

Agenda

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Audit and Governance Committee

Date: **Thursday 26 February 2015**

Time: **6.00 pm**

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

For any further information please contact:

Jennifer Thompson, Committee and Members Services Officer

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Audit and Governance Committee

Membership

Chair	Councillor James Fry
Vice-Chair	Councillor Jean Fooks Councillor Van Coulter Councillor Roy Darke Councillor Mike Rowley Councillor Scott Seamons Councillor David Thomas

The quorum for this Committee is three, substitutes are permitted.

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AGENDA

	Pages
<p>1 APOLOGIES FOR ABSENCE</p> <p>The quorum for this Committee is three Members and substitutes are allowed.</p>	
<p>2 DECLARATIONS OF INTERESTS</p> <p>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.</p>	
<p>3 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013-14</p> <p>Report of the external auditor.</p> <p>Purpose: the report summarises the results of the work on Oxford City Council's 2013-14 claims and returns.</p> <p>The Committee is asked to note the report.</p>	7 - 20
<p>4 AUDIT PROGRESS REPORT 2014-15</p> <p>Report of the external auditor.</p> <p>Purpose: to provide an overview of the timetable for the council's 2014-15 audit and to ensure the audit is aligned with the Committee's expectations.</p> <p>The Committee is asked to note the report.</p>	21 - 28
<p>5 LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING</p> <p>Briefing paper from the external auditor.</p>	29 - 40
<p>6 PROTECTING THE PUBLIC PURSE - FRAUD BRIEFING 2014</p> <p>Presentation by the external auditor.</p>	41 - 54
<p>7 INTERNAL AUDIT PROGRESS QUARTER 3 2014/15 - PRICEWATERHOUSECOOPERS</p> <p>The Head of Finance has submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers.</p> <p>Purpose: the report details the progress made in delivering the work set out in the 2014/15 audit plan.</p> <p>The Committee is asked to note the report.</p>	55 - 66

8	PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS Report of the Head of Finance. Purpose: To report progress on the implementation of internal and external audit recommendations. The Committee is asked to note progress with the recommendations listed in Appendix A.	67 - 72
9	RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 3 2014/2015 Report of the Head of Finance. Purpose: to update the Committee on both corporate and service risks as at the end of Quarter 3, 31st December 2014. The Committee is asked to note this report.	73 - 82
10	MINUTES OF THE PREVIOUS MEETING Minutes of the meeting held on 18 December 2014.	83 - 86
11	DATES AND TIMES OF MEETINGS The Committee will meet at 6.00pm in the Town Hall on the following dates: Thursday 23 April 2015 Monday 29 June 2015 Tuesday 22 September 2015 Monday 21 December 2015.	
12	MATTERS EXEMPT FROM PUBLICATION If the Committee wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Committee to pass a resolution in accordance with the provisions of Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972. The Committee may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	

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.

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Certification of claims and returns annual report 2013-2014

Oxford City Council

26 February 2015

Ernst & Young LLP



The Members of the Audit and Governance Committee
Oxford City Council
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26 February 2015

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Dear Members

Certification of claims and returns annual report 2013-2014 Oxford City Council

We are pleased to report on our certification work. This report summarises the results of our work on Oxford City Council's 2013-2014 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and the submission deadlines.

Certification work is not an audit. It involves executing prescribed tests designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2013-2014, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary, audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the '*Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns*' (statement of responsibilities). It is available from the Chief Executive of each audited body and the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This annual certification report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the audited body. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2013-2014 certification work and highlights the significant issues. We checked and certified two claims and returns with a total value of £68mn. We met all submission deadlines. We issued a qualification letter for the Housing Benefit Subsidy claim. The Housing Capital Receipts Return was completed without amendment. Details of the qualification matters are included in this section.

The Council has implemented about half of the recommendations from last year's report. Overall arrangements were not found to have improved as a similar amount of errors were found to 2012-2013. Details are included in section 1. We have made five recommendations this year, set out in section 4.

Fees for certification work are summarised in section 2. The indicative fees for 2013-2014 are based on final 2011-2012 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification have been removed, and the fees for certification of housing benefit subsidy claims have been reduced by 12 per cent. This is to reflect the removal of council tax benefit from the scheme.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee on 26 February 2015.

Yours faithfully

Mick West
Director
for and behalf of Ernst & Young LLP
UK

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1. Summary of 2013-2014 certification work

We certified two claims and returns in 2013-2014. Our main findings are shown below.

Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£65,768,864
Limited or full review	Full
Amended	Amended – subsidy reduced by £241,090
Qualification letter	Yes
Fee – 2013-2014	£33,917
Fee – 2012-2013	£38,747

Recommendations from 2012-2013:	Findings in 2013-2014
R1 Ensure sufficient staff are available to complete housing benefit workbooks and respond to our queries	Staffing with the appropriate knowledge and experience was still an issue in 2013-2014. Council response: The Council planned to bring the team up to strength but due to ill health this was not achieved. Additional recruitment in October 2014 has brought the team up to strength.
R2 Student Income: provide training on the correct treatment of student grant and loan income	No issues noted in 2013-2014
R3 Review housing benefit assessments completed in 2013-2014 to identify impact of errors identified in 2012-2013. If necessary take action to reduce the impact	No issues noted in 2013-2014
R4 Improve training for all temporary staff employed by the Council assessing housing benefit claims	The Council sets its own assessing standards and if temporary staff do not meet them they are released. Our work found errors in 2013-2014. Training of all assessors should be continued to reduce the level of error to a minimum.
R5 Review work of temporary assessors as soon as possible to ensure that they are making accurate assessments	The work of temporary staff is checked at a rate of 100% and any that do not meet the Council's standards are released. Our work found errors in 2013-2014. Training of all assessors should be continued to reduce the level of error to a minimum.
R6 Child Care Disregard: provide training to standardise the approach and how to record the calculation	No issues noted in 2013-2014
R7 Complete reconciliation of subsidy to software balancing report to resolve differences between the two	Reconciliation of subsidy to software balancing report was still an issue in 2013-2014. Reported in Qualification Letter. See section 4. Council response: This was completed in June 2014 but did have balancing issues. Now we have more resources we have started a programme where each team member undertakes the reconciliation each month. This means that discrepancies can be

Recommendations from 2012-2013: Findings in 2013-2014

	identified earlier, work can be done to provide explanations or corrections before the audit. It would help us if all questions regarding balancing items and analytical review could be made earlier (May 2015). This would mean that the main subsidy audit would start with these parts of the audit work already completed and we could concentrate on the workbooks.
R8 For the three cases where the Council was unable to recalculate the amount of subsidy complete additional work to complete the recalculation so that the Council understands how the benefit paid was calculated	Additional work completed by the Council but errors still identified in our testing. Council response: The balance on these claims was of low values but we are aware of the importance of doing these recalculations successfully.

Councils run the Government's housing benefits scheme for tenants. Councils responsible for the scheme claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

These are the main issues we reported:

Benefit Software – Reconciliation of Benefit Granted to Benefit Paid

The Council uses the Academy benefit software. The software supplier provides a method for the Council to reconcile benefit granted to benefit paid. We noted a small difference between the supplier system reconciliation and the benefit paid.

Risk Based Verification

Oxford City Council introduced Risk Based Verification (RBV) in January 2013. The RBV Policy was approved by the section 151 Officer and also Members at the City Executive Board meeting of the Council in April 2012. The RBV assessment is not automatically applied to all claims but is risk assessed in line with the approved RBV Policy. The RBV Policy has not changed or has not been refreshed since initially approved in April 2012. DWP Guidance requires the Council to review its RBV Policy annually. The Council did review this and decided to leave it unchanged, but this has not been documented and cannot be verified. Arrangements are in place for this to be reviewed before April 2015.

Testing Errors Identified in 2013-2014

- ▶ A larger number of errors this year that resulted in additional testing. In 2013-2014 we had to complete seven lots of 40+ testing compared to six lots in 2012-2013.
- ▶ Resources provided by the Council to complete workbooks and respond to our queries was not sufficient in number
- ▶ Errors in earnings calculations
- ▶ Errors in the categorisation between HRA and Non HRA

- ▶ Errors in working tax credit
- ▶ Errors in the application of rent allowance anniversary dates

Follow Up on 2012-2013 Findings in 2013-2014

As a result of work completed on the Housing Benefit Subsidy claim in 2012-2013 the Department for Work and Pensions requested that further work be completed on specific areas where issues had been noted. This work was completed and reported to the DWP and the Council. The DWP were satisfied with the outcome of this work and there was no further impact on subsidy. The additional fee for this follow up work was approved by the Audit Commission. The additional fee for this was £1,859.

Pooling of housing capital receipts

Scope of work		Results
Value of return presented for certification		£1,776,000
Limited or full review		Full
Amended		No
Qualification letter		No
Fee – 2013-2014		£1,358
Fee – 2012-2013		£1,350
Recommendations from 2012-2013:		Findings in 2013-2014
None		None

Councils pay part of a housing capital receipt into a pool run by the Department of Communities and Local Government. Regional housing boards then redistribute the receipts to those councils with the greatest housing needs. Pooling applies to all local authorities, including those that are debt-free and those with closed Housing Revenue Accounts, who typically have housing receipts in the form of mortgage principal and 'right to buy' discount repayments.

We found no errors on the pooling of housing capital receipts return and we certified the amount payable to the pool without qualification.

2. 2013-2014 certification fees

From 2012-2013 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fees for 2013-2014 are based on actual certification fees for 2011-2012, reflecting the amount of work required by the auditor to certify the relevant claims and returns in that year. There was also a 40 per cent reduction in fees reflecting the outcome of the Audit Commission procurement for external audit services.

The 2013-2014 fee for certification of housing benefit subsidy claims has been reduced from the indicative fee by a further 12% to reflect the removal of council tax benefit from the scheme.

Claim or return	2012-2013	2013-2014	2013-2014
	Actual fee £	Indicative fee £	Actual fee £
Housing and council tax benefit subsidy	38,747	33,917	33,917
Additional work in response to DWP query on benefits claim	1,859		Note1
Pooling of housing capital receipts	1,350	1,358	1,358
NNDR	1,130		
Total	43,086	35,275	TBC

Note 1 – DWP require additional work on rent allowance overpayments in response to our 2013-2014 Qualification Letter.

We will not be requesting any additional fee for our initial Housing Benefit work in 2013-2014.

The 2012-2013 benefits fee included an indicative fee of £34,370 (which covered council tax benefit) and a further fee of £4,377 for an increase in the level of testing.

3. Looking forward

For 2014-2015, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2012-2013, adjusted for any schemes that no longer require certification.

The Council's indicative certification fee for 2014-2015 is £34,100. The actual certification fee may be higher or lower if we need to undertake more or less work than in 2012-2013 on individual claims or returns. Details of individual indicative fees are available at the following link:

[<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-fees-and-work-programme/individual-certification-fees/>]

We must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2012-2013 fee.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission (due April 2015).

