Agenda

OXFORD CITY COUNCIL

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Audit and Governance Committee

Date:	**Wednesday 1 March 2017**
Time:	**6.00 pm**
Place:	**St Aldate's Room, Town Hall**

For any further information please contact:

Catherine Phythian, Committee and Members Services Officer

Telephone: 01865 252402

Email: democraticservices@oxford.gov.uk

As a matter of courtesy, if you intend to record the meeting please let the Contact Officer know how you wish to do this before the start of the meeting.

Audit and Governance Committee

Membership

Chair   Councillor James Fry

Vice-Chair   Councillor Chewe Munkonge

                 Councillor Van Coulter
                 Councillor Jean Fooks
                 Councillor Michele Paule
                 Councillor David Thomas
                 Councillor Marie Tidball

The quorum for this meeting is three members. Substitutes are permitted

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AGENDA

Report of: the internal auditor: BDO

Purpose: to inform the Committee of progress made against the 2016/17 internal audit plan.

Recommendation: That the Audit & Governance Committee considers and notes the report.

Report of: the internal auditor: BDO

Purpose: to inform the Committee of progress on those recommendations raised by Internal Audit which are due for implementation.

Recommendation: That the Audit & Governance Committee considers and notes the report.

Report of: the internal auditor: BDO

Purpose: to inform the Committee of the reports and recommendations from audits identifying medium-level risks.

Recommendation: That the Audit & Governance Committee considers and notes the report: Business Continuity and Disaster Recovery.

Report of: the internal auditor: BDO

Purpose: to inform the Committee of the internal audit plan for 2017-18.

Recommendation: That the Audit & Governance Committee

considers and notes the report.

7   OXFORD CITY COUNCIL ANNUAL CERTIFICATION REPORT

Report of: the external auditor: Ernst & Young (to follow)

Purpose: to inform the Committee of the certification work on its claims and returns.

Recommendation: That the Audit & Governance Committee considers and notes the report.

8   OXFORD CITY COUNCIL AUDIT PLANNING

Report of: the external auditor: Ernst & Young (to follow)

Purpose: to inform the Committee of the Audit Plan 2017-18.

Recommendation: That the Audit & Governance Committee considers and notes the report.

9   RISK MANAGEMENT REPORT: QUARTER 3 2016/17   75 - 88

Report of: Head of Financial Services

Purpose of report: To update the Committee on both corporate and service risks as at the end of Quarter 3, 31 December 2016.

Recommendation: That the Audit & Governance Committee considers and notes the report.

10   MINUTES OF THE PREVIOUS MEETING   89 - 96

To agree the minutes of the meeting held on 14 December 2016.

11   DATES AND TIMES OF MEETINGS

The Committee is scheduled to meet at 6.00pm in the Town Hall on the following dates:

28 June 2017
18 October 2017 – proposed change of date to 26 September 2017
11 January 2018
12 March 2018
18 June 2018 – proposed change of date to 25 July 2018
17 October 2018
10 January 2019
11 March 2019

Due to a scheduling error it is necessary to change the dates of the meetings in October 2017 and June 2018 to accommodate the regulatory accounting timetable.

The Committee is asked to agree to the proposed changes to the meeting schedule.

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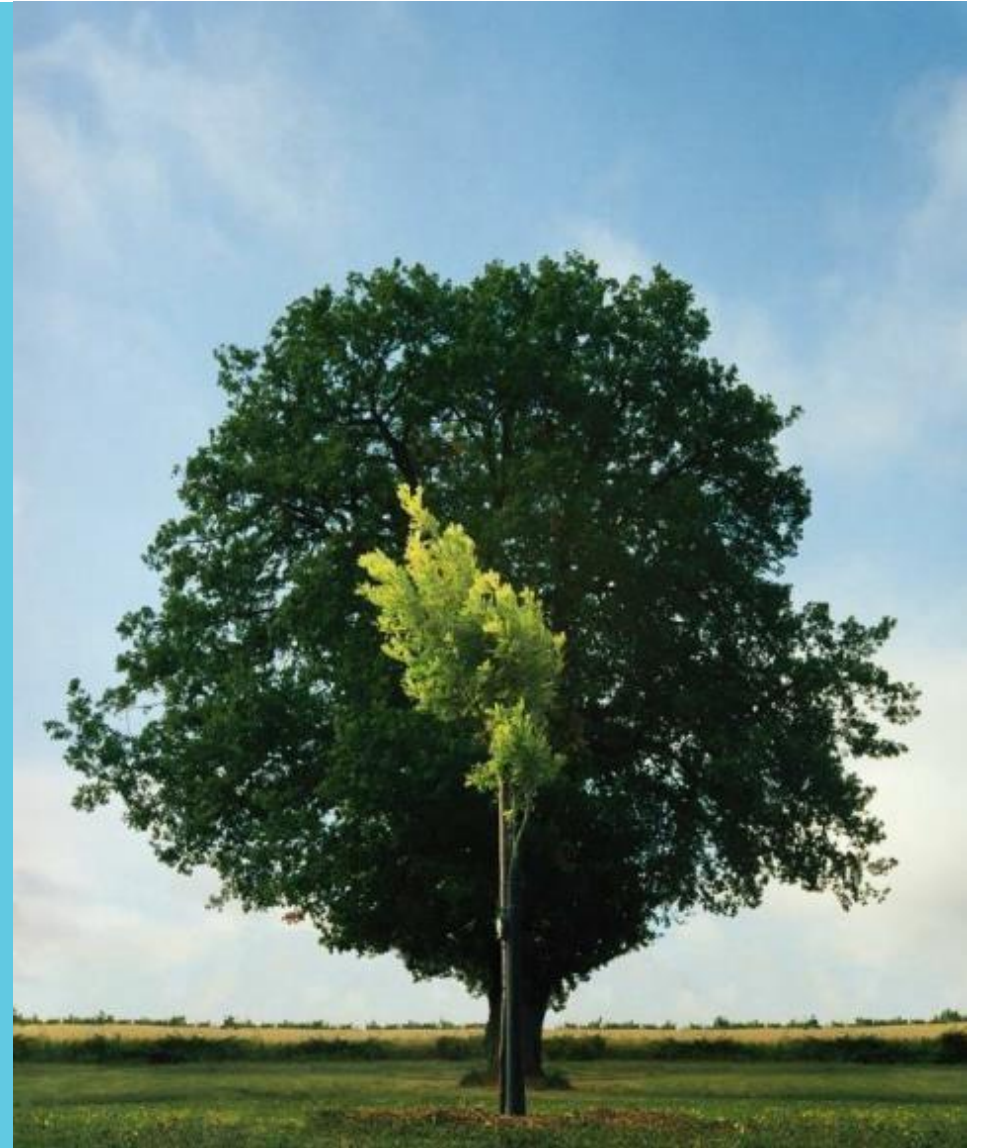
*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

    a)

    b)

Oxford City Council

INTERNAL AUDIT PROGRESS REPORT

March 2017

BDO

CONTENTS PAGE

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PROGRESS AGAINST 2015/16 AND 2016/17 INTERNAL AUDIT PLAN

Internal Audit

This report is intended to inform the Audit and Governance Committee of progress made against the 2015/16 and 2016/17 internal audit plans which were approved by the Audit and Governance Committee. A summary of progress made against the 2015/16 and 2016/17 internal audit plans, the work we have done, together with our assessment of the systems reviewed can be seen overleaf.

Please note that our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the Audit Sponsor, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in appendix II of this report, and are based on us giving either "substantial", "moderate", "limited" or "no" assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Changes to the Audit Plan

We bring to Committees attention the changes to the Plan.

Audit 14. Trading Services End to End Review – removed. Internal considerations are pending and elements of this will be covered in 2017-18.

Audit 15. Trading Board Effectiveness – removed. The Board has undergone substantial change and therefore the work is no longer appropriate. Available days have been added to the Culture Review. It was agreed this review required additional days to deliver the expected value.

