a whistleblowing flyer to help you to consider your whistleblowing framework's effectiveness, and whether your culture encourages employees to raise concerns.





## Find out more

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### **EY Item Club: Autumn 2014 Forecast**

Find EY Item Club's Autumn 2014 forecast at:

[http://www.ey.com/Publication/vwLUAssets/EY-ITEM-Club-Autumn-Forecast-2014-full-report/\\$FILE/EY-ITEM-Club-Autumn-Forecast-2014-full-report.pdf](http://www.ey.com/Publication/vwLUAssets/EY-ITEM-Club-Autumn-Forecast-2014-full-report/$FILE/EY-ITEM-Club-Autumn-Forecast-2014-full-report.pdf)

### **Contracting out public services to the private sector Read the NAO report at:**

<http://www.nao.org.uk/wp-content/uploads/2013/11/10296-001-BOOK-ES.pdf>

To find out how EY can help with contract management, contact a member of your engagement team.

### **Councils face a £5.8 billion shortfall in funding says LGA**

Read the LGA's press release, on what they have termed the '£5.8bn funding black hole' at

[http://www.local.gov.uk/web/guest/finance/-/journal\\_content/56/10180/6309034/NEWS](http://www.local.gov.uk/web/guest/finance/-/journal_content/56/10180/6309034/NEWS).

Find the full report at:

<http://www.local.gov.uk/documents/10180/5854661/L14-340+Future+funding++initial+draft.pdf/1854420d-1ce0-49c5-8515-062dcca2c70>

### **Independent Commission on Local Government Finance**

Read the Commission's interim report at:

[http://www.localfinancecommission.org/-/media/iclfg/documents/l14536%20interim\\_report\\_web\\_v2.pdf](http://www.localfinancecommission.org/-/media/iclfg/documents/l14536%20interim_report_web_v2.pdf)

### **Future of Local Audit**

<https://www.gov.uk/government/consultations/local-audit-regulations>

### **Grant Claim Certification Results**

Read the full Audit Commission report at:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/06/Local-government-claims-and-returns-final-17-June-2014.pdf>

The DWP circular is also available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/309613/s4-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/309613/s4-2014.pdf)



## Find out more

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### **Audit fees at a 25 year low as part of the Audit Commission's legacy**

Read the full Audit Commission press release at:

<http://www.audit-commission.gov.uk/2014/10/wpsf1516pr/>

### **Protecting the Public Purse – 25 years on**

Read the final NFI report produced by the Audit Commission before its closure in March 2015 at:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/Protecting-the-Public-Purse-2014-Fighting-Fraud-against-Local-Government-online.pdf>

### **Open and Accountable Government**

The guide for press on attending and reporting meetings of local government is available at:

<https://www.gov.uk/government/publications/open-and-accountable-local-government-plain-english-guide>

### **Whistleblowing**

Feedback from the consultation is currently being analysed. The output from the consultation when it becomes available will be accessed via:

<https://www.gov.uk/government/consultations/whistleblowing-prescribed-persons-reporting-requirements>

To download the EY flyer on whistleblowing, visit:

[http://www.ey.com/Publication/vwLUAssets/EY\\_-\\_Whistleblowing\\_-\\_change\\_is\\_coming/\\$FILE/EY-whistleblowing.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Whistleblowing_-_change_is_coming/$FILE/EY-whistleblowing.pdf)

For more information on how EY can help you enhance your existing whistleblowing framework, speak to a member of your engagement team.



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# *Oxford City Council*

## Internal Audit Progress Monitoring Report

December 2014

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December 2014

**pwc**

Agenda Item 7

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<b>Distribution list</b>	Audit and Governance Committee, Executive Team
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<b>Background and scope</b>	The purpose of this report is to provide a progress update on the agreed 2014/15 internal audit plan.
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# Plan outturn

## 2014/15 Audit Plan

We have undertaken work in accordance with the 2014/15 Internal Audit Plan that was approved by the Audit and Governance Committee at its meeting in June 2014.

A statement tracking assignments undertaken and planned activity is shown in Appendix One. At the time of writing this report we have completed 120 days (52%) of the planned audit days and also commenced work on an additional review of the Rose Hill Community Centre capital project, which will be covered by the contingency audit days.





### *Rose Hill Community Centre*

In February 2014, Oxford City Council unveiled the plans for the new Rose Hill Community Centre. The initial tenders were received in March 2014 and exceeded the budget provision. The tender documents were re-issued in July 2014 and two tenders were received, neither of which fell within the budget figure. In September, a request was made to the City Executive Board (CEB) for an increase of £478,000 to the project budget giving a revised total cost for the project of £4,764,000.

At the request of management, we are performing a specialist review which will assess the management of the Rose Hill Community Centre project to date and consider the factors that have contributed to the project overspend. We will compare to best practice capital project management processes and identify lessons learned for application to this and other capital projects.

# Activity and Progress

*Final reports issued since the previous Committee meeting*

Ref	Name of audit	Conclusion	Date final report issued	No of recommendations made			
				 Critical	 High	 Medium	 Low
A3	Collection Fund	Medium Risk	December 2014	0	0	2	3
B2	Car Parking	Low Risk	November 2014	0	0	1	1
C1	Environmental Development	Value Enhancement - no risk rating	November 2014	n/a	n/a	n/a	n/a

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We summarise the findings from these reviews below:

## **Collection Fund – Medium Risk**

This review is performed annually and considers the controls and processes over council tax and business rates (NNDR). The overall report classification has been assessed as medium risk as a result of identification of two medium risk issues relating to:

- the debt recovery process; and
- a lack of regular reconciliation between business rates data held on the Council’s system and Valuation Office Agency updates.

We also identified three low risk issues relating to:

- collection rates for NNDR and council tax;
- the targets used to monitoring collection rates; and
- Paris to Academy reconciliations for council tax.

## *Car Parking*

This review considered the controls and processes over car parking income and shopmobility vehicles. The overall report classification has been assessed as low risk and we found that previous issues around cash income reconciliations have been addressed.

A new creditcard payment system was introduced in 2013/14. This method of payment is becoming increasingly popular and the volume of transactions is expected to grow as more new parking machines are installed. We found that there was no reconciliation of credit card income to the general ledger in Agresso. This is a key control over completeness of income, error and fraud. We raised a medium risk recommendation.

We also identified one low risk issue relating to issuing shopmobility vehicles.

## *Environmental Development*

We presented the Building Public Trust Awards (BPTA) benchmarking process, as applied to the Council's sustainability and environmental reports. The high level findings include:

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- Sustainability / environmental reporting was considered to be good.
- The Council is at least as good as, or better than, the average of the three peers considered (Surrey Council, Leeds Council and London Borough of Bromley).
- We also compared to the highest three scoring public sector organisations:
  - For 1/10 elements, the Council has a better rating than the average; and
  - For 5/10 elements, the Council has a comparable rating to the average.
- There are some areas of reporting that could be updated fairly easily to improve quality of communications.
- Overall, the forward looking aim of a 5% reduction in CO<sub>2</sub> emissions per annum - using current KPI - "Installed Measures" is a key benefit, including:
  - Aims to reduce future impact on the environment by avoiding future carbon emission - when compared with taking no actions to reduce emissions
  - Reduced carbon emissions also avoids future costs for the Council
  - Future looking approaches are not considered by many others. The Council is taking a positive approach to reduce future impact on the environment.
- It was noted that further internal collaboration is needed to understand the data available and identify gaps, before some improvements can be made.

The agreed next step is for the Environmental Sustainability Manager to develop an action plan, making use of the best practice examples and insights provided, and share this more widely with the Executive and Senior Management team.

### *Fieldwork and draft reports*

As at the date of the December Audit and Governance Committee, fieldwork is underway or complete for the following reviews. In some cases the draft report will have been issued.

- Finance Systems – Fixed Assets, General Ledger and Payroll
- Debtors, Creditors and Cash Collection
- Housing Benefits
- Housing Rents
- Streamlining Year End Close Down Processes
- Corporate Property – Health and Safety
- Void Properties
- Discretionary Housing Payments
- Sports Pitch and Facility Bookings
- Rose Hill Community Centre

The Committee will be advised of the outcome of these reviews via Internal Audit Progress Updates in January and February, before the remainder are presented at the March meeting.

## *Appendix 1 - Internal audit detailed progress tracker*

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A1	Finance Systems – Fixed Assets, General Ledger & Payroll	16	15	Held	In progress	12 Dec	19 Dec	9 Jan	January update
A2	Debtors, Creditors & Cash Collection	16	10	Held	In progress	12 Jan	19 Jan	30 Jan	February update
A3	Collection Fund	12	12			Completed			December 2014
A4	Housing Benefits	10	10	Held	Completed	Issued	Received	With management for review	January update
A5	Housing Rents	10	9	Held	In progress	12 Dec	19 Dec	9 Jan	January update
A6	Budgetary Control, Risk Management & Performance	13	-	tbc	Q4				
A6	VAT and Treasury Management	10	-	tbc	Q4				
B1	Finance – Year End Support	5	-	tbc	Q4				

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
B2	Car Parking	7	7					Completed	December 2014
B3	Managing Capital Projects	10	1	Held	Q4				
B4	Sports Pitch & Facility Booking	8	3	Held	w/c 15 Dec	16 Jan	23 Jan	6 Feb	February update
VE1	Planning Applications	10	1	Held	Q4				
VE2	Void Properties (Council Housing)	10	3	Held	w/c 15 Dec	16 Jan	23 Jan	6 Feb	February update
62 VE3	Discretionary Housing Payments and Social Funds	10	3	Held	w/c 15 Dec	16 Jan	23 Jan	6 Feb	February update
VE4	Post Implementation Review Business Rates and Council Tax Collection	10	1	Held	Q4				
VE5	Contract Management with IT Suppliers and Smarter Procedures	12	1	Held	Q4				

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
VE 6	Streamlining Year End Close Down Processes	16	8	Held	In progress	16 Jan	23 Jan	6 Feb	February update
<b><i>Deferred from 2013/14</i></b>									
C1	Environmental Development	10	10			Completed			December 2014
63 C2	Corporate Property – Health and Safety	5	4	Held	In progress	12 Dec	19 Dec	9 Jan	January update
	Follow up & audit management	30	22	n/a	n/a	n/a	n/a	n/a	n/a
	<b>Total days (excl contingency)</b>	<b>230</b>	<b>120</b>						
	Contingency - Rose Hill Community Centre	15*	9	Held	In progress	19 Dec	9 Jan	16 Jan	January update
	<b>Total days</b>	<b>245</b>	<b>129</b>						

\* Consistent with the delivery of previous plans, where appropriate and in agreement with client management, we are able to flex our audit service to include more senior or specialist staff to respond to the risks generated by audit reviews. Where we do this we effectively agree a fixed fee for the audit work which is derived from the combined fees of the planned audit days allocated to this audit review during the annual planning process.