The Audit Commission currently expects that auditors will continue to certify local authority claims for housing benefit subsidy from the Department for Work and Pensions (DWP) under the arrangements developed by the Commission. The DWP has asked the Commission to prepare the auditor guidance for 2014-2015. Arrangements for 2015-2016 onwards are to be confirmed, but DWP envisages that auditor certification will be needed until 2016-2017, when Universal Credit is expected to replace housing benefit.

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made, or does not intend to make, certification arrangements. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements. This is to help with the transition to new certification arrangements.

4. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation Housing Benefits Subsidy Claim	Priority	Agreed action and comment	Deadline	Responsible officer
R1. Despite sample checks being completed by benefits staff throughout the year errors are still being identified. Stronger analysis needs to be completed between the type and number of errors being found, the reasons identified and how officers and members can take assurance that the situation will be improved in the future. At present there is no clear evidence of the effectiveness of these checks given the high number of errors still being detected by EY.	High	A thorough internal assessment will be completed of the effectiveness of the checks being made by the benefits team and the continued prevalence of specific types of errors. However, it should be noted that as the function is processing similar types of information, the errors are likely to be similar year on year.	30 April 2015	Pauline Hull Benefits System and Subsidy Team Leader
R2. Year on year the same errors are being identified by EY as part of testing.	High	A sample of 40 + testing will be selected early by EY in anticipation of finding errors which have consistently been found in recent years. This will help reduce some of the pressure on council staff towards the end of the audit.	30 April 2015	Pauline Hull Benefits System and Subsidy Team Leader
R3. Completion of workbooks by council staff needs to be improved before being passed to EY for testing.	High	Workbooks need to be properly prepared with a clear audit trail supporting the claim value for each case selected. The Benefits System and Subsidy Team Leader has acknowledged that there were specific issues around the data entry of cell numbers against the calculation lines and that the team is now better resourced to complete the necessary administration on the workbooks	30 June 2015	Pauline Hull Benefits System and Subsidy Team Leader
R4. Reconciliation of subsidy to subsidy	Medium	The aim is to balance direct payment claims	30 June 2015	Pauline Hull

Recommendation				
Housing Benefits Subsidy Claim	Priority	Agreed action and comment	Deadline	Responsible officer
balancing report needs to be improved. Differences identified in 2012-2013 and 2013-2014		earlier to identify potential problems. The Benefits System and Subsidy Team Leader confirmed that the reconciliations have been completed and balanced for the three months from November 2014 to January 2015 and will continue to do so monthly.		Benefits System and Subsidy Team Leader
R5 Guidance requires that the Risk-based Verification (RBV) policy is reviewed annually. This was done in 2013-2014 but not documented.		The RBV policy has been reviewed in 2014-2015		Nigel Kennedy Head of Finance (section 151 officer)
R6 Continue to work on implementation of our 2012-2013 recommendations	High	Agree a plan with EY to ensure how outstanding recommendations from 2012-2013 can be implemented. The Council responses in section 1 should be noted.	30 April 2015	Pauline Hull Benefits System and Subsidy Team Leader

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Audit Progress and Report Year ending 31 March 2015

Oxford City Council

26 February 2015

Ernst & Young LLP



Building a better
working world

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26 February 2015

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Dear Members

Audit Progress Report 2014-15

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 timetable we are proposing for your 2014-15 audit and to 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 provided our Audit Fee Letter to the Chief Executive and the Audit and Governance Committee in April 2014.

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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1. Planned work

2013/14 Grant Claims

We have completed our certification of the Council's returns and claims. Our report will be presented to Members at the 26 February 2015 Audit and Governance Committee.

2014/15 Planning

We will discuss our proposed work with Senior Managers before producing a draft plan for discussion with you at the April 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 for Organisational Development & Corporate Services and Senior Finance Officers to discuss the significant risks faced by the Council and our approach and progress with the audit

Audit and Governance Committee

If members of the Audit and Governance Committee have any particular issues they want to discuss with us we would be pleased to discuss these with you.

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 2014-15 and 2015-16 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	Deliverable
High level planning:	April 2014	Fee Letter provided to the Chief Executive and Chair of the Audit and Governance Committee in April 2014
Risk assessment and setting of scopes	March 2015	Audit Plan - the Audit and Governance Committee April 2015
Update on progress and interim feedback	June 2015	Progress report - Reported to the Audit and Governance Committee June 2015
Value for money conclusion	January/September 2015	Ongoing
Year-end audit	July – September 2015	Report to the Audit and Governance Committee in September 2015 including <ul style="list-style-type: none"> - 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
Reporting	November 2015	Annual Audit Letter
Certification work	January 2016	2014-15 Certification of claims and returns annual report

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
2013-14 Certification of claims and returns annual report	January 2015	Completed	Reported to the Audit Committee January 2015
Audit Plan	March 2015	not due	
Annual Results Report to the Audit and Governance Committee	September 2015	not due	
Auditor's Report (including opinion and vfm conclusion)	September 2015	not due	
Audit Certificate	September 2015	not due	
WGA Certificate	October 2015	not due	
Annual Audit Letter	October 2015	not due	
2014-15 Certification of claims and returns annual report	January 2016	not due	

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Local government audit committee briefing

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Regulation news

Key questions for the audit committee

Find out more

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

Autumn statement

In the Autumn Statement, released on 5 December 2014, the government announced a number of changes to the business rates regime, and employer's national insurance. The changes are summarised as follows:

Business rates

- ▶ Doubling of Small Business Rate Relief has been extended until April 2016
- ▶ The 2% cap on the RPI increase in the business rates multiplier has been extended until April 2016
- ▶ The discount for shops, pubs, cafes and restaurants with a rateable value of £50,000 or below has been increased from £1,000 to £1,500 in 2015/16
- ▶ The Government intends to carry out a review of the future structure of business rates, and will report by Budget 2016. Terms of reference will be published in due course
- ▶ Transitional arrangements for properties with a rateable value of £50,000 or below, and which would have faced significant increases in their business rates, have been extended from 1 April 2015 to 31 March 2017
- ▶ Backdating rules will be changed so that for VOA alterations before 1 April 2016 and ratepayers' appeals before 1 April 2015, changes to rateable value can only be backdated to the period between 1 April 2010 and 1 April 2015
- ▶ The Government has also published a discussion paper on business rates avoidance. The consultation on this, which closes on 28 February 2015, invites responses on methods and scale of avoidance as well as how it may be tackled

National insurance

- ▶ From April 2016, the Government is abolishing employer National Insurance contributions on earnings up to the Upper Earnings Limit for apprentices under 25, in order to progress towards full employment and create a more highly skilled labour market
- ▶ From April 2015, employers will no longer have to pay National Insurance contributions for employees up to the age of 21, on earnings up to the Upper Earnings Limit

Welfare reform

Funding

The Government has held a consultation on how local welfare provision should be funded in 2015/16. This consultation closed on 21 November 2014 and the results are expected early in 2015. Parts of the discretionary Social Fund were abolished by the Welfare Reform Act 2012, and following this, all of the available funding for the Community Care Grant and Crisis Loans elements were passed to upper tier English local authorities and the devolved administrations on the basis of historical demand and spend data. The funding for 2014/15 was adjusted to take account of predicted efficiency savings. It was intended that from April 2015, local welfare provision would be funded from the general grant, rather than ring-fenced, but this decision was recently challenged in judicial review and so the Government has



Government and economic news

committed to making a new decision on how this should be funded. The three options the Government is considering are as follows:

- ▶ Funding local welfare provision from existing local budgets with no separately identified or ring-fenced provision
- ▶ A published figure showing how much of each local authority's Settlement Funding Assessment notionally relates to local welfare provision, with the total national figure decided by Government
- ▶ Topslice Revenue Support Grant to fund a section 31 grant, which would ring-fence the funding for local welfare provision, although the total amount of funding would not change

Although the consultation responses are still being analysed, the Provisional Local Government Settlement 2015/16 contains an amount separately identified, but not ring-fenced, for local welfare provision.

Universal credit

Universal Credit is also rolling out to more areas, and is predicted to be available in a third of jobcentres by spring 2015. From November 2014, Universal Credit is being opened up to families on a phased basis, starting with six jobcentres in the North West. The last new claims to legacy benefits, including housing benefit, which is administered by local authorities, will be accepted during 2017, after which the number of remaining legacy claims will progressively decline and the remainder will be migrated to Universal Credit. This exercise is expected to be largely complete by 2019.

Data sharing

The Government is also consulting on draft regulations to enable data sharing in relation to Universal Credit between DWP and local support providers. This would allow the sharing of data between DWP and local authorities, citizens advice bureaux, credit unions, social landlords and relevant registered charities, in order to identify Universal Credit claimants who need additional support and ensure this support is in place. This Universal Support programme is already being trialled in 11 partnership areas. The proposed changes would come into force from February 2015 and be implemented from March 2015.

Financial sustainability of local authorities

The National Audit Office has published a report on the Financial Sustainability of Local Authorities following the reductions in funding implemented as part of the Government's plan to reduce the deficit. This report summarises the evidence of the impact of funding reductions on local authorities, assesses how well the Department for Communities and Local Government keeps itself informed of the risks and impacts of its funding changes, and assesses whether the Department is managing the risks that its funding reductions will lead to local authorities failing to deliver their statutory services. The key findings are that:

- ▶ In real terms, Government will reduce funding to local authorities by 37% between 2010/11 and 2015/16
- ▶ Local authorities have coped well with these reductions, with no financial failures so far



Government and economic news

- ▶ There is evidence that reductions in funding have led to a fall in volumes of service, although local authorities have tried to protect funding in core areas such as social care
- ▶ In their data returns to the Audit Commission on financial resilience, local auditors report that 16% of single tier and county councils are not well placed to deliver their 2014/15 budgets, and that 52% of such authorities are not well placed to deliver their medium term financial strategies

Meanwhile, the Government has published a provisional Local Government finance settlement for 2015/16 setting out the distribution of Revenue Support Grant (RSG) and retained business rates income.

The provisional settlement includes:

- ▶ A reduction for each authority in the distribution of RSG by reducing each element in proportion to the reduction in the 2015/16 national control total for that element
- ▶ Funding for the Improvement and Development Agency for Local Government of £23.4mn
- ▶ An increase in the rural funding element of RSG from £11.5mn to £15.5mn
- ▶ An adjustment to funding for authorities which have fallen below the threshold for participation in the Carbon Reduction Commitment Energy Efficiency Scheme, to take account of the loss in tax revenue to the Treasury

- ▶ Protection against reduction in revenue spending power of more than 6.4% in 2015/16 through the Efficiency Support Grant

Council tax and business rates collection

The Audit Commission have used information that they have collected from their Value for Money profiles to produce a briefing on council tax and business rates collection. This has identified that the collection rate for council tax has dropped by 0.4% from 2012/13, to 97% in 2013/14, whereas the collection rate for business rates has increased by 0.2% from 2012/13, to 97.9%. In real terms, the collection of both has increased; council tax by 2.7% and business rates by 1.8% from the previous year. The total amount of council tax arrears at 31 March 2014 was 6% higher than in the previous year, standing at £2.53bn. The collection rates for council tax vary by council type; districts had the highest in-year collection rate at 98.0% whereas Metropolitan districts had the lowest, averaging 95.6%. A similar pattern is seen for business rates.