Overview of 2016/17 work to date

We have completed and finalised the reports for:

- Audit 6. Business Continuity and Disaster Recovery
- Audit 18. Treasury Management.

For those reports issued with Moderate opinions and above, the Executive Summary is enclosed in this report. For those reports issued with Limited opinions and below, the full reports have been issued separately.

There are two reviews remaining in the plan which will be reported to the next Audit and Governance Committee along with the Head of Internal Audit Opinion.

Follow-Up of Recommendations

We have issued a separate report for the quarterly follow-up of recommendations.

2017-18 Audit Plan

We have issued a separate report for the 2017-18 Operational Audit Plan and 2016-19 Strategic Audit Plan for Committee discussion and approval.

PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 April 2016 to 31 March 2017 were agreed at the March 2016 Audit Committee.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
EFFICIENT, EFFECTIVE COUNCIL								
Audit 3. Application Specification Review	Helen Bishop	10	✔	✔	N/A	March 2016	N/A	N/A
Audit 4. ICT Service Desk	Helen Bishop	13	✔	✔	✔	September 2016	N/A	N/A
Audit 6. Business Continuity and Disaster Recovery	Nigel Kennedy / Helen Bishop	12	✔	✔	✔	December 2016	Limited	Limited
Audit 7. Project Management	Helen Bishop	12	✔	✔	✔	December 2016	Moderate	Moderate
Audit 8. Benefits Administration	Nigel Kennedy	12	✔	✔	✔	September 2016	N/A	N/A
Audit 9. Procurement	Nigel Kennedy	13	✔	✔				
Audit 10. Accounts Receivable	Nigel Kennedy	10	✔	✔	✔	December 2016	Limited	Limited
Audit 11. Payroll and Overtime	Nigel Kennedy	20	✔	✔	✔	December 2016	Moderate	Limited
Audit 12. General Ledger	Nigel Kennedy	10	✔	✔	✔	December 2016	Moderate	Moderate
Audit 13. Building Control	Patsy Dell	12	✔	✔	✔	December 2016	Moderate	Moderate
Audit 14. End to End Services	Nigel Kennedy	12	Review removed from the Audit Plan.					
Audit 15. Trading Board Effectiveness	Graham Bourton	12	Review removed from the Audit Plan.					

PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 April 2016 to 31 March 2017 were agreed at the March 2016 Audit Committee.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
EFFICIENT, EFFECTIVE COUNCIL								
Audit 16. Channel Shift	Helen Bishop	15	✔	✔	✔			
Audit 17. Culture Review	Simon Howick	20	✔	✔				
Audit 18. Treasury Management	Nigel Kennedy	10	✔	✔	✔	March 2017	Substantial	Substantial
CLEANER, GREENER OXFORD								
Audit 1. Energy Purchasing	Graham Bourton	12	Review removed from the Audit Plan.					
STRONG, ACTIVE COMMUNITIES								
Audit 5. Museum Project	Ian Brooke	12	Review removed from the Audit Plan.					
MEETING HOUSING NEEDS								
Audit 2. Empty and Void Property Management	Stephen Clarke	12	✔	✔	✔	June 2016	Moderate	Limited

PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 April 2016 to 31 March 2017 were agreed at the March 2016 Audit Committee.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
ADDITIONAL REVIEWS TO THE AUDIT PLAN								
Audit 20. Business Plan Review	David Edwards	15	✔	✔	✔	June 2016 – Scrutiny Committee	N/A	N/A
Audit 21. Commercial Property Portfolio	Nigel Kennedy	4	✔	✔	✔	N/A – this review did not result in a report	N/A	N/A
Audit 22. Grant Claim [CFB06]	Nigel Kennedy	8	✔	✔	✔	September 2016	N/A	N/A
Audit 23. Grant Claim [HCA Compliance]	Nigel Kennedy	7	✔	✔	✔	December 2016	N/A	N/A

12

GOOD PRACTICE - TREASURY MANAGEMENT

We have identified numerous good practices which support the opinion we have given. These cover the Key Risks from the agreed scope - *Appendix III*

Risk 2: Effective treasury risk management arrangements are in place, are compatible with the treasury management strategy and have been approved by members

- A three stage authorisation process by Finance Team staff is followed for loan transactions (other than for loans rolled over or trade directly with Barclays -(the Council's Bank) for which a two stage approval process is applied. Checklists guide authorisers through the stage one & two authorisation processes
- Within our sample of 15 investments, all had been placed in accordance with the Council's Strategy, using CAPITA approved counterparties with an appropriate rating, value limit and maturity period, and were confirmed and accounted for by authorised personnel with adequate segregation of duties
- A deal ticket was generated for each investment trade. Deals are uniquely identified through automated and sequential numbering, and counterparty confirmation was retained. Loan tickets were sequentially referenced and both hard copies and electronic copies were retained.
- A Monthly reconciliation of the Loans List and Agresso (the Council's General Ledger) was completed by the TM accountant, no differences were identified in the 2016/17 reconciliations to December 2016.

Risk 4: The Council maintains a list of approved counter parties and does not enter into transactions with unapproved counter parties

- The stage one dealer reviews the counterparties list on CAPITA before placing a deal, to select the counterparty with the highest rate available on the day of the investment, in accordance with ratings, value limit and maturity periods
- The dealer evidences the selection by keeping screenshot of the Council's Loan List in the trade file.

Risk 5: Treasury management performance reports are prepared and presented to members in accordance with proper practice

- Monthly TM Practice reports are run from CAPITA and presented to the TM management *meetings*
- Half-yearly TM report and annual reports are prepared with detailed risk register and investment portfolio updates, and submitted to the Council's Executive Board.

APPENDIX I – DEFINITIONS

The below table sets out the definitions for the assurance levels and recommendation significant we issue in our audits.

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

| Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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OXFORD CITY COUNCIL

INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

March 2017

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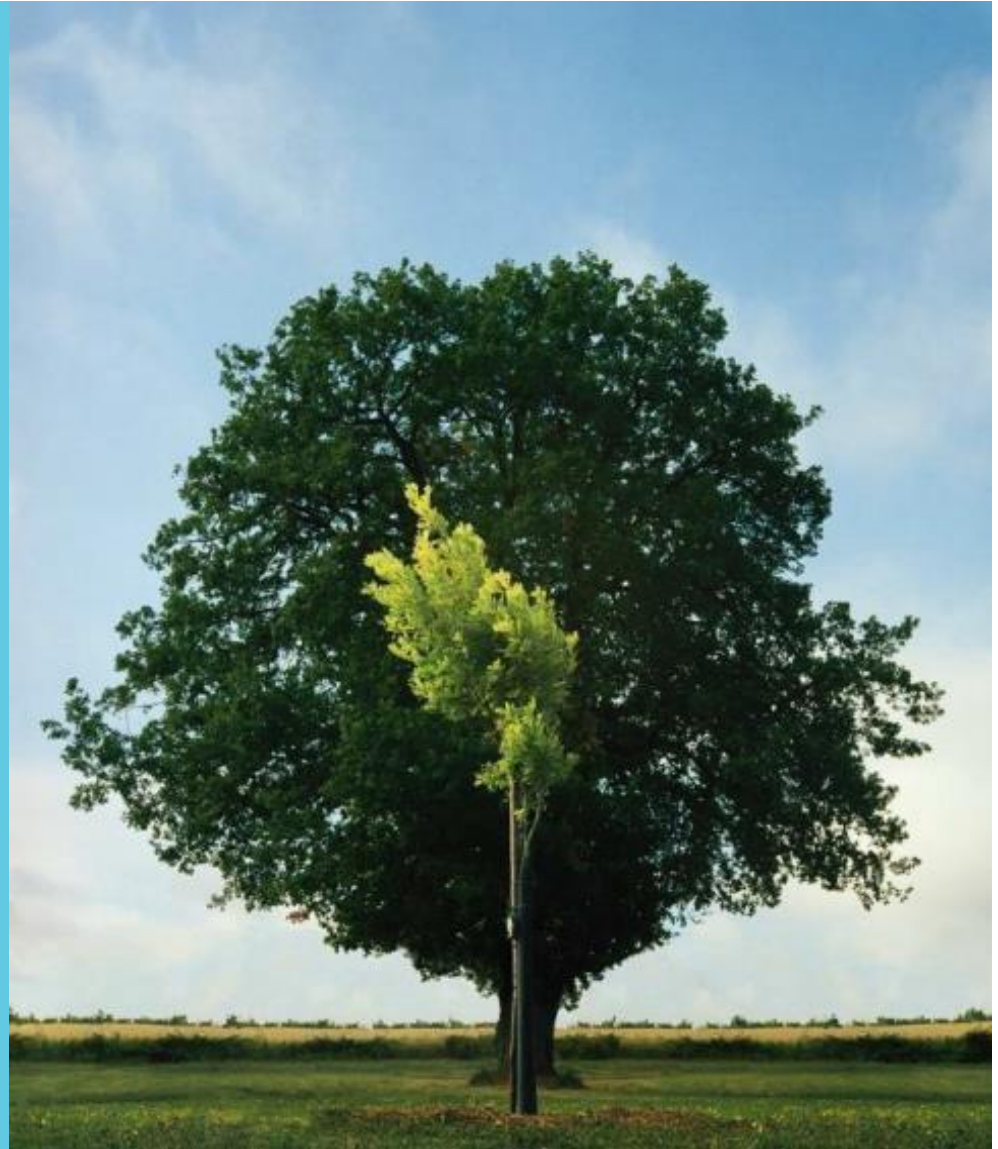
INTRODUCTION AND EXECUTIVE SUMMARY