## Appendix 2 - Thought leadership publications

As part of our regular reporting to you we plan to keep you up to date with the emerging thought leadership we publish. The PwC Public Sector Research Centre produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be read in full at [www.psrc.pwc.com/](http://www.psrc.pwc.com/)

### ***Good Growth for Cities – November 2014***

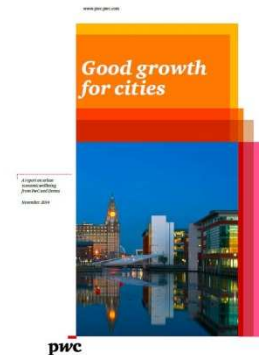
The economic outlook has improved, but there is some way to go until the recovery is sustainable – and the public finances still need to be repaired. And in the wake of the Scottish Referendum, there is heightened attention on future decentralisation to help unleash the economic potential of all parts of the UK.

This is our 3rd Good Growth for Cities report where we measure the performance of the UK's largest cities against a basket of ten categories defined by the public and business as a key to economic success and wellbeing.

This year, we've also looked back to before the recession, to compare how cities have fared since, and what this means for long term policy and decision making across UK cities.

### ***Decentralisation Decade report: a plan for economic prosperity, public service transformation and democratic renewal***

IPPR's report 'The Decentralisation Decade', which we have supported, sets out the prospects and priorities for decentralisation in England over the next 10 years.





### ***The Public Matters – Autumn 2014***

As we head towards the general election in May 2015, debate is heating up on the key issues for 2015 and beyond. But all too often the public's told what it should think, not asked.

Over five years, PwC has worked with BritainThinks to bring the public's views to the fore. Through our Citizens' Juries, we've assembled people from across the country to consider questions of national importance. And most recently, PwC and BritainThinks held Citizens' Juries at the Labour, Conservative and Liberal Democrat Party Conferences.

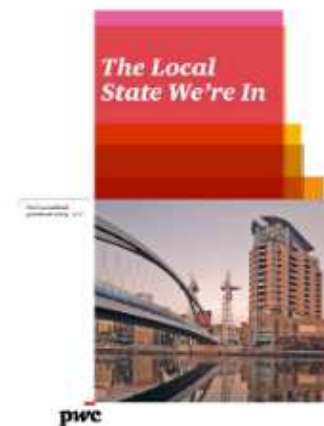
The Public Matters is a special edition of our bi-annual Whitehall Matters newsletter reporting on the findings of our party conference season citizens' juries. This issue includes articles on what we found. We share the public's perspectives on reforming public services and dealing with the deficit, lifting living standards and delivering good growth and good jobs. We also explore the role of deliberative research in policy making, more widely.

### ***The Local State We're In 2014: Our annual local government survey***

Councils remain confident about their ability to manage funding cuts without impacting the quality of services or outcomes in the short term. But this confidence crumbles in the face of the longer term challenges ahead, and the gap between how councils see their own financial outlook and the health of the sector as a whole has closed. While in previous years, Leaders and Chief Executives thought it would be others who would end up in financial crisis, this year for the first time they are more concerned about their own financial futures.

With efficiency savings no longer enough, councils need to redefine what they do, as well as how they do it. Focusing on outcomes, taking much smarter approaches to technology and working in collaboration with private and public sector partners, as well as citizens themselves, will be critical.

The Local State We're In 2014 charts the progress councils have made on this journey to date and the outlook for the future.



In the event that, pursuant to a request which Oxford City Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. Oxford City Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the Oxford City Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Oxford City Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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# *Oxford City Council*

## Collection Fund

Internal Audit Report  
2014/2015  
November 2014

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## Distribution List

### For action


**Anne Harvey-Lynch (Revenues Manager)**  
**Nick Gibb (Recovery Team Leader)**  
**Anna Winship (Financial Accounting Manager)**  
**Adrian Wood (Finance Technical Officer)**



### For information

**Tanya Bandekar (Service Manager- Revenues and Benefits)**  
**Helen Bishop (Head of Customer Services)**  
**Nigel Kennedy (Head of Finance)**  
**Jackie Yates (Executive Director – Organisational Development & Corporate Services)**  
**Peter Sloman (Chief Executive)**

# 1. Executive summary

Report classification	Total number of findings					
 <b>Medium risk (9 points)</b>	Critical	High	Medium	Low	Advisory	
	Control design	0	0	1	0	0
	Operating effectiveness	0	0	1	3	0
	Open prior year findings	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>

## Summary of findings:

This review considered controls and processes over council tax and business rates (NNDR). We identified two medium risk issues:

- Debt recovery process:** in 7 of the 25 randomly selected cases tested, we found that no active attempts had been made to recover the debt for long periods of time; 2 years or more. The status on 6 of the 7 has been set to 'closed', indicating that the debts have already gone through a recovery processes and have been returned from the bailiffs as uncollectable. One of the seven is an NNDR debt which has been open since 1991. The Council is currently obtaining and reviewing further information relating to the aged "closed" arrears, if appropriate, one last attempt at recovery will then be made, or else the debts will be written off.
- NNDR reconciliation with the Valuation Office Agency (VOA) data:** regular reconciliations between NNDR data on the Council's system (Academy) and the VOA reports are not carried out. An annual reconciliation is performed however this is a standard control and one which should be in operation throughout the year to ensure any discrepancies between data are picked up and addressed as required.

In addition to the above we identified three low risk issues:

- NNDR and council tax collection rates:** at the end of September 2014 the collection rates for both council tax and business rates were below the profiled target for the year to date. Council tax collection rates have slightly improved compared to the same time last year, but the NNDR collection rate was 56.76%, down compared to 60.06% last year.

The lower collection rates for NNDR are driven primarily by the introduction of the option to pay over 12 instalments this year rather than 10 in the previous year. It is likely more ratepayers will utilise this option going forward therefore consideration should be given to the impact this may have on cash flow and other functions of the Council.

- Monitoring collection rates:** we found that council tax and NNDR collection rates were being monitored against incorrect year end targets of 97.3% and 98.4% respectively. The actual targets are 97.4% (council tax) and 99% (NNDR). Whilst the differences are small in percentage terms, it does mean

that profiled month end targets are not accurate, resulting in a slightly greater variance between target and actual performance.

- **Council tax - Paris to Academy reconciliations:** we found that these reconciliations were performed on a daily basis throughout the year but for one out of our sample of 25, the date on which the reconciliation was reviewed was not entered. We were therefore unable to confirm whether the reconciliation was reviewed in a timely manner. One issue was raised in this area during our last audit relating to the clearing of reconciling items; no similar issues were identified during the current audit.

Our review also covered the processes and controls for council tax and business rate discounts and exemptions including the new legislation for retail relief and flood relief. We found no issues as a result of testing performed in these areas.

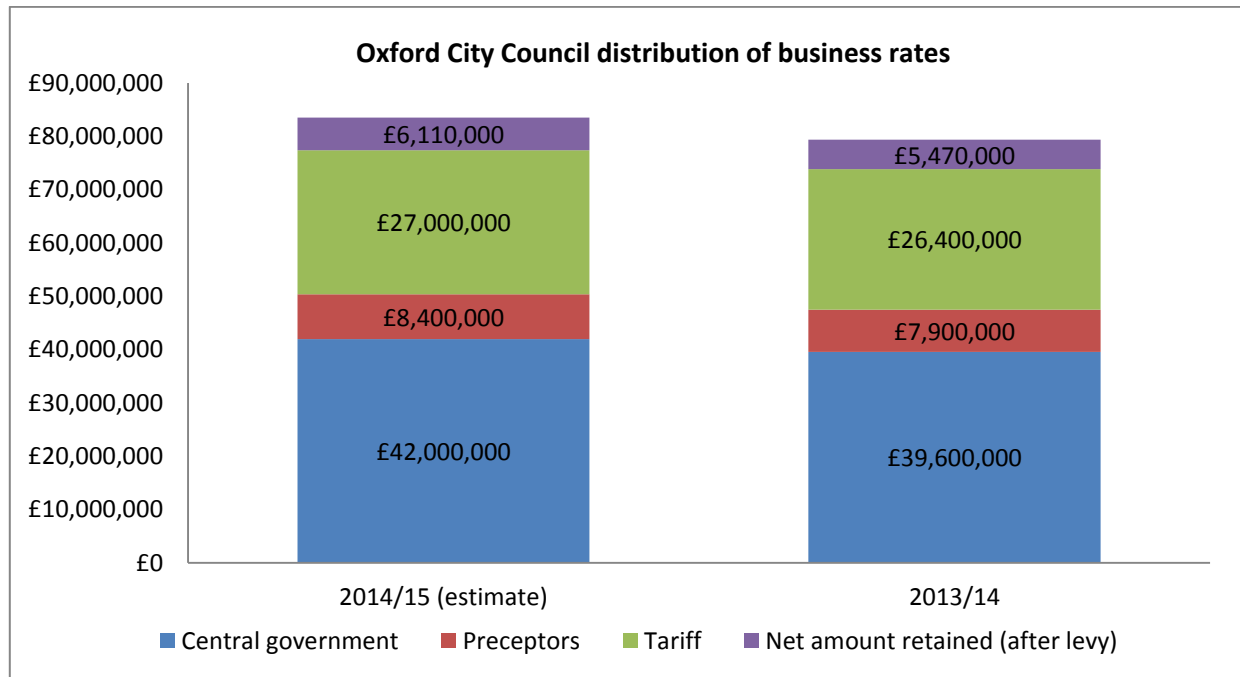
- In addition to the scope of work set out in Appendix 2, we also considered complaints which the Local Government Ombudsman received and found that there are two cases against the Council which have been upheld so far during 2014/15, both of which relate to council tax. In 2013/14 one was case upheld. The two cases upheld were not deemed to be significant, they were considered at departmental level and will be reported in the annual summary letter to the Chief Executive. The decisions upheld were: Failure by the Council to recognise an individual's request for an appeal in respect of his council tax deductions
- Mistakes in the administration of a council tax account, in recovery action taken against the individual and in the Councils response to complaints.