Accounting, auditing and governance

Future of local audit

In our last briefing, we told you about the Government's consultation on the Local Audit Regulations associated with the Local Audit and Accountability Act. This consultation has now concluded and the results have been published. The Government intends to lay finalised regulations before Parliament early in 2015. The consultation covered:

- ▶ Smaller Authorities' Regulations regarding transparency and the appointment of external audit
- ▶ Collective procurement of audit for local authorities, including the principle of a maximum length of appointment period
- ▶ The role of the Specified Person in auditor appointment
- ▶ The Accounts & Audit Regulations, including electronic publication of the accounts, standardisation of the inspection period, and compression of the audit timetable
- ▶ Transparency Code for Internal Drainage Boards, Charter Trustees and Port Health Authorities

A key area is that the Government has decided to retain the proposed approach of bringing forward the accounts deadline

to 31 May and the audit deadline to 31 July, from the 2017/18 accounts. The Government believes that this change will reduce the burden of the closure process, enabling finance staff to give more time to in-year financial management. This will clearly be a significant change for Local Authorities which will require early planning to ensure successful implementation.

The Local Audit and Accountability Act also enhances the role of the National Audit Office (NAO), which becomes responsible for preparation of the Code of Audit Practice; the document setting out what local auditors are required to do. The NAO have also started to augment their programme of Value for Money work, looking more explicitly at local services in areas including:

- ▶ Public health
- ▶ Adult care assessments
- ▶ Care for people with learning disabilities
- ▶ Children's services
- ▶ City deals
- ▶ Housing



Accounting, auditing and governance

Auditing the accounts

The Audit Commission has been publishing the Auditing the Accounts report since 2008/09, and the latest issue shows a considerable improvement in the number of principal bodies publishing their accounts by the deadline of 30 September. 506 out of 512 principal bodies met the statutory accounts publication requirements, and 16 of these published their audited accounts by 31 July. At five principal bodies, the responsible financial officer had not signed and certified the accounts by 30 June. No non-standard audit opinions had been issued by the date of publication, but there were nine bodies where the auditor had not been able to issue the opinion by 30 September. Of these nine, six had been issued by the end of October. The report also covers small bodies, including parish councils and Internal Drainage Boards.

The report identifies challenges for 2014/15 and beyond, including the following:

- ▶ Financial reporting timetable – the report notes that the timetable will be brought forward by two months from 2017/18; with audit bodies being required to submit draft accounts for audit one month earlier than at present

- ▶ Transport infrastructure assets – there will be a fundamental change to the measurement basis of these assets which will affect all Highways authorities and non-highway authorities with material transport infrastructure assets. Taking effect from 1 April 2016, depreciated replacement cost will be used instead of the current depreciated historic cost. It is conservatively estimated that this will add at least £200 billion to the net worth of local authority balance sheets. In 16/17 this will include disclosure of 14/15 asset values as part of the balance sheet

For both of these changes EY will be issuing Audit Committee Briefings and/or Technical Papers as well as carrying out preparedness reviews to assist client and non-clients to meet these challenges.



Regulation news

Consultation on changes to the Bellwin scheme of emergency financial assistance to authorities

A review was set up in 2014 to assess any permanent changes which may be needed to the Bellwin scheme as a result of more frequent severe weather events. This review considered the existing terms of the scheme, including thresholds, grant rate and eligible spending criteria. The Government has held a consultation on suggested revised principles following this review. The consultation ended on 1 January 2015.

The Bellwin scheme covers only emergency spending incurred as a result of immediate action to safeguard life and property, or to prevent suffering or severe inconvenience as a result of a disaster or emergency in the local authority area. Funding for longer term recovery from emergencies will be considered separately. The Government's proposal intends to refocus the scheme on emergency response, rather than recovery.

Previously, the threshold requirement was 0.2% of a local authority's calculated annual revenue budget, and 85% of expenditure above this threshold was funded. From 2013/14, the thresholds were reduced by excluding education budgets for County and Unitary authorities, and 100% of costs above

this threshold were funded. The Government proposes to retain these revised thresholds, and to publish the value of each local authority's provisional threshold alongside the finance settlement each year.

The Government is proposing to limit the time period for eligible spending to one month from when the incident was agreed to have moved from response to recovery. Ministers would retain the choice over when to activate the scheme, and would have discretion over when the period ended. Local authorities would have a longer period of three months to collate costs and claim for reimbursement. The Government also intends to widen the range of activities covered by Bellwin funding, to include some forms of capital spending. However, although emergency highway clear-up costs would be covered, repair to the damaged surfaces of roads and highways will remain ineligible.

Illustrative Bellwin thresholds were published as part of the Provisional Local Government Settlement 2015/16 on 18 December 2014.



Regulation news

Better Care Fund

The National Audit Office (NAO) has recently released a report on the Better Care Fund. The Fund, consisting of money reallocated from existing budgets, involves pooling £3.8bn from 2015/16 for health and social care services to work more closely together, with the ambition that integrated care would be the norm by 2018. All 151 local areas submitted plans by April 2014 but Ministers did not approve the plans as initially intended. This was because after analysing the plans, NHS England concluded that the savings estimates were not credible, that some of the over-optimism shown came from insufficient engagement with acute trusts in planning, and some aspects of the plans needed further development. From May to July 2014, the two departments involved (Department of Health and Department of Communities & Local Government) revised the conditions attached to the fund, as well as improving the governance and programme management of the Fund in July 2014. These changes reduced the time available for local planning, which would have started from

April 2014. However, of the revised plans submitted in September 2014, almost two thirds were approved with no or minor changes, and a third were approved with conditions. Five plans were not approved. Protection of social care services is identified to be the biggest risk area. The NAO's conclusion is that pausing and redesigning the scheme was the right thing to do.

EY have worked with a large number of CCGs and local authorities to help develop plans, or challenge their robustness and governance arrangements. For more information on how EY can support you, contact your engagement lead.



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

Will we be prepared for an earlier closedown for the 2017/18 accounts?

- ▶ Have we critically reviewed the accounts and identified areas where they can be streamlined?
- ▶ Have we identified any disclosures or other areas which could be prepared early?
- ▶ Do we engage in early discussions with our auditors over working paper requirements and any proposed amendments to the accounts compared to the prior year?
- ▶ Do we engage in early discussions with our auditors over key areas of judgement and technical accounting areas well before closedown?
- ▶ Is resourcing within finance teams sufficient? Are there any areas which will need additional support?
- ▶ Do we have plans in place to start producing interim financial statements at month 9 if this is something that we do not already do?

Are we prepared for the change to the measurement basis of transport infrastructure assets?

- ▶ Do we have material transport infrastructure assets?
- ▶ Have we reviewed the key actions and milestones within LAAP bulletin 100? Do we have a project plan in place with sufficient resources in place to deliver? Does our plan include sufficient input from both finance and highways officers?



Find out more

Autumn statement

Read the Autumn Statement in full at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf

Welfare reform

Details of the consultation are at:

<https://www.gov.uk/government/consultations/local-welfare-provision-in-2015-to-2016>

Financial sustainability of local authorities

You can find the NAO report at:

<http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/>

The provisional local government finance settlement is available at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2015-to-2016#provisional-settlement-2015-to-2016>

The Government's '50 ways to save' guide can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/39264/50_ways_2.pdf

Council Tax & Business Rates Collection

Read the Audit Commission press release at:

<http://www.audit-commission.gov.uk/2014/11/council-tax-and-business-rates-exceed-targets-despite-4-55-billion-uncollected/>

Future of local audit

The consultation is available at:

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

The NAO have detailed their new role in local audit at:

<http://www.nao.org.uk/report/the-naos-role-in-local-audit/>

Auditing the accounts

Read the full report at:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/12/20141204-Auditing-the-Accounts-2013-14-LG-FINAL-FOR-WEB.pdf>

Consultation on changes to the Bellwin scheme

When available the results of the consultation will be published at:

<https://www.gov.uk/government/consultations/bellwin-scheme-of-emergency-financial-assistance-to-local-authorities>

Better care fund

Find the NAO's report on the better care fund at:

<http://www.nao.org.uk/wp-content/uploads/2014/11/Planning-for-the-better-care-fund-summary.pdf>

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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Protecting the Public Purse

Fraud Briefing 2014

Oxford City Council



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Agenda Item 6

Purpose of Fraud Briefing



Provide an information source to support councillors in considering their council's fraud detection activities



Extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities

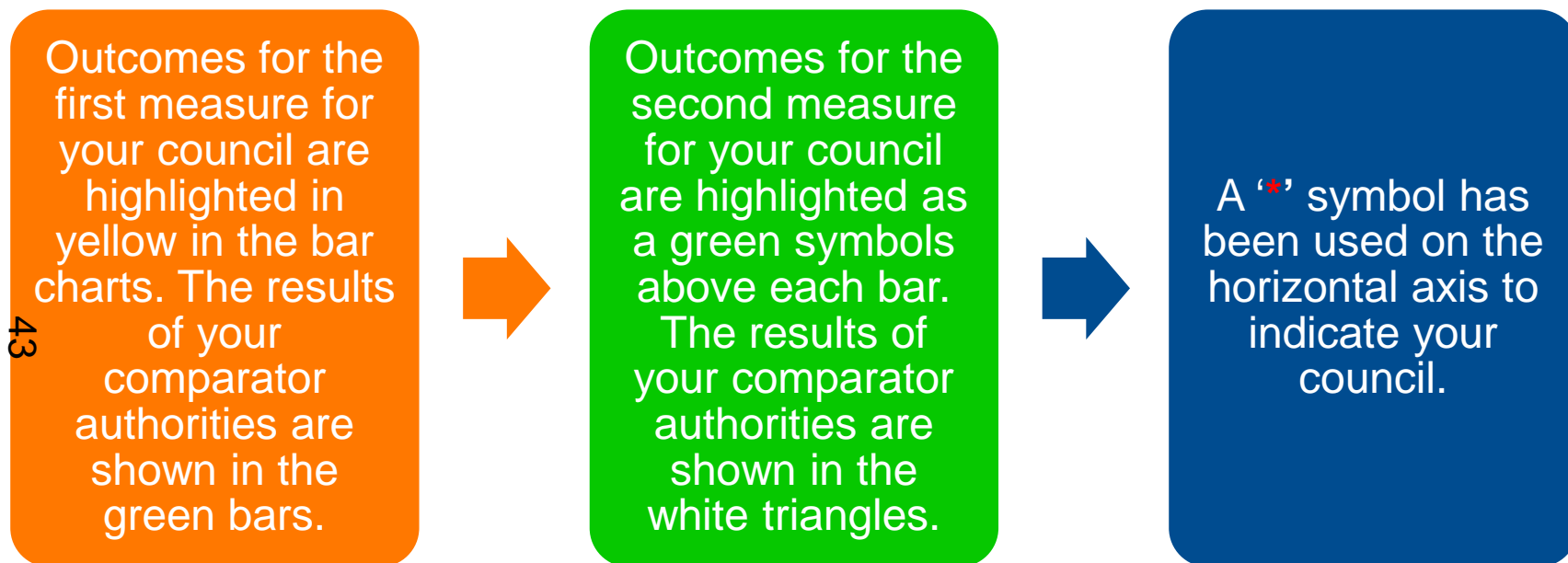


Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed



Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud

Understanding the bar charts



All data are drawn from council submissions on the Audit Commission's annual fraud and corruption survey for the financial year 2013/14.