Introduction

Ahead of each Audit and Governance Committee we review the implementation of recommendations raised by Internal Audit where the agreed implementation date has passed. We request commentary by responsible officers on the progress made for High and Medium recommendations due, and we verify progress to source evidence.

As at February 2017 there were 33 recommendations due comprising of six High priority recommendations and 27 Medium priority recommendations.

Executive Summary

Please find below a summary of the 33 recommendations that were due for completion prior to the March 2017 Audit and Governance Committee:
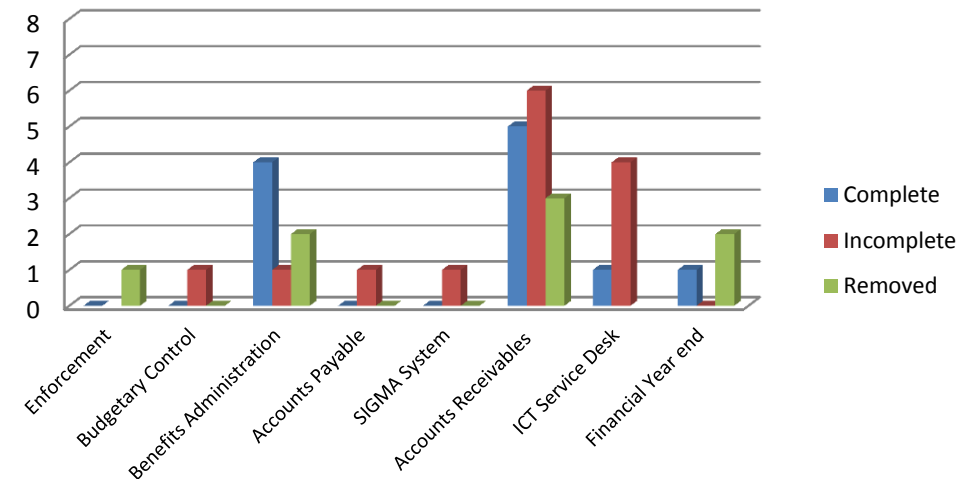
2015 - 2016 Recommendations

- One Medium priority recommendation has been implemented and can be removed from the Recommendations Tracker
- Four Medium priority recommendations are not complete of which one recommendation has been allocated a fourth revised due date
- Five Medium priority recommendations were downgraded to Low priority and can be removed from the recommendations tracker.

2016 - 2017 Recommendations

- Three High and seven Medium priority recommendations have been implemented and can be removed from the Recommendations Tracker
- Two High and eight Medium priority recommendations are not complete and have all been given a second revised due date. These recommendations will continue to be followed up until they are complete we will :
  1. Continue to emphasize to staff to the need for realistic implementation dates when completing their management responses at the completion stage of each internal audit review
  2. Issue the recommendations tracker to all the relevant Heads of services on a monthly basis
  3. Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation
- One High and two Medium priority recommendations have been removed from the recommendations tracker and has been downgraded to Low level recommendation.

Recommendations due February 2017 that were either Complete/Incomplete or Removed

Recommendations due for February 2017 with a revised due date issued for the 1st, 2nd, 3rd or 4th time

RECOMMENDATIONS COMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Financial Year end	2a) The finance team should set up regular liaison with third parties involved in the accounts process including the Oxford City Council pension scheme, external valuer, external auditor and external auditor of the pension scheme to make them aware of the revised timetable and to secure their buy in with that timetable.	M	Bill Lewis, Financial Accounting Manager	Dec - 16	We verified that regular meetings were held with third parties involved in the accounts process including the Oxford City Council pension scheme external audit
ICT Service Desk	6) In order to achieve the expected maturity level, Management should: • Configure the v-Fire application so that it supports the delivery of the services provided by the Service Desk • Establish a procedure to maintain, review and update the known error database that is held within the v-Fire application. Furthermore, Management should routinely review the use and performance of the support tools that are used by the Service Desk and, where necessary, take action to implement opportunities for improvement.	M	Simon Parks, ICT Manager	Dec - 16	We verified that a V-fire application process has been configured which supports the delivery of the services provided by the ICT service desk furthermore a Knowledge based system is live and populated to bring in all static documents indexed into the knowledge base this is reviewed and quality controlled on a regular basis
Benefits Administration	4) Lagan Reporting Suite – In order for the Benefit Team to focus on areas of improvement, a further breakdown of call data is required. To assist with this, the Lagan Reporting Suite should be reviewed by IT to ensure sufficient analysis of calls can be completed and provided to the Benefits Team. This will allow for more targeted improvements to be made and trends identified	M	Tanya Bandekar, Benefits and Revenue Service Manager	Dec- 16	We verified that there is an analysis of calls and these are reported to the Benefits departments every fortnight

RECOMMENDATIONS COMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Benefits Administration	6) Text Messaging – There should be a drive to ensure new claimants provide their mobile numbers and these should be recorded on the system. This will allow Assessment Officers to use these in order to send text messages. Further uses of text messaging should also be assessed such as advertising the need for change of circumstances as well the option to provide feedback on a recent conversation with someone at the Council. Mainly used by banks, this could be an option whereby if a claimant has called into the Council for help, a brief survey is sent to them and they respond via text (e.g. on a scale of 1-5 how helpful was the information provided). Consideration should be given to establish if contact details can be automatically populated into Academy.	M	Tanya Bandekar, Benefits and Revenue Service Manager	Dec - 16	We verified that the Council uses Facebook, Twitter and SMS reminder messages this is used to send reminders to assessors and also for advertising purposes such as the change of circumstances
Benefits Administration	7) Social Media – The potential benefits of the use of social media is significant and with many accounts already in use it is a cost effective method of communication. Consideration should be given to utilising Social Media to connect with claimants. This should either be through use of the main Oxford City Council Twitter account or a request for a Benefit's specific account. Advertisements of key dates, new e-forms, guidance on how to apply and key contacts are all areas that could be promoted	M	Tanya Bandekar, Benefits and Revenue Service Manager	Dec - 16	We verified that the council use their corporate account in order to advertise through social media and connect with claimants
Benefits Administration	11) Attendance at Focus Groups – Focus Groups could provide a useful platform to talk to claimants and help to understand ongoing concerns or issues. A member of the Benefits Team should be made available to attend the Focus Groups held by the Contact Centre, between which there should be regular contact, and should be used as a forum and sounding board. Further consideration should be given to the idea of a Focus Group for claimants in order to fully address concerns and have a direct line of communication	M	Tanya Bandekar, Benefits and Revenue Service Manager	Dec - 16	We verified that a member of the benefits team is available to attend focus groups held by the contact Centre. Regular contact and forums are used as a sounding board where required