In summary, there are some weaknesses in controls for debt recovery and NNDR reconciliations. The overall report classification has been assessed as medium risk.

### ***Consideration of business rate retention***

In April 2013, the government introduced a provision for Local Authorities to keep a percentage of business rates income. Previously all income would be passed to central government for redistribution between authorities. Oxford City Council can now keep 40% of all business rates income collected; this gives the Council an increased incentive for maximising collection rates and promoting local business growth.

Because the Council has more business rates than their current level of spending, there is a requirement to make an additional tariff payment to government. The 'real' amount retained therefore is significantly less than 40%. The chart below shows the approximate share of NNDR income:



The Council's retained element is offset by central government with a reduction in the annual formula funding. It is expected that 25.2% of the Council's 2014/15 budget will be financed through the retained business rates. Whilst this poses challenges in terms of maximising collection rates it also provides the Council with an opportunity, as encouraging growth in the local economy can potentially lead to more locally retained business rate income as well as reduced welfare costs. Recent research by the Local Government Association however, has shown that many authorities fear that the risks arising from business rates appeals may outweigh the potential reward from retained growth. The £1.7 million NNDR appeals provision held by the Council provides some indication of the potential costs.

# 2. Detailed current year findings

## 1. Debt recovery procedures – Operating effectiveness

### Finding

At 30th September 2014, NNDR and council tax arrears totalled £8.4m compared to £7.3m at the same time last year. Total debt written off in the year to date is £478k compared to £174k at the same time last year. The council's debt recovery procedures include the following steps:

- First Reminder
- Final Notice
- Court Summons
- Liability Order
- 7 day letter
- Bailiffs secure the funds.

We tested the recovery procedures for a sample of 25 cases and considered the latest status of each case. For 7 of the 25 cases, there were long periods of time where there was no activity or contact with the debtor; in most cases this period was over 2 years. The status on 6 of the 7 has been set to 'closed', indicating that the debts have already gone through a recovery processes and been returned from the bailiffs as uncollectable.

One of the seven is an NNDR debt which has been open since 1991.


The Council has recently invested in additional resources and restructured the teams in order to strengthen the debt recovery processes. Further information relating to the aged "closed" arrears is currently being obtained and reviewed. If appropriate, one last attempt at recovery will be made, or else the debts will be written off.



## Risks

There is a risk of debt write off and loss of income if debts are not actively chased through a robust recovery process.

## Action plan

Finding rating	Agreed action	Responsible person / title
73 Medium 	<p>We are in the process of referring static Council Tax debt (closed accounts with no active enforcement action in place) up to 31/03/13 to a company named Akinika who will carry out tracing verification. The trace verification process should take no more than 3 weeks from when we provide data extracts. The Council has just received this information list and are in the process of getting the data sort done by the end of December.</p> <p>An action plan will be put in place to deal with all aged debt in order to maximise recovery on a timely basis. Where recovery is not possible the debts will be processed for write off.</p> <p>The Council has recruited two additional temporary staff members to assist with reviewing and improving the debt collection processes. The impact of these 2 additional resources, focussing on debt recovery and process changes, has been immediate, with more cases going through the Courts quickly. Process changes where complaints and appeals are received in high volumes have also led to improved customer service.</p> <p>The recovery team will ensure that going forward cases are reviewed regularly to avoid similar issues occurring.</p>	<p>Nick Gibb (Recovery Team Leader)</p> <p><b>Target date:</b> January 2015</p>

## 2. NNDR reconciliation with the Valuation Office – Control design

### Finding


The Valuation Office Agency (VOA) provides the Council with a weekly report which outlines all amendments made to existing properties and highlights new properties. The list is used to process adjustments into Academy, the main council tax and business rates system.

We found that there is no regular reconciliation performed between NNDR data held on Academy and the VOA reports. An annual reconciliation is performed, this is due to take place in December 2015 for the current year. The reconciliation is a standard control and one which should be in operation throughout the year to ensure any discrepancies between data are picked up and addressed as required.

### Risks

Business rates may be billed incorrectly, or properties omitted if the Council's records do not agree with VOA data.

### Action plan

Finding rating	Agreed action	Responsible person / title
74 Medium 	Reconciliations will be performed on a weekly basis between VOA listings and Academy reports and any differences will be investigated and addressed.  All documentation will be retained to ensure there is a clear audit trail.  Planned procedures for the above actions have already been established.	Anne Harvey-Lynch (Revenues Manager)  <b>Target date:</b>  December 2014

### 3. Council tax and NNDR collection rates – Operating effectiveness

#### Finding

Collection rate targets for NNDR and council tax are not being achieved.

#### **NNDR**

The NNDR collection rate at 30th September 2014 is 56.76%, this is down compared to 60.06% at the same time in 2013/14. The end of year target is 99% and performance is currently behind the month end profiled target.

The variation is in part due to new legislation that now allows ratepayers to pay over 12 instalments compared to previous years when it was paid over 10 instalments. As expected, many ratepayers have taken advantage of this change. Thus, the Council has less money coming in compared to last year but anticipates it will get considerably more in the last two months of the year. The Council estimates that approximately 2.53% of the reduction in the collection rate is as a result of the increased number of instalments. The remaining fall is however considered to be a 'real' fall.

It is likely that the number of ratepayers taking up the option to pay over 12 instalments will increase going forward. The impact of this on cash flow and treasury management will require consideration.

At the end of September 2014, NNDR arrears totalled £2.8m compared to £2.2m at the same time last year, representing 3.2% of net collectable debt, compared to 2.6% in the prior year. Total NNDR debt written off in the year to date amounts to £213k, compared to £14k at the same time last year.

#### **Council tax**

The council tax collection rate at 30th September 2014 was 57.04%, this is up compared to 56.66% at the same time in 2013/14. However, the current collection rate is behind the month end profiled target, therefore the Council is not currently on track to achieve the end of year target.


At the end of September 2014, council tax arrears had increased to £5.6m (7.7% net collectable debt) compared to £5.0m (7.2% net collectable debt) at the same time last year. Total amounts written off in the year to date have also increased; £264k compared to £159k at the same time last year.

#### Risks

There is a risk that the Council will fail to meet internal collection targets resulting in budgetary pressures and increasing arrears.

The option for ratepayers to pay in 12 rather than 10 instalments needs to be factored into treasury forecasting or else there is a risk it may lead to cash flow issues.

## Action plan

Finding rating	Agreed action	Responsible person / title
Low 	<p>The Council will continue to monitor collection rates and ensure that any continued fall in rates against the profiled target is looked into and actioned.</p> <p>The impact of the increased instalments will be incorporated into cash flow planning and the potential impact on treasury management will be monitored. Any issues will be flagged up to ensure appropriate action can be taken.</p>	<p>Anna Winship (Financial Accounting Manager)</p> <hr/> <p><b>Target date:</b></p> <p>March 2015</p>

## 4. Monitoring of collection rates – Operating effectiveness

### Finding

Year to date council tax and NNDR collection rates are monitored against profiled month end targets, the targets are set as part of the corporate planning process.


We found that council tax and NNDR collection rates were being monitored against incorrect year end targets of 97.3% and 98.4% respectively. The actual targets are 97.4% (council tax) and 99% (NNDR).

Whilst the differences are small in percentage terms, it does mean that profiled month end targets used to monitor performance are not accurate and consequently there is a slightly increased variance between actual performance and target.

### Risks

There is a risk that issues are not addressed appropriately if management information provided on collection rates is not accurate.

### Action plan

Finding rating	Agreed action	Responsible person / title
Low 	All month end profile targets will be re-calculated based on the Council's actual targeted collection rate.  This will provide the Council with a more accurate picture of performance compared to target.	Adrian Wood (Finance Technical Officer)  <b>Target date:</b> November 2014

## 5. Academy to Paris reconciliation – Operating effectiveness

### Finding

A reconciliation is performed on a daily basis between Academy and Paris (cash collection system). The reconciliation confirms that the systems have interfaced properly and any discrepancies will be investigated.


Clear segregation of duties is maintained by ensuring the reconciliation is prepared by one member of staff and reviewed by another. This is a function undertaken within the finance department.

We selected a sample of 25 reconciliations and found that for 1 of the samples the date on which the reconciliation was reviewed was not entered therefore we were unable to determine whether the reconciliation was reviewed on a timely basis.

### Risks

There is a risk that reconciliations are not reviewed on a timely basis therefore any issues are not addressed appropriately.