In some cases, council report they have detected fraud and do not report the number of cases and/or the value. For the purposes of this fraud briefing these 'Not Recorded' records are shown as Nil.

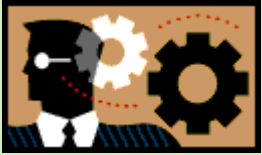
Comparator group

Cambridge
Cheltenham
Cherwell
Colchester
Crawley
Dacorum
Exeter
Guildford
Northampton
Oxford
Preston
Runnymede
Rushmoor
South Oxfordshire
Vale of White Horse
Warwick
Watford
Welwyn Hatfield
West Oxfordshire
Wycombe

Interpreting fraud detection results



Contextual and comparative information needed to interpret results



Detected fraud is indicative, not definitive, of counter fraud performance (*Prevention and deterrence should not be overlooked*)

45



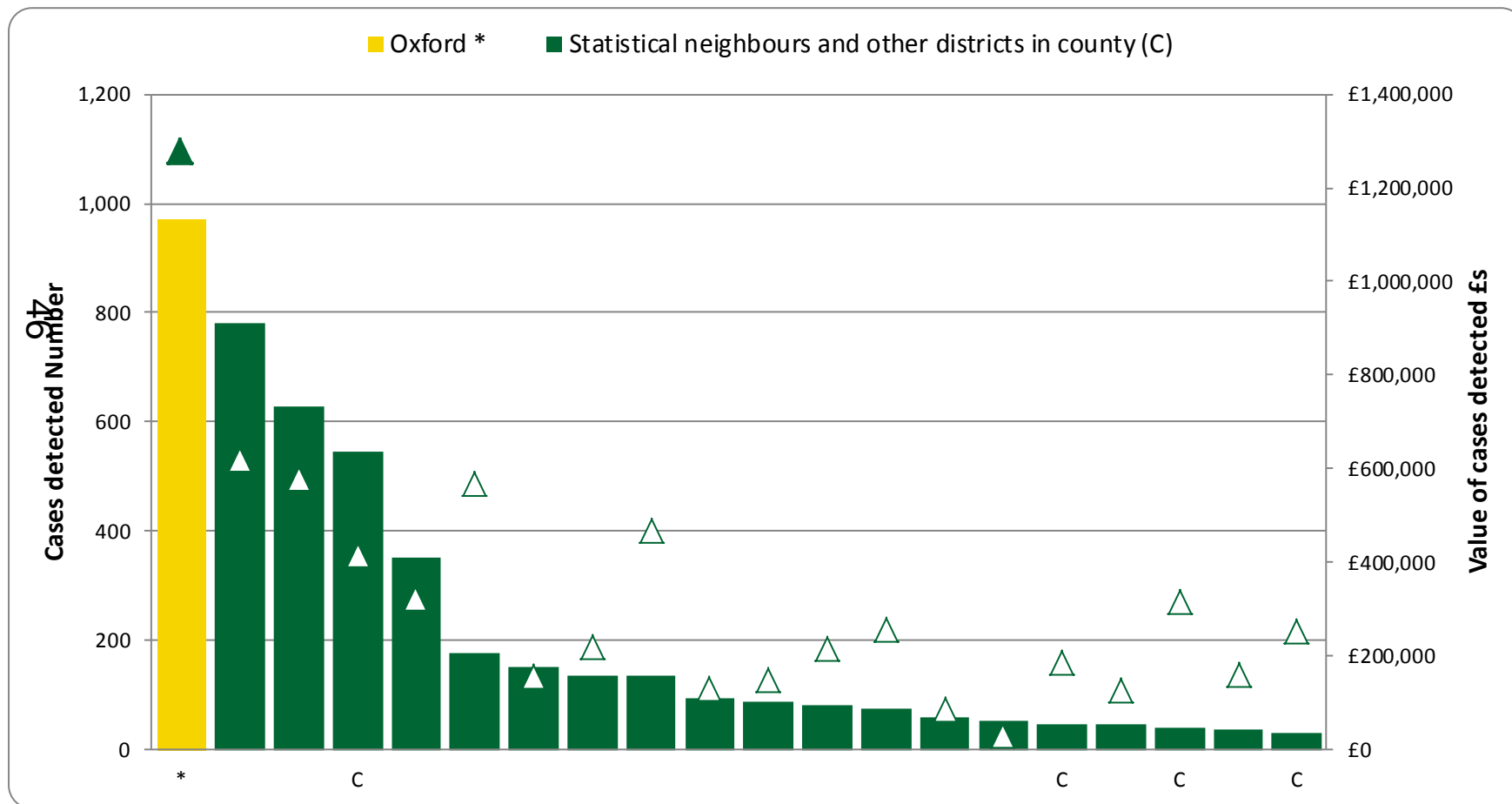
No fraud detected does not mean no fraud committed (*Fraud will always be attempted and even with the best prevention measures some will succeed*)



Councils who look for fraud, and look in the right way, will find fraud (*There is no such thing as a small fraud, just a fraud that has been detected early*)

Total detected cases and value 2013/14 (Excludes Housing tenancy fraud)

Oxford



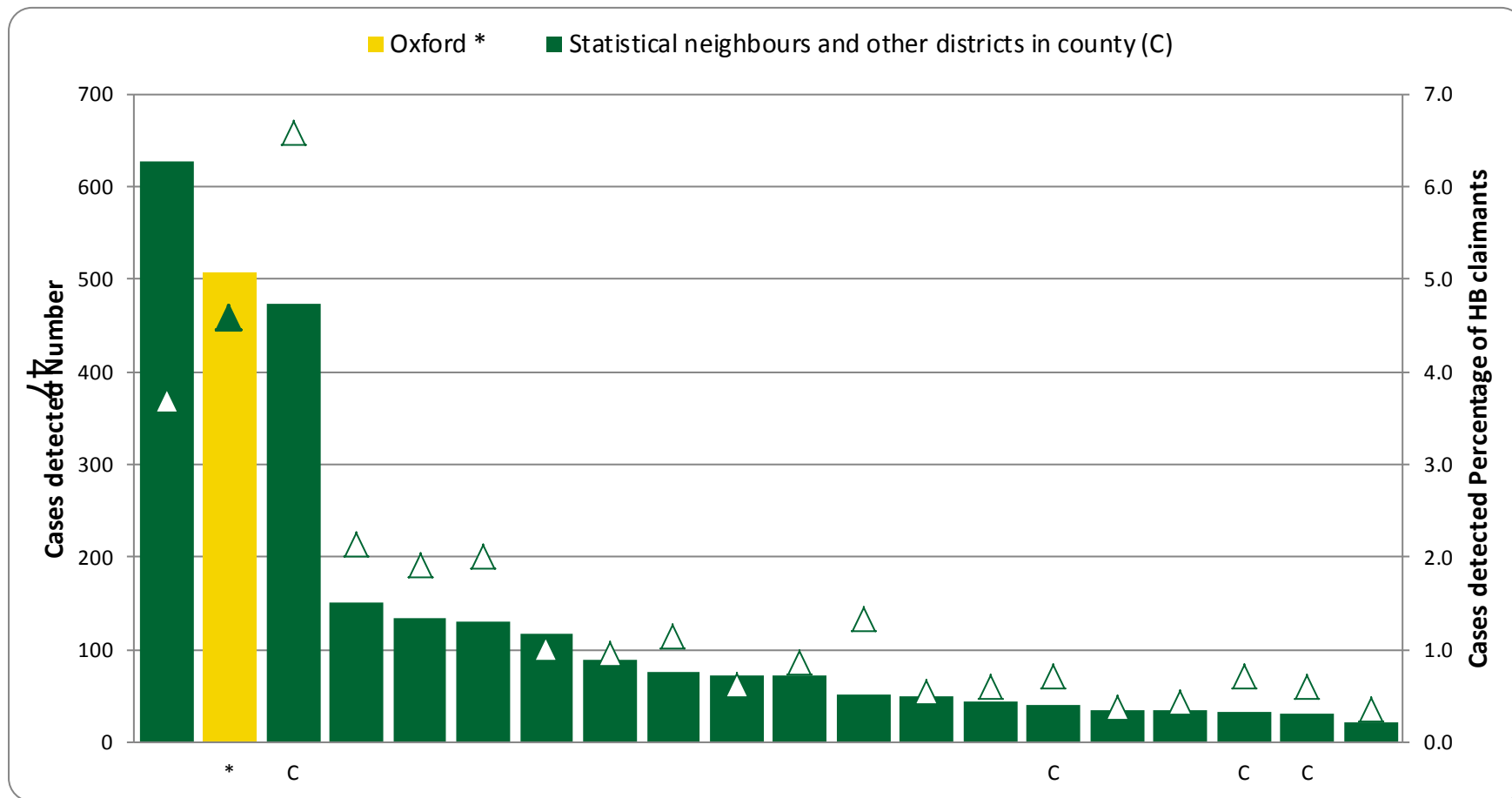
Oxford detected 970 cases of fraud. The value of detected fraud was £1,275,756.