RECOMMENDATIONS COMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Accounts Receivables	1a) A parameter must be implemented within the self service system whereby individuals who are able to create a customer are unable to authorise the customer on the system	H	Katie Ball, Income Team Leader	Jan - 17	We verified that when a customer is created in self-service it must be authorised by a member of the incomes team. Originating departments are responsible for creating the majority of new customers and their users do not have the permission to authorise a new customer once created. This task comes to the incomes team as a workflow item. Income Officers have the ability to raise a new customer on the desktop version of Agresso. Customers created in the desktop version do not need to be authorised.
Accounts Receivables	4a) Transactional amendments should be cleared from the Council's error account on a daily basis by allocated income officers 4b) Management should ensure to review and authorise all transactional amendments	H	Katie Ball, Income Team Leader	Dec - 16	4a/b) We verified that the error account is now being checked on a daily basis. This has been supported by a former AR team leader in bringing the account up to date and help with staff training to cross skill. Furthermore, a transfer log/sheet is completed by income Officers when a transactional amendment is required. Income Team Leaders complete the amendments and check the sheet on a regular basis. The Incomes Team Manager has sight of the log/sheet. The log sheet also details how many days each amendment took to complete
Accounts Receivables	7a) The incomes team should ensure that all debt write off forms are retained once the write off has been performed 7b) Notes should be included within the Agresso system on the areas considered as per the debt policy prior to write off.	M	Katie Ball, Income Team Leader and Service Managers	Dec - 16	7a/b) We verified that the incomes team have now implemented a new procedure for retaining write off forms. All write off forms are sent for scanning to the document imaging system. All authorised write off forms are saved electronically by date and stored on the M:Drive in an Incomes Team Write Off folder. When a debt is written off the reason for the write off is included in the text box of the transaction line on Agresso. Areas considered for write off are detailed within the write off form.

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with ponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Payables	1d) Long term solution: Ensure one ASL central electronic source is available to all staff which is a live update against which delegated limits can be verified	M	Caroline Wood, Strategic procurement and payments manager	~~Aug -16~~ ~~Dec -16~~	The ASL is more than just financial limits. Services are chased on a quarterly basis to provide updated lists; these lists are held centrally for ease of reference. The Council is working with Integra and Unit4 as part of the upgrade to Milestone 6 to see if a simple report can be extracted from Agresso for financial limits;	Sep - 17

22

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level		Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Receivables 2015 - 16	5d) The Council should consider introducing behavior economics into the recovery of their debt particularly via the presentation of the letters sent to customers when recovering debt.	H	M →	Katie Ball, Income Team Leader	~~Apr – 16~~ ~~Dec – 16~~	There are currently no nudge techniques in place due to a delay in the milestone 4 upgrade manual debt recovery letters are issued to customers as there is an issue with the system where consistent templates are not available. Further work can only be implemented after the Agresso 4 and 6 upgrade. However the incomes team have set a plan to embed nudge techniques within debt collection letters as a result we have downgraded the recommendation from High to Medium this will be followed up in Jan 2018 where functionalities and nudge techniques will be addressed	Jan – 18
SIGMA Systems	1) The control sheet must be completed and approved by two separate members of the SIGMA team upon any contractual change of rates charged on energy invoices	M		Andrew Sunderland, Energy Management Officer	~~Mar – 16~~ ~~Oct – 16~~ ~~Jan - 17~~	Contract rates changed from 1 October 2016 but there was a delay in the finalised contract prices for larger council energy supplies being released. The new contract rates are scheduled to be updated in Sigma by the end of February 2017 and the control sheet completed by the end of March 2017	Mar – 17

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level		Manager Responsible	Due Date	Progress to Date	Revised Due Date
Benefits Administration	1) Service Level Agreement – A formal SLA should be drawn up and agreed upon between the managers of the Benefits Team and the Corporate Support Team (CST). The implementation of a formal SLA will ensure expectations are managed more effectively. It is noted by audit that this agreement is currently underway.	H	M	Laura Bessell Benefits Manager

Liz Godin CST Manager | ~~Nov - 16~~ | This recommendation is in Review with the customer contact manager where management meetings are completed weekly. Furthermore, a SLA with DWP is in the process of being created. The previous SLA was signed in 2013 and is out of date the next SLA is with the Corporate support team and will be completed in Feb 2017 as a SLA is in draft and soon to be completed finalized we have downgraded the recommendation from High to Medium level recommendation. | Mar- 17 |

24

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level		Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Receivable	4c) A threshold should be set on the balance that the error account is not allowed to exceed 4d) Where there are transactional balances over one year of age comprising of both debit and credit transactions these must be cleared/removed from the error account.	H	M	Katie Ball, Incomes Team Leader	~~Dec - 16~~	4c) An amount for the threshold has not been established as of yet. This will be done in consultation between the Incomes team leaders/ Incomes Team manager and the Revenues Service Manager. The Threshold will then be proposed to the head of finance before procedures are written/updated. 4d) The error account is now up to date in that everything that the Council incomes team can currently action has been. There are 90 transactions that date back to 2004. They cannot be matched and during previous upgrades the Council have been unable to remove them The Council will be looking to get this resolved during the upgrade to milestone 6.	Apr- 17 Sep - 17

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Receivable	8a) The Council should engage with Integra at their earliest convenience to rewrite the scripts for interfaces 8b) Where interfaces fail, alerts should be set up to notify responsible officers and the ICT department as soon as possible .	M	Neil Markham, Incomes Manager	~~Dec - 16~~	8a) The main interface failure is the communication between lagan and Agresso in regard to garden waste subscriptions. The Council are currently fully engaged with Integra and the business unit in regard to this interface. 8b) Automated reports are forwarded to the incomes inbox when LG04 batch invoice loads fail. The Council has raised a call with the ICT department to update the distribution list for failure notifications in regard to Garden Waste. The Councils Income team has asked for the team email address to be included as this is checked on a daily basis.	Sep – 17 May - 17

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Receivable	8c) Regular reports should be run to ensure interfaces have run correctly.	M	Neil Markham, Incomes Manager	~~Dec - 16~~	8c) This is currently a work in progress and is something that the Council hopes to look at as part of the impending Agresso upgrade which has been delayed. We keep log files for our major LG04 batch invoice uploads such as trade waste and Licensing. Within these we record the amount of invoices and value. These can then be checked against the sales orders waiting invoicing or the general ledger for invoices raised on a specific date against those service areas	Sep – 17
ICT Service Desk	1) In order to achieve the expected maturity level, Management should: • Define the expectations, objectives and scope of the Service Desk in line with the requirements of the Council. • Define the services provided by the Service Desk to the Council and document the processes associated with the delivery of these services • Define the relationship between the Service Desk and the operational areas of the Council's ICT Service. • Define the responsibilities and the relationship between the Council's Service Desk and Application Development functions.Management should consider the implementation of a defined service level agreement (SLA) between ICT and the Council.	M	Vic Frewin, ICT Service Desk Manager	~~Oct – 16~~ ~~Jan - 17~~	A OCC ICT Service Catalogue is currently being prepared. All the points mentioned will be included in the service catalogue.	April-17