### Action plan

<u>Finding rating</u>	<u>Agreed action</u>	<u>Responsible person / title</u>
8/10 Low 	Staff involved in the review of the reconciliation will be reminded of the need to complete all details clearly to ensure a clear audit trail is maintained.	Ivana Ilic (Income & Payments Team Leader)  <u>Target date:</u>  November 2014

# Appendix 1: Basis of our classifications





## Individual finding ratings

Finding rating	Assessment rationale
<b>Critical</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <i>Critical</i> impact on operational performance (quantify if possible); or</li> <li>• <i>Critical</i> monetary or financial statement impact (quantify if possible = materiality); or</li> <li>• <i>Critical</i> breach in laws and regulations that could result in material fines or consequences (quantify if possible); or</li> <li>• <i>Critical</i> impact on the reputation or brand of the organisation which could threaten its future viability (quantify if possible).</li> </ul>
<b>High</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <i>Significant</i> impact on operational performance (quantify if possible); or</li> <li>• <i>Significant</i> monetary or financial statement impact (quantify if possible); or</li> <li>• <i>Significant</i> breach in laws and regulations resulting in significant fines and consequences (quantify if possible); or</li> <li>• <i>Significant</i> impact on the reputation or brand of the organisation (quantify if possible).</li> </ul>
79 <b>Medium</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <i>Moderate</i> impact on operational performance (quantify if possible); or</li> <li>• <i>Moderate</i> monetary or financial statement impact (quantify if possible); or</li> <li>• <i>Moderate</i> breach in laws and regulations resulting in fines and consequences (quantify if possible); or</li> <li>• <i>Moderate</i> impact on the reputation or brand of the organisation (quantify if possible).</li> </ul>
<b>Low</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <i>Minor</i> impact on the organisation's operational performance (quantify if possible); or</li> <li>• <i>Minor</i> monetary or financial statement impact (quantify if possible); or</li> <li>• <i>Minor</i> breach in laws and regulations with limited consequences (quantify if possible); or</li> <li>• <i>Minor</i> impact on the reputation of the organisation (quantify if possible).</li> </ul>
<b>Advisory</b>	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

## Report classifications

Findings rating	Points
<b>Critical</b>	40 points per finding
<b>High</b>	10 points per finding
<b>Medium</b>	3 points per finding
<b>Low</b>	1 point per finding

08

Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over



## Appendix 2: Terms of Reference

# Oxford City Council

## Terms of reference – Collection Fund

**To:** Anne Harvey-Lynch, Revenues Manager

**From:** Kate Mulhearn, Internal Audit Manager

This review is being undertaken as part of the 2014/15 internal audit plan approved by the Audit and Governance Committee.

### Background

Oxford City Council is responsible for the collection of Council Tax and Business Rates. This review will evaluate the design and operating effectiveness of key controls in the Collection Fund process with the objective of ensuring that all properties are identified, correctly valued and billed so that Council Tax and Business Rates income is reflected accurately in the Authority's accounts. The review will also follow up prior year findings to ensure that agreed action plans have been implemented.

### Scope

We will review the design and operating effectiveness of key controls relied on by External Audit relating to the Collection Fund and follow up issues noted during the prior year.

The sub-processes and related control objectives included in this review are:

Sub-process	Control objectives
Valuation	<ul style="list-style-type: none"><li>All properties are correctly identified, valued and billed to ensure maximum revenue is received. The totals reconcile to the Valuation Office Directions.</li></ul>
Liability	<ul style="list-style-type: none"><li>Properties are correctly banded and the liable person identified.</li><li>An independent review of the accuracy of bandings (Council Tax) and the 2014-15 multipliers (NNDR) is evidenced.</li></ul>
Billing	<ul style="list-style-type: none"><li>Billing is accurate and complete.</li><li>Bills are processed accurately and on a timely basis.</li></ul>
Discounts and Exemptions	<ul style="list-style-type: none"><li>Discounts are only applied where appropriate and in line with guidance.</li></ul>
Accounting for Council Tax and Business Rates	<ul style="list-style-type: none"><li>Reconciliations between the Revenues system (Academy) and the Financials system (Agresso) are performed and reviewed.</li><li>Reconciliations between the Revenues system and cash collection system are performed and reviewed.</li></ul>
Recovery, enforcement and collection	<ul style="list-style-type: none"><li>Outstanding income is collected and action taken against non-tax payers.</li></ul>

	<ul style="list-style-type: none"> <li>• Revenue due from Council Tax and Business Rates is maximised and collected accurately.</li> <li>• Accounts are updated on a timely basis.</li> </ul>
Arrangements for changes in legislation	<ul style="list-style-type: none"> <li>• Retail and flooding reliefs are applied accurately and appropriately.</li> </ul>
Management of the Council's retained element	<ul style="list-style-type: none"> <li>• The process for managing the Councils retained element is reviewed and compared to best practice.</li> </ul>
Follow up of prior year issues	<ul style="list-style-type: none"> <li>• Agreed action plans regarding prior year issues have been implemented.</li> </ul>

## Limitations of scope

The scope of our work will be limited to those areas outlined above.

---

## Audit Approach

Our audit approach is as follows:

- Obtain an understanding of the process through discussions with key personnel, review of systems documentation and walkthrough tests;
  - Identify the key risks relating to the Collection Fund;
  - Evaluate the design of the controls in place to address the key risks;
  - Test the operating effectiveness of the key controls.
-

# Appendix 3: Limitations and responsibilities

## Limitations inherent to the internal auditor's work

We have undertaken the review of the Collection Fund, subject to the limitations outlined below.

### Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls relating to the Collection Fund review is for the 2014/15 year.

Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

## Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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**To:** Audit & Governance Committee

**Date:** 18<sup>th</sup> December 2014

**Item No:**

**Report of:** Head of Finance

**Title of Report:** Progress on Implementation of Audit Recommendations

## **Summary and Recommendations**

**Purpose of report:** To report progress on the implementation of internal and external audit recommendations.

**Key decision:** No

**Executive Lead Member:** Councillor Ed Turner

**Policy Framework:** Corporate Plan – Efficient, Effective Council

**Recommendation(s):** The Audit and Governance Committee is asked to note progress with the recommendations listed in Appendix A.

## **Appendix A – Internal and External Audit Recommendation Tracker**

### **Background**

1. The outcomes of all internal and external audit reports are reported to this Committee. Each report includes recommendations or agreed actions, a summary of those recommendations which remain outstanding together with updated management responses is provided in Appendix A.
2. Each recommendation is marked with a % complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 25% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have not yet exceeded their original expected completion date are also marked red. For those recommendations that will be completed up to one month following their original expected completion date are marked amber.
3. Any recommendations that were noted as 100% complete at the last meeting have been removed from the tracker.

### **External Audit Recommendations**

4. The Audit of the Housing Benefit subsidy claim for the period ending 31<sup>st</sup> March 2014 has been completed by Ernst and Young and a qualification letter has been issued for this grant, highlighting a number of areas where the Council has not fully complied with the relevant grant conditions. The Annual certification report will be issued in January which will include any recommendations Ernst and Young feel appropriate.
5. Two new recommendations have been added to the tracker following the completion of the annual audit of the statement of accounts. One relating to the establishment of effective accounting arrangements to eliminate internal recharges from the reported income and expenditure and the second to ensure that the council improves the arrangements for documenting and accounting for changes in the value of Council Dwellings.

### **Internal Audit recommendations**

6. There have been two new Internal Audit reports finalised since the last meeting:
  - a. **Car Parking – Low risk rating** – One medium risk, one low risk, and one advisory recommendation were raised during the audit, two relating to the control design, including the advisory recommendation and one relating to the operating effectiveness. The medium risk recommendation relates to the reconciliation of Credit call to Agresso following the introduction of the facility to pay for car parking by credit and debit cards. The low risk recommendation relates to recording the use of shopmobility vehicles accurately. All of these recommendations are progressing and are noted on the tracker.
  - b. **Collection Fund – Medium risk rating** – Two medium risk and three low risk recommendations were raised during this audit, these were, in the main, relating to operating effectiveness. The medium risk recommendations relate to concerns over the debt recovery process and the need for a more regular reconciliation between Council NNDR data and Valuation Office Data. The low risk relates to concerns over the collection rates for Council Tax and NNDR for 2014/15. These recommendations are progressing and are noted on the tracker.
7. There are five recommendations on the Internal Audit tracker that are not 100% complete as follows. One of these relates to the internal reviews completed in November, for which work is underway and these will complete by their expected completion date. The status of the remaining four is as follows :
  - a. **Cash and Card Payments** – Cash is no longer in use at St Aldates Chambers. Those services still taking cash are seeing reduced volumes and use of card payments is being promoted and encouraged by staff;
  - b. **Community Centres and Associations** –

- i. 18 of the 19 Community centres have an existing agreement in place
      - ii. The review of the process for repairs and maintenance is in progress but not yet finalised;
    - c. **Fraud Risk Assessment –**
      - i. The implementation of a new case management system and data warehouse is currently being planned. This will facilitate the matching of data from multiple ICT systems.
8. There are seventeen Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
9. As previously reported there has been an overall improvement in the outcome of our internal audit reviews over the last two years, with the number of low risk audits increasing significantly, this is an encouraging direction of travel. The table below details the percentage of reports and their risk ratings.

Risk Rating	14/15		13/14		12/13		11/12	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	0	0%	1	8%	1	10%	1	7%
Medium	1	50%	0	0%	3	30%	9	60%
Low	1	50%	12	92%	6	60%	5	33%
	2		13		10		15	

10. Alongside the reduction in risk rating the number of recommendations has also reduced and any recommendations made are now being dealt with in a much timelier manner. The use of the audit tracker and reporting to the Audit & Governance Committee has increased the focus placed on recommendations and ensured they are dealt with more swiftly.

### **Financial Implications**

11. Whilst this report is primarily for noting there is the potential that financial implications could arise for the Council if recommendations are not implemented and the internal audit of processes and procedures highlight areas of risk.