Average for statistical neighbours and county: 187 cases, valued at £276,828

Housing Benefit (HB) and Council Tax Benefit (CTB) 2013/14

Total detected cases, and as a proportion of housing benefit caseload

Oxford



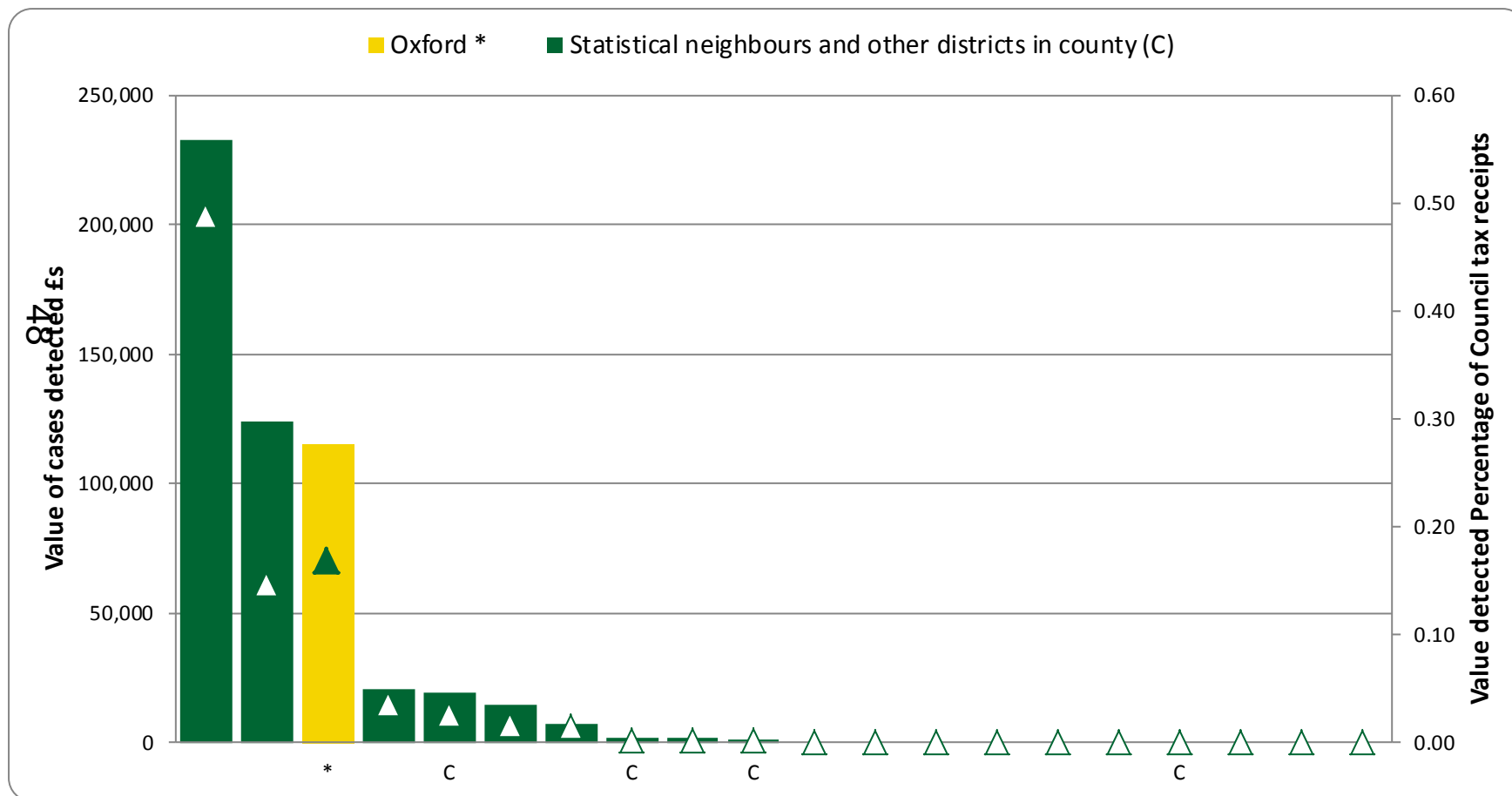
Oxford detected 508 cases of this type of fraud. The value of detected fraud was £619,297.

Average for statistical neighbours and county: 120 cases, valued at £236,385

Council tax discount fraud 2013/14

Total detected cases, and as a proportion of council tax income

Oxford



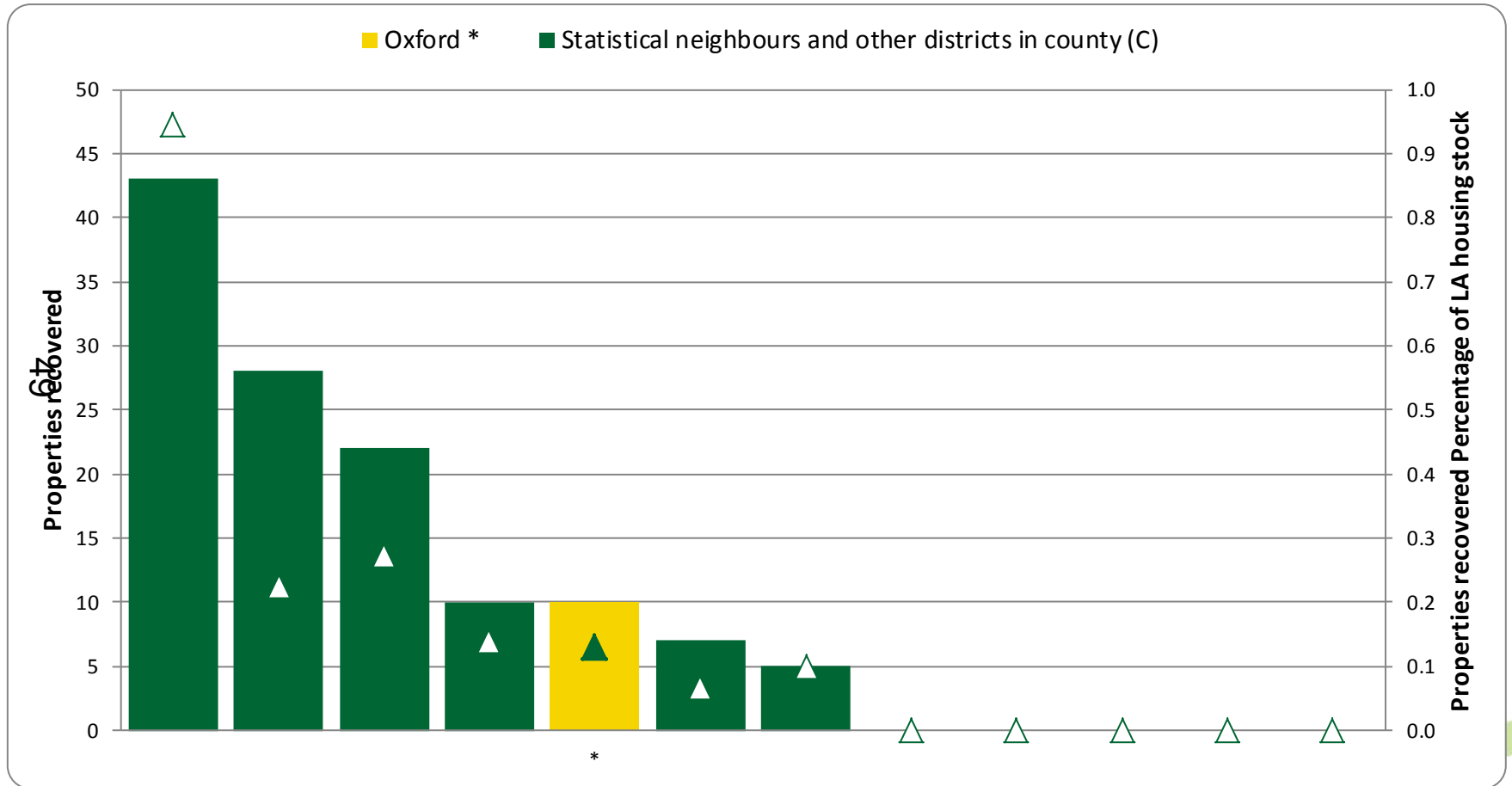
Oxford detected 283 cases of this type of fraud. The value of detected fraud was £115,218.

Average for statistical neighbours and county: 64 cases, valued at £22,250

Social Housing fraud (only councils with housing stock) 2013/14

Total properties recovered, and as a proportion of housing stock

Oxford



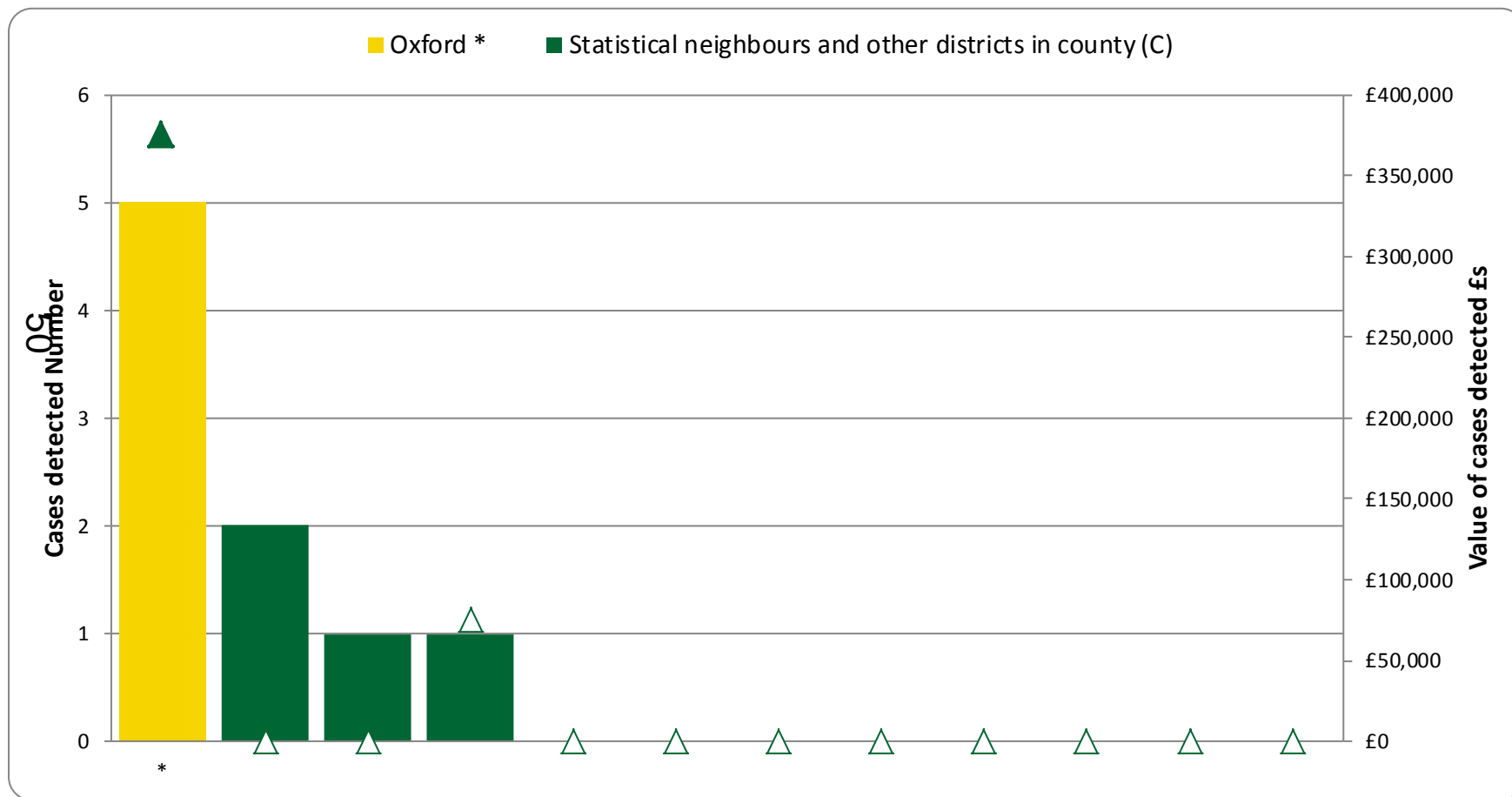
Oxford recovered 10 properties.