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
ICT Service Desk	2) In order to achieve the expected maturity level, Management should: • Establish and agree with the Council a set of defined metrics and key performance indicators in order to monitor and assess the performance of the Service Desk • Define the operational requirements for achieving the defined metrics and implement a procedure to monitor and report on performance issues as they are encountered Furthermore, Management should establish a defined communications strategy, which includes but is not limited to: • The requirement for department and team meetings • The frequency with which these meetings are held • The requirement for meetings to be held with key stakeholders from across the Council	M	Vic Frewin, ICT Service Desk Manager	~~Oct – 16~~	All Department Meetings are held sporadically, to impart significant messages. Apps Dev Team Meetings, Joint Operations and Service Desk, and ICT Management Team Meetings are held weekly ICT Liaison Representatives, Service Desk Manager, and CTIO attend regular stakeholder management meetings, normally monthly, but also ad-hoc when requested. However, this has not been formally established.	April-2017
ICT Service Desk	3) In order to achieve the expected maturity level, Management should define the services that are provided by the Service Desk. This should include, but not be limited to: • The purpose and objective of the service • The processes and sub-processes necessary to deliver the service • The procedure for monitoring the service provided to the Council and the efficacy of the processes that support it. Furthermore, Management should review and, where necessary, change the access management process so that: • Requests for access are approved by the user's line manager and that a record of this approval is maintained • Access rights are determined and allocated according to the user's job role and User access is reviewed on a routine basis.	M	Vic Frewin, ICT Service Desk Manager	~~Dec - 16~~	To be included in service catalogue These processes are in place, and administered and monitored by ICT Governance Manager	April-17

28

RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
ICT Service Desk	5) In order to achieve the expected maturity level, Management should, for each IT operational area, define: • The responsibility, scope and objective for the area • The relationship and interaction between each area • The procedure for monitoring the performance of each area individually and the ICT service as a whole. Furthermore, Management should review and, where necessary, revise the Service Desk roles and responsibilities so that they are aligned with the services that are provided to the Council.	M	Vic Frewin, ICT Service Desk Manager	~~Oct – 16~~	A OCC ICT Service Catalogue is currently being prepared. To be included in Service Catalogue. Structure Change was implemented in December '16 to establish technology focused roles, and establish a permanently manned service desk	April-17
Budgetary Control and Performance Management	5) Consideration of the risk management survey findings should be presented and discussed within the Risk Management group.	M	Bill Lewis, Finance Accounting Manager	~~Jan - 17~~	This will be taken to the next RMG and discussed.	April-17

29

RECOMMENDATIONS REMOVED

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level		Manager Responsible	Due Date	Reason for change of priority level from High to Low or Removal
Benefits Administration	5) Process Mapping – CST undertake a lot of administrative work on behalf of a number of departments, all of which are time sensitive given that they have targets. To aid in the timely completion of work, the CST should ensure process mapping is in place for all tasks to ensure that they are as efficient as they can be. This will further support the training of new staff and ensure a consistency within the team whilst reducing error	M	L	Tanya Bandekar, Revenue and Benefits Service Manager	Jan - 17	We verified that this task is managed by an individual within the Benefits department where the process is carried out as efficiently as possible, As the process is carried out by one individual the benefits department has not created a process map to make efficient a process that is already in place as a result we have downgraded this recommendation from Medium to Low and removed from the follow up tracker.
Accounts Receivables	1b)If the council are unable to implement a suitable parameter within the Agresso system, a retrospective check must be completed by the incomes manager on a Quarterly basis whereby, all customer details inclusive of bank details must be verified and a segregation between approval and creation must be validate	H	L	Katie Ball, Incomes Team Leader	Jan - 17	The council has successfully implemented a parameter whereby those individuals from originator departments are unable to raise and approve a new customer. As a suitable parameter has been put in place this recommendation has been revised from High to Low level recommendation and will be removed from the follow up tracker

30
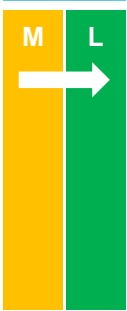
RECOMMENDATIONS REMOVED

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level		Manager Responsible	Due Date	Reason for change of priority level from High/Medium to Low or Removal
Accounts Receivables 2015 - 16	9a) An end-to-end map needs to be drawn of the relationship between the central accounts receivable team and the originator departments with regards to the raising and recovery of Council monies 9b) This map then needs to be critiqued by all stakeholders with clear direction set out for how efficiencies in the process can be made	M	L	Katie Ball, Income Team Leader Shouldn't this be BDO?	~~Apr – 16~~ Dec – 16	9a/b) As part of the 2016 -17 internal Audit plan BDO will be carrying out an end to end map drawn of the relationship between the incomes team and the originator departments the map will aim to set a clear direction of how efficiencies in the process can be made as a result we have downgraded this recommendation from Medium to Low and will be removed from the follow up tracker
Enforcement	1) A separate and more detailed Planning Enforcement Policy is created in line with the guiding principles of the Council's Corporate Enforcement Policy	M	L	Patsy Dell, Head of Planning and Enforcement	Dec - 16	An extension for the planning and enforcement policy was granted by the councilor due to budgetary commitments the policy is drafted and will be ratified by the cabinet in March 2017
Financial Year End	2c) As part of the retender for external valuations, set out the revised valuation timetable and ensure that bids are based upon delivery in line with this.	M	L	Bill Lewis, Financial Accounting Manager		Finance is liaising closely with the internal valuer ensuring tender requirement and evaluation reflect the required valuation timetable this will enable external audit to consider processed valuation transactions in pre-closedown testing. Furthermore, as part of the 2015 – 16 external audit all accounts were closed down in a timely manner therefore processes are operating effectively as a result this recommendation will be downgraded from medium to a low level recommendation.

RECOMMENDATIONS REMOVED

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Reason for change of priority level from High/Medium to Low or Removal
Benefits Administration	3) IT Downtime Procedures – In the event of IT downtime, formal IT downtime procedures, such as the use of templates, should be produced to ensure there is a clear awareness of the processes	M → L	Finance Managers	Dec - 16	A V - Fire helpdesk update is expected around April 2017 which may help to support information regarding down time. In the meantime a draft template has been designed and approved by the Financial Services Management Team. As a result we have removed this recommendation from Medium to a Low level priority.
Financial Year End Timetable	2b) Build the re-tendering of the external valuer services from 2017/18 into the close down process timetable, including as a potential risk on the financial close risk register (see detailed finding 4), to allow this to take place at a time which does not impact on the timing of valuations being received for the following audit.	REMOVED	Bill Lewis, Finance Accounting Manager	Dec - 16	Previous tender for external valuation services undertaken by Council's internal valuer (to deliver requirements of annual valuation instruction issued by finance . The 2016-17 valuations are final of 3 year contract & 2016-17 finance valuation instruction includes requirement to ensure provision of future years valuations prior to 31.03.2017; Finance has discussed with internal valuer with the intention that tendering exercise will again be undertaken by them; process requirement will be added into 2016-17 closedown timetable.