### **Legal Implications**

12. There are no legal implications arising from the recommendations in this report.

### **Equalities Impact**

13. There are no Equalities implications arising from the recommendations in this report.

### **Climate change/environmental impact**

14. There are no Climate Change implications arising from the recommendations in this report.

**Name and contact details of author:**

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**Background papers:** None



Audit Tracker

Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	% Complete	Comments
External Audit											
	Financial Statements Audit	Sept 2014	Service expenditure and income include Direct Services costs and recharges which gross up the reported expenditure and income	Medium	The Council needs to establish effective accounting arrangements that eliminate internal recharges from reported expenditure and income	Anna Winship	Anna Winship	31/3/15		50	Discussion on the process have been started and work is progressing on putting these in place, which will be finalised ahead of the start of the next statement of accounts
	Financial Statements Audit	Sept 2014	The Council has been incorrectly accounting for impairments and revaluations of dwellings	Medium	The Council needs to improve its arrangements for documenting and accounting for changes in the value of council dwellings	Anna Winship	Anna Winship	31/3/15		100	A full review of the process for documenting and accounting for impairments and revaluations of fixed assets has been undertaken and changes are now effective.
Internal Audit											
IA510	Asset Management	1-Dec-2013	Some areas were unclear with regard to the linkage between actions and objectives and to the Corporate Plan.	Medium	Future iterations should ensure that objectives are linked to those in the Corporate Plan, and that objectives, actions, targets and measures are linked together. With an executive summary included for the key messages and conclusions.	Lorraine Newman-Robson	Mike Scott	31-Oct-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA511	Asset Management	1-Dec-2013	The strategy includes a risk register, however this should include the the key risks to the individual objectives, and include details of the actions and assurance sources to address the risks.	Medium	Risk register to include the the key risks to the individual objectives, and include details of the actions and assurance sources to address the risks.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA512	Asset Management	1-Dec-2013	#####	Medium	Plan to include reference to how the Council manages assets on a day to day basis.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA513	Asset Management	1-Dec-2013	A section should be included on the review proces which is undertaken on completion of key projects and the capital programmes.	Medium	A section should be included on the review proces which is undertaken on completion of key projects and the capital programmes.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA514	Asset Management	1-Dec-2013	#####	Medium	#####	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA515	Asset Management	1-Dec-2013	Within the General Fund Assets, an investment fund strategy should be included which details objectives, commentary on the portfolio and any assets whicha re identified as problems/low return.	Medium	Within the General Fund Assets, an investment fund strategy should be included which details objectives, commentary on the portfolio and any assets whicha re identified as problems/low return.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA516	Asset Management	1-Dec-2013	There needs to be a definition included of the levels of the strategy, sub-geographics and assets, with details of how these are layered and refreshed in the Housing Revenue Account assets list.	Medium	There needs to be a definition included of the levels of the strategy, sub-geographics and assets, with details of how these are layered and refreshed in the Housing Revenue Account assets list.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA517	Asset Management	1-Dec-2013	There needs to be challenge on the curent use of assets and an assessment included of the benefit and suitability within the Housing Revenue Account Asset list.	Medium	There needs to be challenge on the curent use of assets and an assessment included of the benefit and suitability within the Housing Revenue Account Asset list.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA518	Asset Management	1-Dec-2013	Details are required over the source of finance and/or consideration to other models of financing within the Housing Revenue Account Asset list.	Medium	Details are required over the source of finance and/or consideration to other models of financing within the Housing Revenue Account Asset list.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA519	Asset Management	1-Dec-2013	A summary should be included of tenant satisfaction within the Housing Revenue Account Asset list.	Medium	A summary should be included of tenant satisfaction within the Housing Revenue Account Asset list.	Lorraine Newman-Robson	Mike Scott	31-Mar-2014		100	The Asset Management Plan has been refreshed and as part of this refresh all the recommendation were considered. This refresh has been approved by CEB and Council
IA545	Community Dev, Centres & Associations Audit	1-Mar-2014	1 of 19 community centres currently has a signed lease agreement. The remaining centres have less formal agreements in place.	Medium	Legally the Council are not covered from liabilities. Lack of clarity over responsibilities.	Angela Cristofoli	Angela Cristofoli	29-Apr-2014		95	Nearly all CCs have an existing agreement in place, awaiting final confirmation on 1.
	Car Parks	November 2014	There is no process in place for performing a reconciliation between the actual payments on Credit Call and what is uploaded into Agresso	Medium	Procedures will be established for a reconciliaiton to be performed between actual credit card payments and what has been accounted for in Agresso	Lyn Barker	Angie Anderson	15/12/14		100	The reconciliations between credit call and Agresso are now in place and a new process is in place from 1st December to make this process more efficient
	Collection Fund	November 2014	From a sample of 25 cases being reviewed for debt recover procedures 7 of the cases had not been any action for long periods of time, in most cases this was over 2 years	Medium	All cases with long periods of inactivity will be identified and procedures for recovery will restart, and the recovery team will ensure that going forward cases are reviewed regularly to avoid similar issues occurring	Nick Gibb	Nick Gibb	31/12/14		0	All cases with long periods of inactivity will be identified and procedures for recovery will restart, and the recovery team will ensure that going forward cases are reviewed regularly to avoid similar issues occurring
	Collection Fund	November 2014	No regular reconciliation is performed between NNDR data held on Academy and the Valuation Office reports	Medium	This is currently completed annually, but will now be completed on a weekly basis	Anne Harvey-Lynch	Anne Harvey-Lynch	31/12/14		100	This is currently completed annually, but will now be completed on a weekly basis
IA547	Community Dev, Centres & Associations Audit	1-Mar-2014	Some of the community centres contact the repairs and maintenance team directly and have jobs raised on the Uniform system.	Low	Work in which the Council is not responsible is performed. Repairs and maintenance may not be monitored.	Mark Spriggs	Mark Spriggs	1-May-2014		50	#####
IA605	Fraud Risk Assessment	1-Jun-2014	#####	Low	Internal reported cases will be documented on a centralised system. The existing Northgate system has the functionality to perform this. Timeline for delivery will be agreed with the Head of ICT and prioritised within the Council's corporate ICT work plan	Scott Warner	Scott Warner	31-Dec-2014		70	#####

IA523	Cash and Card Receipts Review	7-Feb-2014	Whilst the Council are moving towards becoming cash free there is no regular monitoring of the cash payments which are being received.	Low	#####	Wendy Edwards	Wendy Edwards	31/3/15		80	A report is being compiled outlining and identifying the areas of cash intake with a view to decide on action to reduce. Direct Debits are being promoted in respect of Sundry Debtors
IA606	Fraud Risk Assessment	1-Jun-2014	The investigations team do not report the success they are having in repossessing houses as part of the housing tenancy fraud work through all publication methods.	Low	The Council should increase publication of successful repossession of houses. For example putting posters onto reclaimed properties. This will provide positive publicity for the Council, whilst also acting as a deterrent	Scott Warner	Scott Warner	1-Aug-2014		100	#####
	Car Parks	November 2014	The documentation kept when issuing shopmobility vehicles is not always clear and accurately updated	Low	ensure all staff are aware of the procedures and requirements in this area	Jason Munro	Jason Munro	31/12/14		100	This has now been completed.
	Collection Fund	November 2014	Collection rates for NDR and Council Tax are not being met	Low	#####	Nick Gibb	Nick Gibb	31/3/15		100	#####
	Collection Fund	November 2014	The target rates being used to monitor Council Tax and NNDR collection rates were marginally incorrect to those publicly available	Low	Target rates will be updated to ensure the correct rates are used	Adrian Wood	Adrian Wood	28/11/14		100	All month end profile targets have been recalculated based on the Council's actual targeted collection rate.
	Collection Fund	November 2014	A sample of 25 reconciliations between Academy and Paris were reviewed, and one of these the reviewed date was not entered	Low	staff involved will be reminded of the need to complete all details clearly to ensure a clear audit trail is maintained	Ivana Ilic	Ivana Ilic	28/11/14		100	The process has been reviewed and all staff are aware of the process

**To:** Audit & Governance Committee

**Date:** 18 December 2014

**Report of:** Head of Finance

**Title of Report:** Risk Management Quarterly Reporting: Quarter 2 2014/2015

### Summary and Recommendations

**Purpose of report:** To update the Committee on both corporate and service risks as at the end of Quarter 2, 30<sup>th</sup> September 2014.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Corporate Plan - Efficient, Effective Council

**Recommendation(s):**

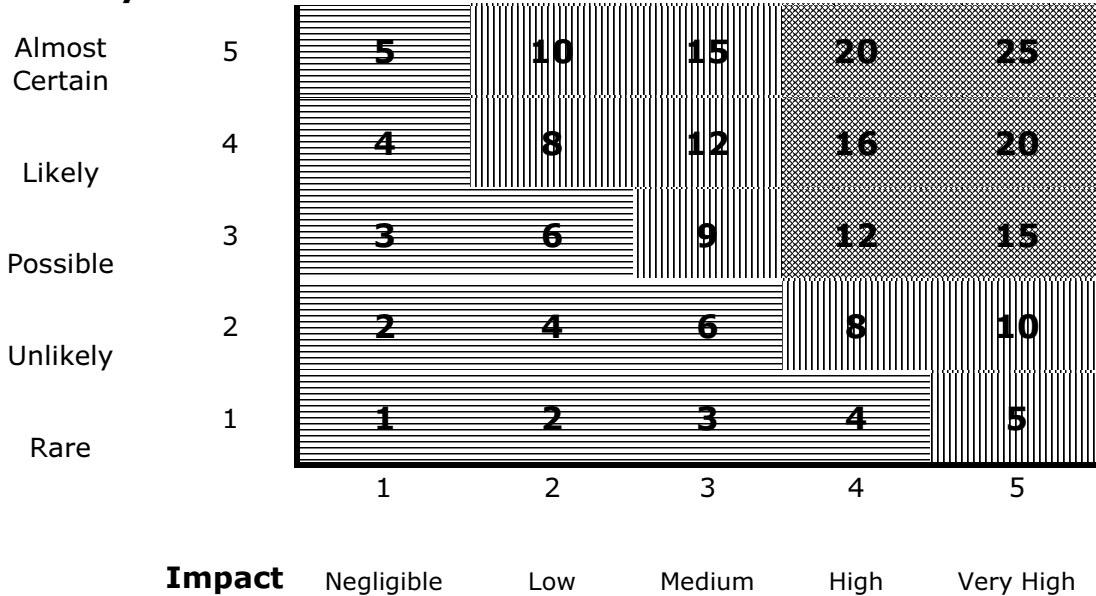
The Committee are asked to note the contents of this report.

## **Appendix A Corporate Risk Register**

### **Risk Scoring Matrix**

- 1) The Council's methodology for scoring risks is set out below along with a copy of the scoring matrix.
- 2) You will note it is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower score on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.