Average for statistical neighbours and county with housing stock: 10 cases

Right to buy fraud (only councils with housing stock) 2013/14

Right to buy cases and value

Oxford



Oxford detected 5 cases of this type of fraud. The value of detected fraud was £375,000.

Average for statistical neighbours and county with housing stock: 0.4 cases

Other frauds 2013/14

Oxford

Procurement: Oxford detected 1 case of this type of fraud. The value of detected fraud was £36,000.

Total for statistical neighbours and county: 0 cases

Insurance: Oxford did not detect any cases of this type of fraud.

Total for statistical neighbours and county: 1 case, valued at £0

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Economic and third sector: Oxford did not detect any cases of this type of fraud.

Total for statistical neighbours and county: 5 cases, valued at £80,000

Internal: Oxford detected 3 cases of this type of fraud. The value of detected fraud was £9,050.

Total for statistical neighbours and county: 11 cases, valued at £7,970

Correctly recording fraud levels is a central element in assessing fraud risk.

It is best practice to record the financial value of each detected case

Questions elected members and decision makers may wish to ask

Post SFIS

**Local
priorities**

Partnerships

**Using
information
and data**

Are our remaining counter-fraud resources and skill sets adequate after our benefit fraud investigators have left to join SFIS?

Are local priorities reflected in our approach to countering fraud?

Have we considered counter-fraud partnership working?

Are we satisfied that we will have access to comparative information and data to inform our counter-fraud decision making in the future?

Any questions?



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Oxford City Council

Internal Audit Progress Monitoring Report

February 2015

55
February 2015

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

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 160 days (70%) of the planned audit days and also completed our work on an additional review of the Rose Hill Community Centre capital project, which was covered by the contingency audit days.

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
A1	Financial Systems						
	• Payroll	Low risk	12/2/15	0	0	1	2
	• General Ledger	Low risk	12/2/15	0	0	1	3
	• Fixed Assets	Low risk	12/2/15	0	0	0	3
A4	Housing Benefits	Low risk	4 /2/15	0	0	1	2

We summarise the findings from these reviews below:

Financial Systems

Payroll – Low Risk

We found one medium risk issue relating to an incorrect claim for overtime that was authorised and processed amounting to £3,528 rather than the correct figure of £252. The error was identified by the employee which meant no loss was incurred but it passed through all the Council's controls without being detected.

We also identified two low risk issues relating to:

- Overtime authorisation – the name of the person authorising the claim is not always completed on the claim form.
- Evidencing payroll checks – evidence of review of payroll information is not always documented.

General Ledger – Low risk

We identified one medium risk issue around the lack of review of key General Ledger reconciliations. These are controls which were operating in 2013/14. There have been a number of changes in staff during the year and responsibility for these key tasks needs to be clearly allocated.

We identified three low risk issues relating to:

- Journal processing – the date on which journals are authorised is not always recorded.
- Cash suspense – items over one month old had not been cleared.
- System access - authorising the setup of new users and removal of former employees.

Fixed Assets – Low risk

We found three low risk issues relating to the following:

- Fixed Asset Register (FAR) reconciliations - the reconciliation with Northgate (housing system) was not prepared appropriately in Q1 as it was using the manual FAR rather than the Agresso FAR. The reconciliation with Uniform (corporate assets) was not carried out in a timely manner in Q1; it was performed over 2 months after the end of the quarter being reconciled.
- Depreciation of land – two land assets were incorrectly depreciated following transfer of data to Agresso.
- FAR completeness – there were a small number of missing asset references following the transfer of data to Agresso.

Housing Benefits – Low risk

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We raised a medium risk issue in relation to an increase in the level of overpayments. The Council is forecasting a loss of around £177k due to the high level of LA Error housing benefit overpayment which may not be reclaimed in full following the 2014/15 subsidy audit. This represents less than 0.5% of the total housing benefit payment and does not present a material financial risk.

Two low risk issues were identified:

- Processing time – at the time of our review the time taken to process changes of circumstance was not in line with internal targets and the cumulative annual target of 10 days may not be achieved.
- Quality checking - a record of the action taken following the quality review is not always maintained. This issue was raised in the prior year.

Fieldwork and draft reports

As at the date of preparing this report, draft reports have been issued for the following reviews:

- Housing Rents
- Discretionary Housing Payments
- Sports Pitch and Facility Bookings
- Rose Hill Community Centre

Field work has been completed and reports are being prepared for the following reviews:

- Debtors, Creditors & Cash Collection
- Void Properties
- Streamlining Year End Close Down Processes
- Corporate Property – Health and Safety

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	16			Completed			February 2015
A2	Debtors, Creditors & Cash Collection	16	16	Held	Complete	27 /2/15	13/3/15	20/3/15	March 2015
A3	Collection Fund	12	12			Completed			December 2014
A4	Housing Benefits	10	10			Completed			February 2015
A5	Housing Rents	10	10			Issued 5/2/15	12/2/15	20/2/15	March 2015
A6	Budgetary Control, Risk Management & Performance	13	1	Held	March				April 2015
A6	VAT and Treasury Management	10	-	Held	March				April 2015
B1	Finance – Year End Support	5	-	tbc	April				n/a

<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	March				April 2015
B4	Sports Pitch & Facility Booking	8	8	Held	Completed	Issued 10/2/15	24/2/14	3/3/15	March 2015
VE1	Planning Applications	10	1	Held	w/c 16 Feb				April 2015
VE2	Void Properties (Council Housing)	10	10	Held	Completed	20/2/15	6/3/15	13/3/15	March 2015
VE3	Discretionary Housing Payments and Social Funds	10	10	Held	Completed	Issued 6/2/15	13/2/15	20/2/15	March 2015
VE 4	Post Implementation Review Business Rates and Council Tax Collection	10	1	Held	March				April 2015
VE5	Contract Management with IT Suppliers and Smarter Procedures	12	1	Held – discussions ongoing in relation to support for IT tender	Q4				

Ref	Auditable unit	Indicative number of days*	Actual audit days to date	Scoping meeting date	Proposed fieldwork dates	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
VE 6	Streamlining Year End Close Down Processes	16	15	Held	Completed	27/2/15	13/3/15	20/3/15	March 2015
Deferred from 2013/14									
C1	Environmental Development	10	10			Completed			December 2014
63 C2	Corporate Property – Health and Safety	5	5	Held	Completed	20/2/15	6/3/15	13/3/15	March 2015
	Follow up & audit management	30	26	n/a	n/a	n/a	n/a	n/a	n/a
	Total days (excl contingency)	230	160						
	Contingency - Rose Hill Community Centre	15*	16	Held	Completed	Issued 20/1/15	20/2/15	27/2/15	March 2015
	Total days	245	176						

* 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/

European governments need to regain citizens' trust in public finances - December 2014

Only one in five Europeans have trust in their government's ability to manage public finances, according to a new ICAEW-PwC report. Trust in public finances: A survey of citizens in 10 European countries shows that the majority of those surveyed struggle to assess and understand the state of the public finances, believing their government doesn't provide sufficient information.

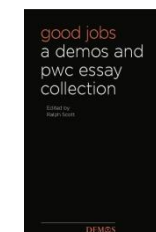
The report, based on a survey of 10,000 citizens in ten EU countries (Belgium, Finland, France, Germany, Italy, Poland, Spain, Sweden, The Netherlands and the UK), reveals that this crisis of confidence is evident among citizens of all ages and across all the countries surveyed, although of deeper concern in some countries than in others.



Good Jobs: A Demos and PwC essay collection- December 2014

This Demos and PwC collection of essays brings together a wide range of contributors to share their views on what might be meant by 'good jobs', productive and rewarding in all senses, and how more of them can be created through changes in the approach to job design, learning and development and reward.

In our essay contribution, PwC's Ian Tomlinson-Roe shares the views of the public from a Citizens' Jury we held at the autumn party conferences. Opportunities for progression, job satisfaction and having a stake in the business are all conditions the public consider important for a good job.



Smart moves: Tapping into growth in public transport - December 2014

There's a growing customer demand for smarter forms of ticketing; passengers are seeing the value of smart over conventional ticketing and more people are ready to adopt new technologies. However, despite technological advances, the public transport sector has yet to fully embrace the potential of these new technologies and there is more that government and transport operators can do to enable smart technology and integrated ticketing.



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To: Audit & Governance Committee

Date: 26th February 2015

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. Those recommendations that will be completed up to one month later than their original expected completion date are also marked as amber.

3. Any recommendations that were noted as 100% complete at the last meeting of the Audit and Governance Committee have been removed from the tracker.

External Audit Recommendations

4. The Audit of the Housing Benefit subsidy claim for the period ending 31st 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 can be found on the Agenda and the recommendations made have been added to the tracker.

Internal Audit recommendations

5. There have been two new Internal Audit reports finalised since the last meeting of the Audit and Governance Committee:
 - a. **Housing Benefit – Low risk rating** – One medium and two low risk recommendations. The medium risk recommendation relates to an increase in the level of overpayments and the potential for loss of housing benefit subsidy due to local authority errors. The low risk recommendations relate to increases in processing times for ‘change of circumstances’ found at the time of the audit and lack of recording the results of quality checks.
 - b. **Financial Systems – Low risk rating**
 - **Payroll** – One medium and two low risk recommendations. The medium risk recommendation relates to incorrect overtime being processed and the low risk recommendations relate to authorising of overtime and evidencing payroll checks.
 - **General Ledger** – One Medium and three low risk recommendations. The medium risk recommendation relates to the lack of review of reconciliations that had been undertaken and the low risk recommendations relate to approval of journals, clearing of cash suspense and approval of system access.
 - **Fixed Assets** – Three Low risk recommendations, relating to timeliness of reconciliations, and some data in the asset register being incorrect.
6. There are four recommendations on the Internal Audit tracker that are not 100% complete the status of these 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 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.
7. There are ten Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
8. 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		10/11	
	No of reports	% of reports	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%	2	15%
Medium	1	25%	0	0%	3	30%	9	60%	8	62%
Low	3	75%	12	92%	6	60%	5	33%	3	23%
	4		13		10		15		13	

9. 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

10. 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 audit have highlighted areas of risk or areas for improvement.