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Oxford City Council

INTERNAL AUDIT REPORT

Audit 6. Business Continuity and Disaster Recovery

November 2016

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited
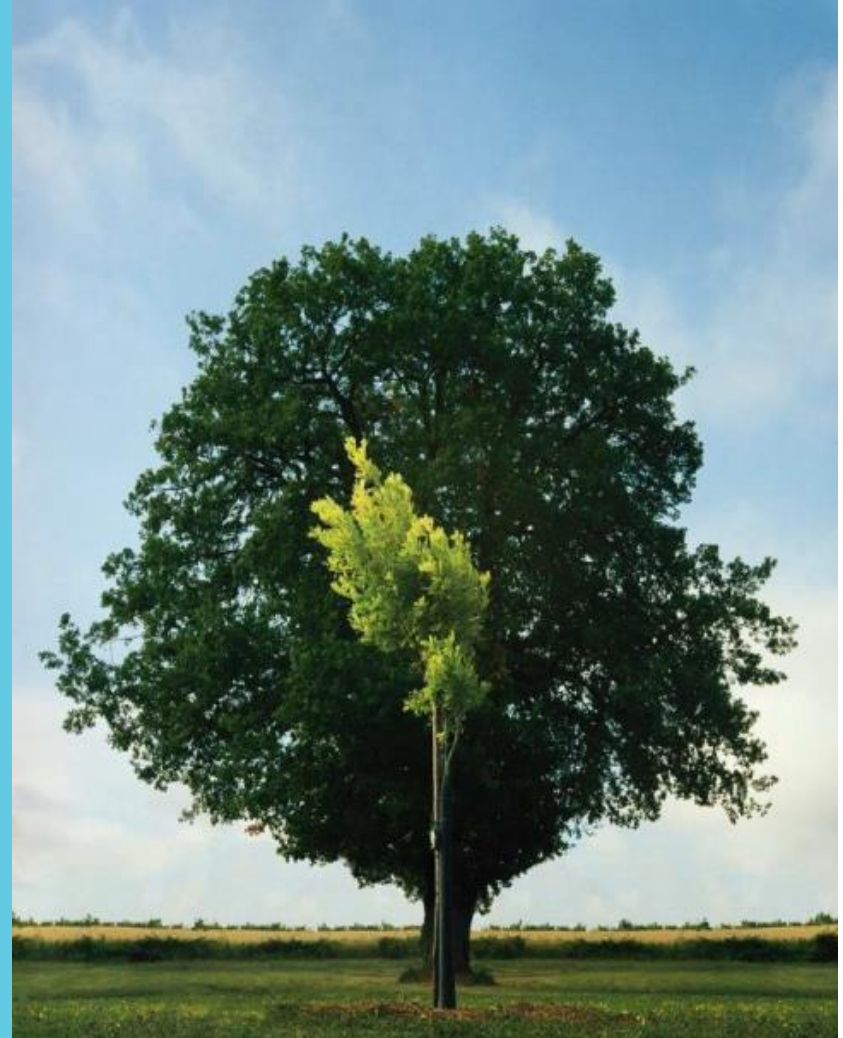
BDO

CONTENTS

36

REPORT STATUS	
Auditors:	David Harvey, Assistant Manager
Dates work performed:	5 September – 27 October
Draft report issued:	Initial: 17 November 2016 Revised: 8 February 2017
Final report issued:	16 February 2017

DISTRIBUTION LIST	
Jacqueline Yates	Executive Director – Organisational Development and Corporate Services
Nigel Kennedy	Section 151 Officer
Helen Bishop	Head of Business Development
Vic Frewin	Chief Technology Officer

Restrictions of use

EXECUTIVE SUMMARY

CLIENT STRATEGIC RISKS	
Risk	Efficient, effective Council

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
High	4
Medium	3
Low	

Total number of recommendations: 7

OVERVIEW

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to business continuity and disaster recovery. As a Category One organisation, as defined by the Civil Contingencies Act 2004, the Council has a statutory obligation to establish and maintain effective business continuity management arrangements. Responsibility for the implementation and management of the Council's continuity planning has been assigned to Financial Services, having previously been managed by the Corporate Affairs Lead within Law and Governance. Our review included an assessment of the Council's business continuity plans including those in place for its Contact Centre and Leisure Centres. The Council's leisure centres are managed by a third party, Fusion.

Areas of good practice identified were:
- The Council has established a standard format for its business continuity plans, which can be easily replicated
- The Council has a defined procedure in place for the invocation of its Corporate Business Continuity plan.

However, we have identified the following seven areas for improvement:
- The Council's services have not been assessed in order to determine their criticality to the Council (High – Finding 1)
- The business continuity plans for the Council's services were found to be incomplete, inaccurate or missing (High – Finding 2)
- There is not an effective process to manage the Council's continuity planning to provide central oversight (High – Finding 3)
- There is not a defined IT Disaster Recovery plan in place (High – Finding 4)
- The Council's business continuity and disaster recovery plans are not tested on a routine basis (Medium – Finding 5)
- The viability of the Council's alternative recovery site at Horspath Road has not been assessed (Medium – Finding 6)
- Members of staff with responsibility for continuity planning are not provided with adequate training. (Medium – Finding 7)

The Council's ability to provide its critical services in the event of an incident is undermined by the absence of effective business continuity management arrangements. Business continuity plans for the Council's services were found to be missing and, where they have been defined, the business continuity plans were found to be incomplete or contain information that is out of date. Consequently, we conclude limited assurance over both the design and effectiveness in relation to the Council's business continuity and disaster recovery management arrangements.

DETAILED RECOMMENDATIONS

RISK: The Council may not fully assess key threats or risks to the continuity of business and IT operations			
Ref.	Finding	Sig.	Recommendation
1	It was observed during our fieldwork that the Council has not completed either a risk assessment or business impact assessment in order to determine the criticality of its services and to prioritise their recovery. Annex 2 of the Council's Corporate Business Continuity Plan (the Plan) includes a record of the Council's services organised by criticality. However, the Plan does not establish the rationale for prioritising the recovery of the Council's services or accurately define the maximum possible time that the Council could function without each service. Our review of the continuity plans that are in place for the Council's services found that the recovery arrangements in place are not aligned to the Plan with regards to prioritisation of the recovery of individual services. Furthermore, the Plan has not been reviewed since January 2014 and refers to a Corporate structure that has been significantly changed. This is highlighted by the fact that ICT has not been included within the Council's list of critical services. Not determining the criticality of the Council's services and prioritising their recovery accordingly increases the risk of the Council being unable to provide its critical services, including those that it is statutorily required to provide, due to insufficient continuity arrangements.	High	Senior management must require that all Council services complete a risk assessment and a business impact assessment in order to determine and define their Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) according to: • Financial impact on the Council of the loss of a service • Reputational impact on the Council of the loss of a service • Regulatory impact on the Council of the loss of a service • Resources required to recover the service. The outcome of this review should be used to define the priority for the recovery of the Council's services according to: • Their criticality to the Council and its strategic objectives • The maximum possible time that the Council can operate without providing the service. All business continuity plans should be reviewed and, where necessary, updated so that they reflect the corporate prioritisation and that resources are adequately allocated to recover the Council's critical services. Furthermore, senior management should review the criticality of its services on an annual basis or following a significant change to its structure.

DETAILED RECOMMENDATIONS

RISK:	
MANAGEMENT RESPONSE	**RESPONSIBILITY AND IMPLEMENTATION DATE**
The areas where there are missing or out of date Business Continuity Plans are being identified to the Heads of Service Group and the respective Heads of Service will be tasked to produce or update plans for their areas. The Council's insurers and Risk Management advisors, Zurich, have been engaged to facilitate the Council in improving and updating the Council's Business Continuity arrangements. The review of the overall arrangements has been incorporated into this piece of work. The Heads of Service Group will be tasked to prioritise the criticality of all Council services.	*Responsible Officer:* Nigel Kennedy, Head of Financial Services *Implementation Date: End April 2017*

39

DETAILED RECOMMENDATIONS

RISK: Business Continuity Plans are inadequate leading to a delay in or failure to recover systems, preventing adequate delivery of services in a Business Continuity incident			
Ref.	**Finding**	**Sig.**	**Recommendation**
2	It was observed during our fieldwork that there are a number of Council services that do not have business continuity plans that are complete, accurate or are aligned to the Council's Corporate Business Continuity Plan. The following three services were found not to have continuity plans in place: • The services overseen by the office of the Assistant Chief Executive • Leys, Rose Hill, and Barton Regeneration Teams • Sustainability Team • Welfare Reform Team. Additionally, the following services were found to be included as part of legacy continuity plans that are not reflective of the Council's corporate structure: • Planning and Regulatory that, in the event of an incident, would rely on the City Development and Environmental Development plans that were last reviewed in January 2015 and November 2014 respectively • Council Tax, Housing Benefits Administration, Housing Rents, Business Rates and Procurement that, in the event of an incident, would rely on the legacy Customer Services continuity plan are now the responsibility of Financial Services. Our review indicated that the Council's business continuity plans do not include: • How the IT hardware necessary to continue to provide critical services is to be provided or acquired • The Recovery Time Objective (RTO) for critical IT services for each Council service • Complete and up to date contact lists, which includes the contact information for third party suppliers.	High	Senior Management must undertake a review of the Council's business continuity plans, including its Corporate Business Continuity plan, and, where necessary: • Revise existing plans so that they are aligned to the Council's corporate structure • Business continuity plans are defined for the Council's services that are found not to have existing plans. Senior management must require all continuity plans include a record of all information necessary to continue the Council's services in the event of an incident, including but not limited to: • The provision or acquisition of IT hardware • The Recovery Time Objective for critical IT services • Complete and up to date contact lists. Senior management should consider the establishment of a Business Continuity Policy that defines the Council's requirements for continuity planning. Furthermore, senior management must make appropriate arrangements for accessing business continuity plans in the event of an incident.