**Probability**



Key:



**Risk Identification**

- 3) **Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis, any new risks are incorporated into a revised version of the CRR. Risk owners for corporate risks are generally held at Director level.
- 4) **Service Risks** – Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine the need for inclusion in the Corporate Risk Register.
- 5) **Project and Programme Risk** – The Council adopts the principles of Prince2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of risk within a project environment. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

**Corporate Risk Register**

- 6) The current Corporate Risk Register (Appendix A) shows that there are no red risks and that the current risks have remained at the same level since Q4 2014. The table below shows the movement of risks over the last 15 months.

<b>Current Risk</b>	<b>Q2 2013/14</b>	<b>Q3 2013/14</b>	<b>Q4 2013/14</b>	<b>Q1 2014/15</b>	<b>Q2 2014/15</b>
Red	3	0	0	0	0
Amber	8	9	5	5	5
Green	0	2	6	6	6
<b>Total risks</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

### Quarter 2 Service Risk Register

- 7) Each year as part of the service planning process, all current service risks are reviewed, those no longer relevant are deleted, and any new ones are added. These refreshed service risk registers are then loaded into CorVu for review and monitoring purposes during the year.
- 8) This exercise has been completed for 2014/15. The table below shows the number of current risks for Q2 2014/15 compared with Q1 2014/15 and 2013/14.

<b>Current Risk</b>	<b>Q2 2013/14</b>	<b>Q3 2013/14</b>	<b>Q4 2013/14</b>	<b>Q1 2014/15</b>	<b>Q2 2014/15</b>
Red	0	2	0	3	0
Amber	56	48	38	36	41
Green	31	36	46	42	36
<b>Total risks</b>	<b>87</b>	<b>86</b>	<b>84</b>	<b>81</b>	<b>81</b>
New risks in quarter	0	0	0	0	3
Closed	6	3	2	3	3

The three new risks are across three service areas. The first is a green risk and relates to calls not being answered in the Contact Call Centre (Customer Services). A number of different solutions are being deployed including voice automation for missed bins, call me back technology, homeworking and retendering of the overflow contract. For the same period last year the Council was achieving 91.70% of all calls answered against a target of 95%. This month the Council has achieved a rate of 93.79% against the same target of 95%.

- 9) Thesecondnew risk is green and within Environmental Development. It relates to the revocation of the contaminated land redemption grant previously available from Government and the fact that the Council would need to fund, full or in part, any investigation and remediation to any identified land. The approved Land Quality Strategy includes using regulation as a last resort and securing investigation and

remediation through the planning process and voluntary action. Contingencies have been set aside to support this.

- 10)The third new risk this quarter is amber and has been identified by Human Resources and Facilities and relates to ineffective internal communications impacting on staff engagement with HR policies and procedures. The HR team are working with Policy Culture and Communications team to design and deliver an internal communication strategy to help maximise staff engagement.

### **Financial Implications**

- 11)The Robust management of risk should assist in mitigating the financial impact to the Council should the event occur.

### **Legal Implications**

- 12)There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of corporate governance.

### **Environmental Impact**

- 13) This report contains no environmental impact.

### **Level of Risk**

- 14) See appendix A.

### **Equalities Impact**

- 15)This report contains no environmental impact.

#### **Name and contact details of author:-**

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# Formal Risk Summary

(Oxford)

As at: Sep-2014

Ref	Title	Risk description	Risk			Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-019	ICT Resilience	Resilience of ICT function - managing projects and improvements alongside business as usual	T	Numerous projects running concurrently across the Council all needing ICT support; limited resources and vacant posts within ICT	Inability to provide good quality and consistent service	1-Apr-2013	Jacqui Yates	4	4	3	3	3	2		Cross skilling of staff in ICT and BIT	30-Nov-2014	Ongoing	60%	Jane Lubbock
															Ensure key posts are filled in ICT	30-Sep-2014	Completed	100%	Jane Lubbock
															Projects are prioritised within available resources, and an ongoing project work plan is in place, as approved by CMT.	30-Nov-2014	Ongoing	100%	Jane Lubbock
															Rationalise number of applications requiring support	30-Mar-2015	In Progress	30%	Jane Lubbock
															Regular reporting on progress of key projects to Organisational Development Board, by way of highlight reports	30-Nov-2014	Ongoing	100%	Jane Lubbock
															Transfer helpdesk to County to increase capacity	30-Sep-2013	Completed	100%	Jane Lubbock
CRR-020	Robustness of Medium Term Financial Plan	Medium Term Financial Plan savings not delivered and pressures not accurately recorded	T	Ongoing Central Government cuts and current savings not being met	Inability to produce a balanced budget, or further saving needing to be made in the future	1-Apr-2013	Jacqui Yates	4	3	3	3	3	2		Annual review of the Medium Term Financial plan to confirm savings are deliverable and pressures recorded	30-Oct-2014	Completed	100%	Nigel Kennedy
															Ensure action plans in place for delivery of savings	30-Dec-2014	Ongoing	90%	Nigel Kennedy
															Ensure key stakeholders are kept upto date on progress of plan and monitoring	31-Dec-2013	Completed	100%	Nigel Kennedy
															Produce accurate, timely monitoring reports	31-Dec-2013	Completed	100%	Nigel Kennedy
CRR-023	Managing Capital Projects and Contract Management	The need to ensure efficient management of capital projects and contracts	T	Poor Governance on major projects	Cost overruns; non delivery of projects; slippage of projects, cost to the authority	1-Apr-2013	David Edwards	4	4	3	3	3	3		Ensure staff undertaking projects are appropriately trained	30-Dec-2014	Completed	100%	Jane Lubbock
															Establish robust methodology for project management using PRINCE 2 principles through Capital Asset Management Group	30-Oct-2014	Completed	100%	Jane Lubbock
															Introduction of a new Capital Gateway process for monitoring capital projects throughout the Council.	30-Oct-2014	In Progress	80%	Nigel Kennedy
CRR-027	Fraud	Risk of fraud against the council	T	Internal fraud by staff, cyber attacks on Councils ICT systems, fraudulent claims for council tax and housing benefits and council tax discounts, fraudulent claims for payment	Reputation; Cost	1-Apr-2013	Jacqui Yates	4	3	3	3	3	2		Annual review of procedures for combating fraud by internal audit	31-Mar-2014	Completed	100%	Nigel Kennedy
															Ensure internal policies around preventing bribery fraud and corruption, whistle blowing and money laundering are annually reviewed and communicated to staff	30-Nov-2014	Completed	100%	Nigel Kennedy
															Internal restructure of the Investigation Service to provide continued fraud presence.	3-Mar-2015	In Progress	80%	Nigel Kennedy

### Current Risk Score

This is the risk score at the time that the risk is reviewed. When the risk is first identified it will be the same as the gross risk score. The current risk score is tracked to ensure that progress is being made to manage the risk and reduce the Council's exposure.

### Residual Risk Score

This is the risk score after mitigating actions have taken place. The residual risk score shows how effective your action plans are at managing the risk.

# Formal Risk Summary

(Oxford)

As at: Sep-2014

Ref	Title	Risk description	Risk			Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
														Raise awareness with staff of fraud issues	30-Nov-2014	Completed	100%	Nigel Kennedy	
														Regular reporting to Audit and Governance Committee	1-May-2015	Ongoing	100%	Nigel Kennedy	
														Training of staff to be carried out using ilearn and other forms such as MPG session	31-Dec-2014	In Progress	90%	Nigel Kennedy	
CRR-028	Data Protection	Risk of breaching the Data Protection Act	T	Staff not being aware of the policy; being careless with data	Reputation; financial penalties	1-Apr-2013	Jacqui Yates	4	3	3	3	3	2		Obtain and retain Public Service Network compliance	30-Oct-2013	Completed	100%	Jane Lubbock
														Raise awareness and training of staff by the use of ilearn.	30-Nov-2014	Completed	100%	Jane Lubbock	
														Raise awareness and training of staff, carrying out a session at MPG	30-Jun-2013	Completed	100%	Jane Lubbock	
														Review data protection policy	30-Jun-2013	Completed	100%	Jane Lubbock	
CRR-021	Adverse Weather	The impact of adverse weather on service delivery and adverse financial impact on Council	T	Increase risk of flooding and other adverse weather conditions	Affecting service delivery, increased cost, resource shortfall	1-Apr-2013	Tim Sadler	4	3	2	3	2	3		Emergency Planning Team set up	1-May-2013	Completed	100%	Jeremy Thomas
														Ensure early warning processes are in place to advise of early warning systems	30-Sep-2013	Completed	100%	John Copley	
														Set aside budget	1-May-2013	Completed	100%	Nigel Kennedy	
CRR-022	Welfare Reform	Changes to legislation regarding Welfare Reform will impact financially, directly and indirectly on the Council	T	Changes in Legislation	Increased homelessness; increased costs; increased arrears; increased DHP payments	1-Apr-2013	Jacqui Yates	4	4	2	3	3	2	1)Report being finalised with research company. 2)Service level agreement broadly agreed - finalising area for focus. To start bidding process in October.	Commission review of welfare reforms on Oxford residents	30-Nov-2014	In Progress	95%	Helen Bishop
														Engagement with third sector and other partners to ensure coordinated approach to service delivery	31-Mar-2015	In Progress	95%	Helen Bishop	
														Ensure learning from pilots is communicated and acted upon across the organisation	1-May-2014	Completed	100%	Helen Bishop	
														Monthly reporting of rent arrears, DHP allocations	1-May-2014	Completed	100%	Helen Bishop	
														Monthly review of impact on stakeholders, council tenants and council tax payers	31-Jul-2013	Completed	100%	Helen Bishop	
														Review DHP policy	1-May-2013	Completed	100%	Helen Bishop	
														Update financial impact on council in MTFS	31-Dec-2013	Completed	100%	Helen Bishop	
CRR-024	Business Continuity	Failure to ensure Emergency Planning and Business Continuity procedures are in place, tested and robust	T	Inadequate plans, not tested, not kept up to date. System failures, failure of partners to deliver services	Civil unrest; impact on service delivery	1-Apr-2013	Jacqui Yates	4	3	3	2	3	2		Business Continuity Plans are up to date and reviewed for consistency/compatibility	30-Jun-2014	Closed	100%	Jeremy Thomas
														Ensure Emergency Planning procedures and Business Continuity plans are tested annually	31-Mar-2015	Ongoing	50%	Jeremy Thomas	
														Regularly review Emergency plan contacts list to ensure up to date	31-Dec-2014	Closed	100%	Jeremy Thomas	
CRR-025	Health & Safety of	Health & Safety of People	T	Not maintaining a robust Health &	Increase cost; potential financial	1-Apr-2013	Jacqui Yates	4	3	2	2	2	2		Ensure bi-annual workplace assessments are up to date	31-Mar-2015	In Progress	50%	Simon Howick

### Current Risk Score

This is the risk score at the time that the risk is reviewed. When the risk is first identified it will be the same as the gross risk score. The current risk score is tracked to ensure that progress is being made to manage the risk and reduce the Council's exposure.