Legal Implications

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

Equalities Impact

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

Climate change/environmental impact

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

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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											
	Annual Certification Report	Feb 2015	Despite sample checks being completed by benefits staff throughout the year errors are still being identified. Stronger analysis needs to be completed between the type and number of errors being found, the reasons identified and how officers and members can take assurance that the situation will be improved in the future. At present there is no clear evidence of the effectiveness of these checks five the high number of errors still being detected	High	A thorough internal assessment will be completed of the effectiveness of the checks being made by the benefits team and the continued prevalence of specific types of errors	Pauline Hull	Pauline Hull	30/4/15		0	A thorough internal assessment will be completed of the effectiveness of the checks being made by the benefits team and the continued prevalence of specific types of errors
	Annual Certification Report	Feb 2015	Year on year the same errors are being identified by EY as part of testing	High	A sample of 40+ testing will be selected early by EY in anticipation of finding errors which have consistently been found in recent years. This will help reduce some of the pressure on council staff towards the end of the audit	Pauline Hull	Pauline Hull	30/4/15		0	A sample of 40+ testing will be selected early by EY in anticipation of finding errors which have consistently been found in recent years. This will help reduce some of the pressure on council staff towards the end of the audit
	Annual Certification Report	Feb 2015	Completion of workbooks by Council staff needs to be improved before being passed to EY for testing	High	Workbooks need to be properly prepared with a clear audit trail supporting the claim value for each case selected. The team will be better resourced to complete the necessary administration on the workbooks	Pauline Hull	Pauline Hull	30/6/15		0	Agreed that there were specific issues around the data entry of cell numbers against the calculation lines and that the team is now better resourced to complete the necessary administration on the workbooks
	Annual Certification Report	Feb 2015	Continue to work on implementation of the 2012-13 recommendations	High	Agree a plan with EY to ensure how outstanding recommendations from 2013-14 can be implemented	Pauline Hull	Pauline Hull	30/4/15		0	Agree a plan with EY to ensure how outstanding recommendations from 2013-14 can be implemented
	Financial Statements Audit	Sept 2014	Service expenditure and income include Direct Services costs and recharges which grosses 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
	Annual Certification Report	Feb 2015	Reconciliation of subsidy to subsidy balancing report needs to be improved. Differences identified in 2013-13 and 2013-14	Medium	Direct payment claims will be balanced earlier to identify potential problems.	Pauline Hull	Pauline Hull	30/6/15		100	Reconciliation have been completed for the 3 months November 2014 to January 2015, and will continue on a monthly basis going forward
	Annual Certification Report	Feb 2015	Guidance requires that the Risk-based Verification (RBV) policy is reviewed annually. This was not done in 2013-14	Medium	The RBV policy will be reviewed in 2014-15	Pauline Hull	Pauline Hull	30/4/15		75	the policy has now been reviewed for 2014-15
Internal Audit											
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.
	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		100	All cases with long periods of inactivity have been identified and procedures for recovery have restarted, and the recovery team will ensure that going forward cases are reviewed regularly to avoid similar issues occurring
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	A division of responsibility between the Council and Community Associations has been established and also attached to the proposed lease. Monthly meetings between CAN and Property have been organised to help monitor projects, performance and outcomes. Dialogue about the transfer of budget to CAN to increase monitoring and control is on-going
IA605	Fraud Risk Assessment	1-Jun-2014	Internal fraud cases are not currently recorded on a system unless they relate to housing benefits or council tax. The investigations team are deemed to have sufficient knowledge to perform risk assessments to enable cases to be prioritised. The detail of the cases is maintained locally by the team.	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	31-08-2015	70	The proposed new system is incorporated in the Council's ICT work plan. DCLG bid funding announcement recently received, adjustment to system specification required prior to contract tendering process.
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	The increase in cash intake during the year to date is not in line with the Council's objective of reducing cash payments; failure to monitor and identify the reasons for increases could result in the Council not being able to put in place appropriate actions to reduce cash payments.	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
	Financial Systems Payroll	Feb 2015	An employee was eligible for a payment of £252 for overtime, but this was mistakenly reflected on the form as 252 hours' overtime, which amounted to a payment of £3,528. The claim was authorised within the department and subsequently approved by the payroll team. The claim was submitted for payment but was recalled following a prompt from the employee. Had the employee not flagged this it is unlikely that the error would have been picked up as it had already gone through the Council's checking process.	Medium	The error should have been identified initially by the claims authoriser (Manager / Head of Service) and secondly by the payroll team. Given this was the largest overtime claim in the period it should have been queried and investigated at the time. The case was also highlighted on the overtime exception reports produced as part of the month end checking but was not investigated at the time.	Paul Collins	Paul Collins	28/2/15		100	All authorising managers and payroll staff have been reminded of the need to appropriately check claims in detail before approving. Payroll staff will provide a greater challenge to larger/unusual claims

	Financial Systems Payroll	Feb 2015	Overtime claims can be submitted through either the electronic self-service system or manually through the completion of a form. We tested a sample of 25 claims and found that the authoriser's name was not entered on the overtime form in 5 cases. The cases had clearly been authorised through an email with the attached form, however these were sent through by the PA to the Head of Service	Low	Ensure overtime claims are authorised correctly	Paul Collins	Paul Collins	28/2/15		100	Authorisers have been reminded of the need to complete overtime forms completely and any incomplete forms will be returned.
	Financial Systems Payroll	Feb 2015	We found a number of cases where evidence of the payroll checks carried out was not clearly documented	Low	Ensure all payroll checks carried out are evidence appropriately	Paul Collins	Paul Collins	28/2/15		100	Staff have been reminded to ensure any checks carried out are appropriately evidenced
	Financial Systems - General Ledger	Feb 2015	A number of key reconciliations are performed regularly between the General Ledger and feeder systems/control accounts. We found that the daily cash reconciliations were not reviewed by a senior member of staff and that AR and AP monthly recs had no evidence of review.	Medium	Ensure all reconciliations are reviewed and the review is evidenced	Anna Winship	Anna Winship	28/2/15		100	Responsibility for the review of the reconciliations has been clearly allocated to staff and procedures have been established to ensure the review of the reconciliation is clearly evidenced
	Financial Systems - General Ledger	Feb 2015	Manual journals require a journal template to be completed which must be authorised before input. We tested a sample of 25 journals and for 4 of these the date on which the journal was authorised was not entered onto the journal request, therefore we were unable to determine whether the journal was authorised before it was input.	Low	Ensure all journal templates are completed fully	Anna Winship	Anna Winship	28/2/15		100	Journal forms will be fully completed going forward with details of authorisation clearly documented.
	Financial Systems - General Ledger	Feb 2015	The cash suspense account is reviewed on daily basis(or every few days) and items are cleared. We obtained a snap shot of the cash suspense account as at the time of the audit. There were 230 items in the suspense account with a total value of £181k, of these a total of £78k were older than 1 month.	Low	Ensure cash suspense is reviewed on a regular basis and nothing older than 6 months remains in the account	Wendy Edwards	Wendy Edwards	28/2/15		100	The cash suspense account is now reviewed on a daily basis and the aged items will be investigated and allocated as required. Each month the age of all items in the suspense account will be reviewed to ensure a build up of aged items is avoided
	Financial Systems - General Ledger	Feb 2015	Before a new user is given access to Agresso appropriate authorisation must be obtained. We tested a sample of 6 new users and found that in one case there was no evidence of authorisation.	Low	ensure all users that are set up are done so with the appropriate access	Anna Winship	Anna Winship	28/2/15		100	Clear procedures have been established and communicated to the IT team with details of who can authorise access
	Financial Systems - Fixed Assets	Feb 2015	A quarterly reconciliation is carried out between the Fixed Asset Register (FAR) and a number of other systems which hold asset data. Our findings showed that there had been a delay in the reconciliations in Q1, due to the year end activities taking place at this time. Also that the Northgate housing Q1 rec had been done against the manual FAR rather than Agresso FAR.	Low	Ensure reconciliations are carried out with correct systems and in a timely manner	Andrew Friar	Anna Winship	30/10/15		50	Going forward all reconciliations will be against the Agresso FAR. All reconciliations will be carried out within a month of the quarter being reconciled except for Q1 reconciliations which will not be carried out, and Q2 will be a cumulative reconciliation
	Financial Systems - Fixed Assets	Feb 2015	We reviewed the FAR and found that there were two land assets (asset reference: 11100013 and 11100381) which were being depreciated. These were due to errors which occurred during the Agresso data upload. One of the assets generated no depreciation as it is held at nil value. the second generated an insignificant level of depreciation in 2013/14. therefore the financial impact of these two cases was minimal	Low	Ensure all new assets are loaded into the system with the correct depreciation method	Andrew Friar	Anna Winship	31/3/15		100	The depreciation settings in the FAR has been corrected to 'non-depreciable' for the two land assets. The depreciation settings will be accurately updated when adding assets to the FAR in future
	Financial Systems - Fixed Assets	Feb 2015	We performed a check using data analytics to identify any missing asset references; this identified 16 missing references. These all relate to assets that were uploaded to the Agresso FAR with a nil nominal value which removed them from the main FAR list, while maintaining the individual asset record in the FAR database. Assets must have a nominal value of £1 to appear in the main FAR listing	Low	update all assets held at zero to show as £1	Andrew Friar	Anna Winship	31/3/15		50	The missing asset reference numbers have been provided to the Council. These will be loaded on the system at £1. this will also be considered when uploading other assets in the future
	Housing Benefits	Feb 2015	There has been an increase in the level of Housing Benefit overpayments. The Council's total housing benefit overpayment as at September 2014 was £2.1m, 33% higher than the total at the same time last year. There has been an increase in overpayments due to local authority error, a 60% increase compared to the same time last year. Where overpayments relating to LA error are in excess of specified thresholds no subsidy is payable. The forecast subsidy loss at October 2014 is around £177k	Medium	That the processing of housing benefit claims is continually reviewed and mitigating action put in place to reduce the overall level of overpayments specifically with regard to overpayments arising from local authority error on which housing benefit subsidy may be lost	Anne Harvey-Lynch and Pauline Hull	Anne Harvey-Lynch and Pauline Hull	31/3/15		50	Claimant error- We have increased our resourcing in this area to complete outstanding write-offs. We are working with a company called Akinika to help us target the most collectable debts. This in turn will help us to identify uncollectable debts for write-off and allow us to focus on those where there is some likelihood of recovery. LA error - this is reported on weekly basis and checks take place to ensure correct classification of overpayments is taking place. Trend data is analysed however to date there has been no specific area of work identified that has led to LA error. We will continue to monitor this weekly to ensure we at least meet the 40% subsidy level but will also endeavour to ensure we fall below the lower threshold
	Housing Benefits	Feb 2015	The Council has housing benefit processing targets of an average of 14 days for new claims and 10 days for changes in circumstances. Targets are no longer set by the Department of Work and Pensions (DWP) however statistics on Local Authority benefit processing times are published on a quarterly basis. The time taken to process housing benefit changes of circumstances has increased compared to prior year, however new claims are being processed more quickly	Low	If change of circumstances are not processed in a timely manner there will be delays in adjusting benefits and increased risk of overpayment. Benefits may not be paid to those who have become entitled	Deborah White	Deborah White	31/3/15		0	We have constantly met our targets in recent months and have put measures into place to recognise a potential overpayment, this work is being carried out by our Pre-assessment team. In addition to this, the workload is monitored more closely and resilience requested as soon as it is needed. Weekly management meetings are taking place so trends can be identified at an early stage and actions taken to improve performance. Current performance processing for new claims and changes of circumstance at 31st December shows we are within target for December, and year to date we are within target for new claims
	Housing Benefits	Feb 2015	We selected a sample of 30 quality checks performed on new claims and changes of circumstance to ensure that quality checking procedures had been performed and amendments accurately processed. For 2/30 quality checks selected we found that the reviewer had identified an amendment and the appropriate updates were made, however the checking spread sheet had not been updated with a record of the action taken.	Low	Ensure the checking spread sheet is updated with all action taken	Pauline Hull	Pauline Hull	31/12/14		100	Staff have been reminded of the need to action and document any amendments which have been recommended and a clearer process for identifying where this has not happened has been established. A change has been made to the monthly task sheet to remind staff to update the quality checking spread sheet

DRAFT

To: Audit & Governance Committee

Date: 26th February 2015

Report of: Head of Finance

Title of Report: Risk Management Quarterly Reporting: Quarter 3 2014/2015

Summary and Recommendations

Purpose of report: To update the Committee on both corporate and service risks as at the end of Quarter 3, 31st December 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

Business Continuity Planning (BCP)

- 1) Following recent events in Paris, associated threats to a business in Broad Street and the recent fire at the offices of South Oxfordshire District Council, a high level review of emergency and business Continuity Plans has taken place. The Risk Group has been commissioned to review the Business Impact Assessments (BIA) of Service's Business Continuity Plans.
- 2) Business Impact Assessments identify and document the key functions of a service area; the critical activities required to deliver them; the impact that a disruption of the activities would have on the

Council; and the resources required to resume the activities. Reviews will inform any changes required to Service's Business Continuity Plans.