40

DETAILED RECOMMENDATIONS

RISK: Business Continuity Plans are inadequate leading to a delay in or failure to recover systems, preventing adequate delivery of services in a Business Continuity incident (Cont.)			
Ref.	**Finding**	**Sig.**	**Recommendation**
2	Of the business continuity plans reviewed, we found that: • Four plans had been reviewed in the last year • Six plans had not been reviewed since 2014 • The plan provided by Fusion for the recovery of the Council's Leisure Centres had not been reviewed since 2011. Furthermore, the Council does not have adequate arrangements in place to access its continuity plans in the event of an incident. Incomplete, inaccurate or plans that are not aligned to the Council's corporate structure increase the risk that the Council is unable to provide its critical services in the event of an incident.	High	

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
The Council's insurers and Risk Management advisors, Zurich, have been engaged to facilitate the Council in improving and updating the Council's Business Continuity arrangements. This includes a review of a the Council's business continuity plans, including its Corporate Business Continuity plan. The establishment of a Business Continuity Policy will be considered and discussed with Zurich. The Heads of Service Group will be tasked with ensuring that there are appropriate arrangements for accessing business continuity plans in the event of an incident.	*Responsible Officer:* Nigel Kennedy, Head of Financial Services *Implementation Date: End March 2017*

41

DETAILED RECOMMENDATIONS

RISK: Plans are not reviewed, kept up to date or tested			
Ref.	**Finding**	**Sig.**	**Recommendation**
3	The responsibility for producing Business Continuity Plans rests with each Head of Service. The Head of Financial Services has responsibility for co-ordinating the plans and operationally this is delivered by the Financial Accounting Team led by the Financial Accounting Manager. During our testing it was identified that the Council does not have a procedure in place to determine: • Status of each plan, including missing or incomplete information • Last recorded review date for each plan • Last recorded test date for each plan • Status of third party plans. The absence of an appropriate business continuity management system increases the risk of the Council's continuity arrangements becoming unfit for purpose.	High	Management should establish a business continuity management system that provides oversight of the status of the Council's business continuity and disaster recovery arrangements, including but not limited to: • Last recorded review date for each plan • Last recorded test date for each plan • Status of each plan, including where plans are incomplete • Status of third party plans.
MANAGEMENT RESPONSE		**RESPONSIBILITY AND IMPLEMENTATION DATE**	
Agreed.		*Responsible Officer:* Nigel Kennedy, Head of Finance *Implementation Date: March 2017*	

42

DETAILED RECOMMENDATIONS

RISK: Planned dependency on IT functionality is not sufficiently co-ordinated between Business Continuity and Disaster Recovery activities			
Ref.	Finding	Sig.	Recommendation
4	The Council has outsourced responsibility for the management of its IT infrastructure to a third party, SCC. SCC are responsible for the recovery of the Council's IT infrastructure, however validation of these arrangements has not been verified by the Council although the Council have begun greater engagement with SCC over their arrangements and testing plans. It was observed during our fieldwork that the Council does not have a finalised, tested and approved IT Disaster Recovery Plan in place. Whilst the Council has a scenario based plan in place for responding to an incident within IT, it would not be sufficient to recover the Council's critical IT infrastructure and systems as it does not include detailed, technical or recovery information. Furthermore, our review of the Council's business continuity plan indicated that there is a lack of awareness as to the recovery time and point objectives for critical IT systems. As part of the review Internal Audit, the Council and SCC held a teleconference in December 2016 to discuss appropriate controls to improve arrangements in place. Since then the Council have set out a position statement on current progress and have plans to implement recommendations raised. The absence of a defined IT Disaster Recovery plan increases the risk of the Council being unable to recover its critical IT infrastructure, hardware and systems in the event of a disaster.	High	Senior Management must produce a defined IT Disaster Recovery Plan that is aligned to the Council's continuity arrangements and includes, but is not limited to: • The recovery time and recovery point objectives for IT infrastructure and systems • The procedures for invoking the Plan in the event of a disaster • The procedures and information necessary for communicating with all key members of staff within IT and the wider Council • The procedures for recovering the Council's critical IT infrastructure and systems • The contact information for all third party IT suppliers. Furthermore, Senior Management should require that all third parties involved in the recovery of the Council's IT arrangements provide assurance that their disaster recovery plans are adequate.
MANAGEMENT RESPONSE		**RESPONSIBILITY AND IMPLEMENTATION DATE**	
SCC has provided written assurance that they have mature end to end building, infrastructure and Service Continuity plans in place, which underpin their Sentinel services offering. Furthermore SCC have provided certifications which give independent assurance over the build and PSN compliance of the platform they have in place. Discussions and greater engagement has commenced and this has resulted in an outline agreement to test each of applications the Council have (there are over 100) in 4 bundles split into each quarter – the first test is expected to commence in March 2017. Every 5th quarter, the entire dual-site environment will be tested by a full production failover. *We accept the findings identified and have made progress since the audit to devise long term solutions to ensure regular and robust testing of our platforms supported by Council approved plans are in place.*		*Responsible Officer:* Helen Bishop, Head of Business Improvement *Implementation Date: March 2017 (first test commenced).*	

43

DETAILED RECOMMENDATIONS

RISK: Plans are not reviewed, kept up to date or tested			
Ref.	**Finding**	**Sig.**	**Recommendation**
5	It was observed during testing that the Council does not have a requirement for its business continuity and disaster recovery plans to be fully tested on a routine basis. The last recorded test of the Council's business continuity plans was a table top, scenario based exercise performed in May 2015. The Council's IT Disaster Recovery arrangements have not been subject to a full test. Not testing the Council's business continuity and disaster recovery plans increases the risk that the Council is unable to recover its critical services in the event of an incident as a result of a previously unidentified issue or gap.	Med	Management should require that the Council's business continuity and disaster recovery plans are tested on at least an annual basis or following a significant change. The results of all testing performed should be reported to senior management for review.