### Residual Risk Score

This is the risk score after mitigating actions have taken place. The residual risk score shows how effective your action plans are at managing the risk.



# Formal Risk Summary

(Oxford)

As at: Sep-2014

Ref	Title	Risk description	Risk			Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
	People			Safety policy, and ensuring it is implemented across all service areas.	penalties; potential insurance claims										Ensure H&S training undertaken by new staff and regular refreshers delivered either on line or toolbox talks eg fire/first aid arrangements	30-Mar-2015	In Progress	50%	Simon Howick
															Ensure Health and Safety Policy is reviewed and kept up to date	1-Apr-2015	In Progress	50%	Simon Howick
CRR-026	Health & Safety of Property	Health & Safety of Property	T	Not maintaining a robust Health & Safety policy, and ensuring it is carried out in all service areas.	Increase cost; potential financial penalties; public safety in public buildings; potential insurance claims	1-Apr-2013	David Edwards	4	3	2	2	2	2		Ensure H&S policy is reviewed and kept upto date relating to staff and building	31-Mar-2014	Completed	100%	Simon Howick
															Ensure statutory H&S risk areas around fire risk assessment, asbestos, water are regularly reviewed and reported to CAMG	31-Mar-2014	Completed	100%	Stephen Clarke
															Training of staff to be carried out using ilearn and other forms such as MPG session	31-Mar-2014	Closed	100%	Simon Howick
CRR-029	Managerial Capacity	Managers become overstretched lose sight and focus on service delivery and performance suffers	T	Too many competing priorities, lack of capacity to deliver	Services are not delivered or not delivered effectively. Additional costs are incurred by the council. Customers unrest with service delivery, higher complaints	1-Apr-2013	Peter Sloman	4	3	3	2	2	1		Ensure appropriate arrangements in place for prioritising work and allocating appropriate resources, and deprioritising other work	31-Mar-2014	Completed	100%	Simon Howick
															Ensure managers are adequately trained for the tasks in hand	31-Mar-2014	Completed	100%	Simon Howick
															Ensure sufficient financial and staffing resources for the tasks being undertaken	31-Mar-2014	Completed	100%	Simon Howick

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**To: Audit and Governance Committee**

**Date: 18<sup>th</sup> December 2014**

**Report of: Head of Finance**

**Title of Report: Update on Fraud Investigation**

## **Summary and Recommendations**

**Purpose of report:**

To report to Members the Investigation Team's activity and performance from 1 April 2014 to 30 November 2014 and update on the progress of the team restructure, Department of Communities and Local Government grant bid and transfer of Housing Benefit investigation responsibilities to the Department for Work and Pensions.

**Executive Lead Member:** Councillor Ed Turner

**Policy Framework:** None

**Recommendation:** That the report be noted .

## **Appendices to report**

Appendix 1 – Internal Investigations – Exempt from publication

### **Investigation Team performance for the period 1 April 2014 to 30 November 2014**

1. The Investigations team continue to prevent, detect, deter and reduce the level of fraud perpetrated against Oxford City Council. Protecting the public purse is a key objective and essential to the financial stability of the organisation. By minimising losses to fraud there is increased assurance that Council resources are used for the purpose for which they are intended.
2. There are two Service Performance Indicators which are used to track the performance on a monthly basis. Performance for the 8 months ending 30<sup>th</sup> November 2014 is shown in the table below.

<b>Investigations Team Performance for 8 months ending 30<sup>th</sup> November 2014</b>				
<b>Measure</b>	<b>Annual Target</b>	<b>Year to Date Target</b>	<b>Year to Date Achieved</b>	<b>Comment</b>
Number of returned Social Housing dwellings through civil and criminal proceedings.	20	13.3	5	The measure has been affected by: <ul style="list-style-type: none"> <li>• Staff absence</li> <li>• New staff undergoing training</li> <li>• Lower than anticipated number of returned properties in tenancy amnesty</li> <li>• 8 cases under notice</li> <li>• Proactive exercises underway to identify sub let and abandoned properties</li> </ul>
Number of successful outcomes, increasing revenue for Council Tax and Business Rates	240	160	80	<ul style="list-style-type: none"> <li>• Results thus far have been from reactive referrals. Proactive activity is planned from December 2014 as Housing Benefit work winds down in preparation for transfer to Single Fraud Investigation Service</li> </ul>

3. The results shown above indicate some shortfall against target but there have been mitigating staffing issues from protracted absence and new staff training. It is considered that the performance will improve towards year end as the issues have been resolved. There are additional measures which the team monitor specifically in relation to Housing Benefit Investigations which are detailed below. This work will diminish after February 2015.

4. To date, the team have administered 12 Cautions, 2 Administrative Penalties (for £3,140) and have successfully prosecuted 10 individuals in the courts. The team has a policy of publicising every conviction in order to raise awareness, and to act as a deterrent. Sentences have included rehabilitation orders, community service, fines and imprisonment.
5. In the 8 month period 352 cases were investigated. Housing Benefit overpayments identified for recovery from the investigations completed in the period total £159,239 and Council Tax Reduction Scheme overpayments identified total £41,507. The weekly entitlement reductions achieved have created Housing Benefit savings of £429,116 and Council Tax Benefit / Council Tax Reduction Scheme savings of £35,355. This is calculated using the government assumption that a claim would have been paid incorrectly for a further 32 weeks before an anomaly is identified.

### **Housing Investigations**

6. This area of work has been affected by external factors (staff absence and new staff training) and has yielded lower than expected results so far this financial year. Five properties have been recovered as a result of tenancy investigation activity saving the Council an estimated £90,000 in temporary accommodation costs. A further 8 properties are either under notice or with Legal for repossession.
7. Since April, two Right to Buy applications have been stopped saving the Council an estimated £150,000 in lost discount that would have been granted to the applicants. One was achieved by challenging information provided by the applicant which was suspected to be false. In the second case, the customer declared a source of capital that was intended to finance the property purchase. The bank account in question had been previously concealed when the customer claimed Housing Benefit five years previous. Full details of the account were obtained, an overpayment of £12,000 created, the Right to Buy application was refused, and the case is being referred for criminal prosecution.

### **Tenancy Amnesty**

8. The Tenancy Fraud Amnesty began at the start of September 2014 and ran for a 2 month period, ending on 31<sup>st</sup> October 2014. The Amnesty was supported by three Registered Providers of Social Housing; Green Square, Jephson Homes and Catalyst Housing. The total cost of the campaign, mainly arising from advertising, was £9,000, net of contributions from the Registered Providers.
9. The aim of the tenancy fraud amnesty was to raise awareness with the public, not just tenants and to encourage the reporting of illegal activity. It was also to:

- encourage those misusing their Council properties to surrender their tenancies without the Council having to take expensive legal proceedings to gain possession of the property. It currently costs in the region of £2,000 to take an uncontested possession case through civil court.
  - make the public aware that sub-letting of Social Housing is now a criminal offence and therefore act as a deterrent to those considering sub-letting.
  - show that the Council is taking all possible steps to tackle the problem of the lack of affordable housing in Oxford.
  - reduce anti-social behaviour and illegal activity which often increases when a property is sub-let.
10. An initial press release was issued to the local press and BBC Oxford covered the amnesty in their news programme. Shortly after this the poster campaign commenced. These were placed in public areas such as community centres and libraries as well as in many bus stops across the City. There was also an article and full page poster in the Tenants In Touch magazine, Autumn edition.
11. A tenancy fraud hotline was made available to members of the public to report any suspected sub-letting and for those wishing to surrender their tenancies. Amnesty leaflets were sent out with correspondence from different Council departments, as well as by the supporting Registered Providers.
12. Although no keys were handed back, the amnesty was used by one registered provider to persuade a tenant of a 3 bedroomed property, who was already under investigation by the Council for sub-letting, to relinquish their tenancy. The registered provider was also receiving notifications of anti-social behaviour from the residents of the property. The relinquishing of this tenancy allows a family housed in temporary accommodation to move into stable housing. This also reduces the cost to the council's temporary accommodation budget of £18,000. Therefore, the amnesty has paid for itself being that estimated expenditure for the project was £9000.
13. Other positive outcomes include:
- Feedback from a community association advising that residents had seen the campaign and wanted more information about it. An article is being written for their community newsletter.
  - Several good quality referrals received on the dedicated tenancy fraud reporting line. There has also been an increase in the number of anonymous allegations about tenancy abuse received via the internet and through customer services. Internal staff are also now more aware of sub-letting and the need to report it.