- 3) Table top test scenario's will also take place, to capture all service areas by the end of April 2015.
- 4) Whilst the Risk Group does not have any concerns over the current plans that are in place, it is considered a timely reminder to ensure that they up to date and fit for purpose.

On-line Training module

- 5) A new on-line training module will be released to staff and members by the end of March 2015. The module covers the basic principles of Risk Management and seeks to raise the profile of the subject within the Council.

Risk Scoring Matrix

- 6) The Council's methodology for scoring risks is set out below along with a copy of the scoring matrix.
- 7) 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

Almost Certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5
		1	2	3	4	5

Impact

Negligible Low Medium High Very High

Key:

Green	Amber	Red

Risk Identification

- 8) **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.
- 9) **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.
- 10) **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.

Quarter 3 Corporate Risk Register

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

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

Corporate Risk Summary

- 12) The table below shows the how the corporate risks have been scored in accordance to the risk matrix.

Current Probability	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Current Impact					
Insignificant (1)					
Minor (2)		1	2		
Moderate (3)		2	5	1	
Major (4)					
Catastrophic (5)					

Quarter 3 Service Risk Register

13)The table below shows the number of current risks for Q3 2014/15 compared with the last 15 months. Four risks have been closed since the last quarter.

Current Risk	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15
Red	2	0	3	0	0
Amber	48	38	36	41	38
Green	36	46	42	36	39
Total risks	86	84	81	81	77
New risks in quarter	0	0	0	3	0
Closed	3	2	3	3	4

Service Area Risk Summary

14)The table below shows the how the service area risks have been scored in accordance to the risk matrix.

Current Probability	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Current Impact					
Insignificant (1)	1	1			
Minor (2)	3	14	9	4	
Moderate (3)	1	8	26	4	
Major (4)	1	4			
Catastrophic (5)		1			

All risks continued to be mitigated and the number of red risks remains consistent with Q2. The risks will however be reviewed as part of service planning and will take in to account their BIA's.

Legal Issues

15)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.

Financial Issues

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

Environmental Impact

17) This report contains no environmental impact.

Level of Risk:

18) See appendix A

Equalities:

19) This report does not contain any potential equalities impact issues.

Name and contact details of author:-

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Formal Risk Summary

(Oxford)

As at: Dec-2014

Ref	Title	Risk description	Risk		Cause	Consequence	Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat						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.	31-Mar-2015	In Progress	95%	Nigel Kennedy	
CRR-025	Health & Safety of People	Health & Safety of People	T	Not maintaing a robust Health & Safety policy, and ensuring it is implemented across all service areas.	Increase cost; potential financial penalties; potential insurance claims	1-Apr-2013	Jacqui Yates	4	3	3	3	3	2		Ensure bi-annual workplace assessments are up to date	31-Mar-2015	In Progress	50%	Simon Howick	
															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-027	Fraud	Risk of fraud against the council	T	Internal fraud by staff, cyber attacks on Councils ICT	Reputation; Cost	1-Apr-2013	Jacqui Yates	4	4	3	4	3	4		Annual review of procedures for combating fraud by internal audit	31-Mar-2014	Completed	100%	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: Dec-2014

Ref	Title	Risk description	Risk		Consequence	Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat	Cause				I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
				systems, fraudulent claims for council tax and housing benefits and council tax discounts, fraudulent claims for payment											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
															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
															Review SOP's for compliance with data protection	31-Mar-2015	Not Started		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	3		Agreement with DP to be agreed	31-Mar-2015	In Progress		Helen Bishop
															Commission review of welfare reforms on Oxford residents	30-Nov-2014	In Progress	95%	Helen Bishop
															Communications plan written and implemented for Universal Credit roll out	31-Mar-2015	In Progress		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

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Formal Risk Summary

(Oxford)

As at: Dec-2014

Ref	Title	Risk description	Risk		Cause	Consequence	Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/threat						I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
																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/compatability	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-026	Health & Safety of Property	Health & Safety of Property	T	Not maintaing 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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AUDIT AND GOVERNANCE COMMITTEE

Thursday 18 December 2014

COUNCILLORS PRESENT: Councillors Coulter, Darke, Munkonge, Rowley, Seamons, Thomas and Wade.

OFFICERS PRESENT: Christopher Dickens (Pricewaterhousecoopers (PWC)), Jennifer Thompson (Law and Governance), Nigel Kennedy (Head of Finance) and Jeremy Thomas (Head of Law and Governance)

27. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fooks (Councillor Wade substituted), and from Councillor Fry (Councillor Munkonge substituted).

In the absence of the Chair and Vice-Chair, the Committee appointed Councillor Darke to chair the meeting.

28. DECLARATIONS OF INTERESTS

There were no declarations of interest.

29. SETTING OF THE COUNCIL TAX BASE 2015-16

The Committee considered the report of the Head of Finance setting out the information and calculations required 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.

Nigel Kennedy, Head of Finance, introduced the report and answered questions. He explained that the tax base is the calculation of the number of properties that are liable for a council tax charge expressed in terms of a Band D equivalent for the parishes and the unparished area of the City. The figure is adjusted to take account of reductions for discounts and reductions such as council tax support, single person discounts and empty property discount and is subsequently used to calculate total collectable council tax income for the year. The major preceptors, the County Council and Thames Valley Police are paid their precepts out of these monies and any adjustment for variations in the actual council tax income is made at year end, with amounts being paid or reclaimed from the preceptors in proportion to their precepts.

The Committee resolved:

1. 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)
2. that the projected level of collection is set at 97.5%

3. 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

City Council Total 42,658.7

30. EXTERNAL AUDIT PROGRESS REPORT 2013/14 NOVEMBER UPDATE - ERNST AND YOUNG

The Committee considered the report of the Council's external auditor setting out an overview of the stage reached in the 2013/14 audit to ensure the audit is aligned with the committee's expectations.

Alan Witty said that he would bring a report to the next meeting setting out the grant claim for 2013/14 and the plan for the 2014/15 audit; and would introduce new members of his team.

The Committee noted the report.

31. ANNUAL AUDIT LETTER TO YEAR END 31 MARCH 2014

The Committee considered the annual audit letter from the Council's external auditors. Alan Witty said that further information on the audit of the housing and council tax benefit subsidy claim would be supplied at the next meeting.

The Committee congratulated the finance team for achieving an unqualified audit.

The Committee noted the report, and asked that appropriate revenues and benefits staff attend the next meeting to discuss the audit findings.

32. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Committee considered the briefing paper supplied by the Council's external auditor

The Committee noted the points set out in the paper.

33. INTERNAL AUDIT PROGRESS QUARTER 2 2014/15 - PRICEWATERHOUSECOOPERS

The Committee considered the report of the Head of Finance on behalf of the Council's internal auditors, Pricewaterhousecoopers setting out progress made in delivering the 2014/15 internal audit plan.

Christopher Dickens introduced the report and answered questions.

He said

- Senior management had added a new audit of the project management and costings of the Rosehill Community Centre to see what lessons could be learned.
- The issues highlighted in car parks had been resolved and income forecasts were justifiable.
- The largest single risk to the Council's medium term financial strategy came from the loss of business rates for the three years of the Westgate redevelopment.
- Several interim reports may be issued in advance of the next meeting.

The Committee noted the report and asked to consider the audit report on the procurement of Rosehill Community Centre.

34. INTERNAL AUDIT REPORT - COLLECTION FUND

The Committee considered the report of the Head of Finance on behalf of the Council's Internal Auditors, Pricewaterhousecoopers, detailing the audit of the collection fund (controls and processes over council tax and business rates).

Christopher Dickens introduced the report and outlined the recommendations and actions taken.

The Committee noted the report

35. PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Committee considered the report of the Head of Finance setting out the progress made on the implementation of internal and external audit recommendations.

The Committee noted the report and the changes to the tracker.

36. RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 2 2014/2015

The Committee considered the report of the Head of Finance updating the committee on both corporate and service risks as at the end of Quarter 2, 30 September 2014.

The Committee noted the report and the changes to the risk register.

37. UPDATE ON FRAUD INVESTIGATION 1 APRIL TO 30 NOVEMBER 2014

The Committee considered the report of the Head of Finance setting out the Investigation Team's activity and performance from 1 April 2014 to 30 November 2014 and giving an 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.

Scott Warner introduced the report and answered questions. He said:

- The tenancy amnesty had successfully publicised the council's stance on tenancy fraud with 1 property returned and multiple referrals received, 11 of

which are deemed likely to result in social housing properties being brought back into use. The amnesty would probably not be repeated and stronger action would be taken against anyone found to be sub-letting in the future.

- Working with South Oxfordshire and Vale of White Horse District Councils had proved successful for all parties with significant results achieved.
- Consultation was on-going on the forthcoming transfer of housing benefit fraud work to the DWP. The team will be restructured to provide an effective fraud investigation service for council tax discounts, business rates, housing and other service areas across the authority. This included developing an Oxford Fraud Hub and a new data warehousing system which will allow cross-matching of data with other local authorities' and records from Registered Providers of Social Housing. The DCLG funding would be used for this.

The Committee congratulated the team on their successful bid for DCLG funding to establish a county wide fraud intelligence and investigation hub

The Committee noted the report.

38. MINUTES OF THE PREVIOUS MEETING

The Committee agreed to approve the minutes of the meeting held on 22 September 2014 as a true and accurate record.

39. 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 7.05 pm