## **Joint Working with South & Vale District Councils**

14. In January 2014, the Council entered into a partnership working arrangement with South Oxfordshire and the Vale of White Horse District Councils (S&V). The aim was for Oxford City Council to provide a benefit investigation resource (29.6 hours per week) for a 9 month period to assist with covering a maternity absence. The contract was extended by one month at the request of S&V.
15. Oxford City Council Investigation Officers were given remote access to S&V systems to facilitate flexibility in their approach, allowing them to work from OCC offices, from home, from the Abingdon Vale of White Horse offices, or from the Wallingford South Oxfordshire offices.
16. The exercise was considered to be a resounding success based on the sanction results produced, the overpayments identified for recovery, and the collaborative and effective working relationships reported between staff from the respective authorities.
17. In the 10 month period of the contract 50 cases were investigated resulting in 7 Administrative Penalties being administered, 9 prosecution recommendations of which 3 cases achieved a conviction within the period, 25 passed on at the end of the period as on-going, 6 closed with no further action required and 3 cases where entitlement was corrected, an overpayment created but no sanction action taken.
18. A total of £90,016 was identified as Housing Benefit overpayment for recovery, £25,950 in Council Tax Benefit (CTB) and Council Tax Reduction Scheme (CTRS) overpayments. The weekly entitlement reductions achieved have created Housing Benefit savings of £56,410 and CTB / CTRS savings of £10,310.72. This is calculated using the government assumption that a claim would have been paid incorrectly for a further 32 weeks before an anomaly is identified.

## **Internal Investigations in Oxford City Council**

19. There were 2 internal investigations completed in the period. One officer no longer works for the Council and a Final Written Warning was issued to the other. – see Appendix 1.

## **Other Achievements in the period**

### **Veriscan**

20. Implementation of the Veriscan system was completed. The identification document scanners are now in place at 5 locations across 3 Council sites. Anyone who needs to produce identification to gain access to a Council service is now having their documents scanned for authenticity. This introduces an extra level of fraud resilience to gateways that were previously potentially vulnerable.

## **Proceeds of Crime Partnership**

21. A partnership working arrangement was signed in January 2014 with the Financial Investigation Service of Slough Borough Council. This was introduced to enable the use of Proceeds of Crime legislation in appropriate investigations. Oxford City Council has no financial investigation resource of its own. The legislation aids recovery of financial losses from criminal activity against the Council. With multiple financial investigations now underway, the Council stands to recover around £115,000, from bank accounts which have been frozen, upon successful conviction of the associated criminal case.

## **DCLG Funding Bid**

22. An application for funding was made to the Department for Communities and Local Government (DCLG) in September 2014. An amount of £16m was announced in December 2013 to support local authorities in tackling non Housing Benefit fraud in the wake of a transfer of Housing Benefit investigation responsibilities to the DWP's Single Fraud Investigation Service (SFIS), which for Oxford City Council takes place in February 2015. In late November, notification was received from the DCLG that the Council's application for £407,000 was successful.

The essence of the bid was to establish a county wide fraud intelligence and investigation hub with Oxford City Council at the centre. With the acquisition of a new data warehouse system, the Council and partners will be able to match data across service areas and authorities and proactively prevent and detect fraud at the earliest opportunity in a coordinated way. The team are now working up an implementation plan to deliver the project.

## **Single Fraud Investigation Service (SFIS) Update & Restructure**

23. Work continues with the DWP on the preparations for the implementation of SFIS with effect from 1<sup>ST</sup> February 2015. From this date the responsibility for the investigation of Housing Benefit fraud will rest with the DWP. The legal powers to investigate Housing Benefit fraud will however still remain with the authority until the complete roll out of SFIS across the country in March 2016, enabling the team to retain and concluded some high profile cases. There have been 2 meetings with the SFIS project implementation team to date which covered the logistics and security of migrating the investigation caseload to the DWP.
24. As a result of SFIS implementation DWP have reduced the Council's Housing Benefit Administration Grant by £66,000 with effect from 1<sup>st</sup> April 2015. The Council's response to the transfer is to undertake a restructure of the Investigations Team which seeks to :



- Retain sufficient fraud resource as a prevention and deterrent to non-housing benefit fraud post SFIS.
- Mitigate the loss of Housing Benefit Admin grant
- Ensure resilience, through generic working
- Ensure that we can proactively work with partner organisations for the prevention of fraud across Oxfordshire

### **Financial Implications**

25. Post SFIS the Council will be responsible for the investigation of non-benefit fraud which at a 5% level is estimated at £1.4 million and £1.1 million per annum for council tax and business rates respectively in Oxford City Council. The restructured team ensures the most efficient manner in which this is carried out, at the optimum cost which does not create a financial pressure on the General Fund Revenue budget.
26. Going forward, using the £407k DCLG grant will ensure that the Council proactively works with its partners within Oxfordshire to identify, deter and prevent all forms of fraud ensuring that its financial resources are spent on those with the greatest need.

### **Legal Implications**

27. From February 2015 the investigation of Housing Benefit fraud will be undertaken by DWP.

### **Risk Implications**

28. Fraud is one of the fastest growing areas of crime in modern society and the residents and stakeholders of Oxford City have a right to expect that their public funds are secure and handled honestly. Any dishonest act reflects badly on both the Authority and the wider public sector and the Council are committed to eliminating all forms fraudulent activity and protecting the public purse. The measures put in place will ensure that the risk is mitigated as much as possible.

### **Name and contact details of author:**

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By virtue of paragraph(s) 2, 3, 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## AUDIT AND GOVERNANCE COMMITTEE

**Monday 22 September 2014**

**COUNCILLORS PRESENT:** Councillors Fry (Chair), Fooks (Vice-Chair), Coulter, Darke, Seamons, Thomas and Henwood.

**OFFICERS AND OTHERS PRESENT:** Christopher Dickens (Pricewaterhousecoopers (PWC)), Nigel Kennedy (Head of Finance), Jeremy Thomas (Head of Law and Governance), Jennifer Thompson (Law and Governance), Scott Warner (Investigations Manager), Anna Winship (Financial Accounting Manager) and Alan Witty (Ernst & Young)

### **17. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mike Rowley. Councillor David Henwood attended as substitute.

The committee noted apologies from Jacqueline Yates, Executive Director.

### **18. DECLARATIONS OF INTERESTS**

There were no declarations of interest.

### **19. EXTERNAL AUDIT - AUDIT RESULTS REPORT FOR THE YEAR ENDED 31 MARCH 2014**

Ernst and Young as the council's external auditors submitted their audit results report for the year ending 31<sup>st</sup> March 2014.

Alan Witty and Mick West, from Ernst and Young, stated that they intended to issue an unqualified opinion on the accounts following conclusion of the audit. The audit had uncovered a number of misstatements subsequently corrected by officers although it was noted that these had no effect on the overall financial position of the council. They had also identified a further two misstatements which officers had not corrected.

In response to questions around the uncorrected misstatements within the accounts, Nigel Kennedy, Head of Finance, stated that the provision made in the accounts for business rates appeals was in his opinion sufficient and did not require any notes or additions to the accounts. In respect of an uncorrected presentational misstatement relating to pensions he advised that he saw no merit in further complicating the Statements for changes which made no overall difference to the council's financial position. This position was further explained in the officer's report (minute 20 refers) and the Letter of Representation to be signed by both the Head of Finance and the Chair of Audit and Governance.

The committee noted that resourcing issues which arose during the audit had delayed the audit, and that Nigel Kennedy had made representations to Ernst and Young who had apologised and given assurances that the situation would be improved next time.

The committee agreed:

1. to note the report; and
2. to note the comments from the external auditors and the Head of Finance.

## **20. STATEMENT OF ACCOUNTS 2013/14**

The Head of Finance submitted a report detailing the Council's Statement of Accounts for the year ending 31 March 2014. The letter of representation is appended to these minutes.

The Committee agreed:

1. to approve the audited 2013/14 Statement of Accounts and to authorise the Head of Finance and the Chair of the Audit and Governance Committee to sign the Statement of Accounts, which they duly did; and
2. to approve the Letter of Representation (appended to these minutes) to enable the Opinion to be issued and to authorise the Chair of the Audit and Governance Committee to sign the Letter of Representation.

The Chairman signed the letter and passed this to the representatives from Ernst and Young, the Council's External Auditors.

## **21. INTERNAL AUDIT PROGRESS QUARTER 1 2014/15 - PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report on behalf of the Council's internal auditors, PWC, setting out progress in delivering the 2014/15 audit plan.

Christopher Dickens, PWC, updated the committee on the audit team and their work. There would be a combined audit of the sports pitch and cash collection because of the overlap of these services. Members suggested there was merit in reviewing the existing contracts with IT suppliers to inform the drafting of future contracts.

The committee agreed to note the report.

## **22. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

The Head of Finance submitted a report setting out progress on the implementation of internal and external audit recommendations.

Anna Winship, Finance, introduced the report and with Christopher Dickens, PWC, answered questions from the committee. Work on reducing the outstanding high risk (business continuity) was complete. Scott Warner, Investigations Manager, advised that a report on the implementation of the DWP Single Fraud Investigation Service for the investigation of Housing Benefit Fraud would be brought to the next meeting.

The committee noted the work on several aspects of community centre leases, progress in implementing the audit recommendations, and the on-going work to

reduce the risks in leasing the centres and to renew leases or agreements. They asked for a separate report about the regularisation and renewal of community centre leases and agreements at the February meeting.

The committee noted the campaign to stop tenants fraudulently sub-letting of the council's housing stock, and that housing associations were taking part in this.

The committee agreed:

1. to note the report and comments;
2. to note that progress on the recommendations for Asset Management would be submitted to the next meeting; and
3. to ask for a separate report on the regularisation of community centre leases.

### **23. RISK MANAGEMENT STRATEGY**

The Head of Finance submitted a report containing a revised risk management strategy and operating framework for the Council. The City Executive Board will consider the strategy at its meeting on 15<sup>th</sup> October.

The committee agreed to note the risk management strategy and operating framework, and make no comments to the City Executive Board.

### **24. RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 1, 2014/15**

The Head of Finance submitted a report outlining the corporate and service risks at the end of Quarter 1, on 30<sup>th</sup> June 2014.

Anna Winship, Finance, presented the report and said that the high risks shown had been mitigated and the risks reduced. The Scrutiny Finance Panel continued to monitor specific risks to major projects.

The committee agreed to note the report.

### **25. MINUTES**

The committee agreed to approve the minutes of the meeting held on 26<sup>th</sup> June 2014 as a true and accurate record.

### **26. DATES AND TIMES OF MEETINGS**

The committee noted the dates and times of future meetings.

**The meeting started at 6.00 pm and ended at 7.30 pm**

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