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
The Council's Business Continuity Plans were last tested in 2015. The Council's insurers and Risk Management advisors, Zurich, have been engaged to facilitate the Council in improving and updating the Council's Business Continuity arrangements. This includes a test of updated Corporate and service business continuity plans which will be undertaken during 2017.	*Responsible Officer:* Bill Lewis, Financial Accounting Manager *Implementation Date: December 2017*

44

DETAILED RECOMMENDATIONS

RISK: Operational and IT recovery options may not be defined and arrangements may not be in place for standby business and IT facilities in the event of a major failure or disaster			
Ref.	Finding	Sig.	Recommendation
6	The Council has identified its offices on the Horspath Road as being the alternative recovery site for its services. Through our review of the Council's business continuity plans it was identified that up to 52 people would need to be able to access these offices in the event of an incident on the first day. It should be noted that for the Customer Contact Centre the Council regularly (monthly) undertake reviews over the adequacy of capacity at Horspath Road to accommodate the Contact Centre. There are twelve computer terminals allocated to support a business continuity incident for the Contact Centre and tests to verify these are fit-for-purpose occur monthly. Whilst saying the above the Council's business continuity plans do not with regards to Horspath Road outside of the Customer Contact Centre do not include: • Arrangements for relocating members of staff to the Horspath Road offices or the time it would take • Arrangements that are in place to provide sufficient resources to allow members of staff to continue to work • Whether there is sufficient capacity at the site to accommodate the number of people recorded within the Council's continuity plans. Not adequately preparing for the relocation of staff to an alternative recovery site increases the risk of the Council being unable to continue to provide its critical services in the event of an incident.	Med	Management should review the use of its Horspath Road offices to support the continuity of its critical services. Where necessary, management should consider identifying alternative locations or the use of remote working facilities. Business continuity plans should be updated to include how members of staff would get to and from its alternative locations in the event of an incident.
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
The Council's insurers and Risk Management advisors, Zurich, have been engaged to facilitate the Council in improving and updating the Council's Business Continuity arrangements. This includes a review of the use of Horspath Depot and ensuring that procedures around access to the Depot (or alternative site(s)) are included in plans.		*Responsible Officer:* Bill Lewis, Financial Accounting Manager *Implementation Date: December 2017*	

45

DETAILED RECOMMENDATIONS

RISK: The Council may not have an appropriate business continuity management framework in place			
Ref.	Finding	Sig.	Recommendation
7	It was observed during our fieldwork that the Council does not have a defined procedure in place for providing business continuity management training to all members of staff that are involved in the Council's continuity planning. Not providing members of staff with appropriate business continuity management training increases the risk that the Council is unable to continue to provide its critical services in the event of an incident as members of staff are unaware of the correct action to take.	Med	Management should develop and deliver a training programme for business continuity management based upon the needs of members of staff that are involved in continuity and recovery planning. Furthermore, management should establish a process to raise awareness of its continuity arrangements.

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
The Council's insurers and Risk Management advisors, Zurich, have been engaged to facilitate the Council in improving and updating the Council's Business Continuity arrangements. This includes the development and delivery of a training programme in 2017.	*Responsible Officer:* Bill Lewis, Financial Accounting Manager *Implementation Date: End July 2017*

46

APPENDIX I - STAFF INTERVIEWED

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

NAME	JOB TITLE
Bill Lewis	Financial Accounting Manager
Michael Newman	Corporate Affairs Lead
Anna Winship	Management Accounting Manager

NAME	JOB TITLE
Michelle Iddon	Customer Services Manager
Lucy Cherry	Leisure and Performance Manager
Paul Collins	ICT Operations Manager

47

APPENDIX II – DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX III – TERMS OF REFERENCE

BACKGROUND ▶

The Council performs a number of essential and statutory functions. Effective Business Continuity and Disaster Recovery arrangements enable the Council to restore service delivery without undue delay in the event that an unplanned event prevents normal systems and processes occurring. Good planning will enable prioritisation of work to restore affected services, and identify the key contacts, resources and processes to return to stability of operations.

Recent incidents affecting Local Authorities have highlighted the reality of the risks and the necessity for Councils to be prepared - South Oxfordshire District Council was the victim of an arson attack in 2015, and more recently Lincolnshire County Council Services were affected by a ransomware computer virus.

The inability to maintain key services in exceptional circumstances (business continuity) has been identified as a key corporate risk (no. 11). To enhance resilience, the Council has worked to an agreement with Chelmsford City Council (since 2005) for the provision of Emergency Planning functions, including Business Continuity and Disaster Recovery, and partly funds an Emergency Planning Officer employed by Chelmsford City Council. The arrangements enable shared resources and expertise, and cross Council incident support through an increased pool of trained staff.

In 2016 the responsibility for Business Continuity moved to Financial Services. A new approach to Business Continuity is expected to be taken under this responsibility and initial conversations about how to take this forward have begun.

PURPOSE OF REVIEW ▶

The purpose of this review is to consider the design and effectiveness of the controls in place around Business Continuity and Disaster Recovery and to highlight any areas where the controls might be improved.

SCOPE OF REVIEW ▶

The scope will cover the Key Risks set out overleaf.

EXCLUSIONS ▶

Our work will not assess the adequacy of individual response plans, or cover the Council's legal duties under the Civil Contingency Act.

APPROACH ▶

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.   Any opportunities identified to improve arrangements will be offered for consideration alongside recommendations to resolve any weakness in controls.

49

APPENDIX III – TERMS OF REFERENCE

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- The Council may not have an appropriate business continuity management framework in place. The Council has not identified key aspects of the organisation and the critical systems, activities and resources on which they depend
- The Council may not fully assess key threats or risks to the continuity of business and IT operations.
- Business Continuity Plans are inadequate leading to a delay in or failure to recover systems, preventing adequate delivery of services in a Business Continuity event
- Plans are not reviewed, kept up to date or tested
- Business Continuity and Disaster Recovery planning processes are unnecessarily complex deterring engagement, impeding awareness or causing confusion
- Operational and IT recovery options may not be defined and arrangements may not be in place for standby business and IT facilities in the event of major failure or disaster
- Appropriate liaison may not be maintained with external parties (i.e. insurers, emergency services, suppliers, etc.)
- Planned dependency on IT functionality is not sufficiently coordinated between Business Continuity and Disaster Recovery activities.

DOCUMENTATION REQUEST

Please provide the following documents in advance of our review (where possible):

- A copy of the Corporate Continuity Plan
- A copy of other Corporate-wide Plans i.e. Severe Weather Plan and City Council Emergency Plan
- A copy of all the latest service area business plans
- Evidence of the desktop exercise undertaken in 2015 which assessed scenarios in service area business plans.

Any documents provided will assist the timely completion of our fieldwork, however we may need to request further documentation and evidence as we progress through the review process.

APPENDIX III – TERMS OF REFERENCE

TIMETABLE ▶

Audit Stage	Date
Commence fieldwork	5 September 2016
Number of audit days planned	12
Planned date for closing meeting	16 September 2016
Planned date for issue of the draft report	30 September 2016
Planned date for receipt of management responses	14 October 2016
Planned date for issue of proposed final report	17 October 2016
Planned date for Section 151 and Executive Director review	14 and 21 November 2016 respectively
Papers deadline	5 December 2016
Planned Audit Committee date for presentation of report	14 December 2016

KEY CONTACTS ▶

BDO LLP	Role	Telephone and/or email
Greg Rubins	Head of Internal Audit	t: 07583 114 121| e: greg.rubins@bdo.co.uk
Gurpreet Dulay	Internal Audit Manager	t: 07870 555 214| e: gurpreet.dulay@bdo.co.uk
David Harvey	IT Audit Assistant Manager	e: david.harvey@bdo.co.uk
Oxford City Council		
Jackie Yates	Executive Director for Organisational Development and Communications	e: jyates@oxford.gov.uk
Nigel Kennedy	Section 151 Officer	e: nkennedy@oxford.gov.uk
Helen Bishop	Head of Business Development	e: hbishop@oxford.gov.uk
Paul Fleming	Chief Technology Manager	e: pfleming@oxford.gov.uk
Mike Newman	Corporate Secretariat Manager	e: mnewman@oxford.gov.uk

SIGN OFF ▶

On behalf of BDO LLP:		On behalf of Oxford City Council:	
Signature:	*Greg Rubins*	Signature:	Jackie Yates
Title:	HEAD OF INTERNAL AUDIT	Title:	Executive Director for Organisational Development and Communications
Date:	27 June 2016	Date:	28 June 2016

51

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Oxford City Council

INTERNAL AUDIT PLAN AND AUDIT CHARTER

2017-18 OPERATIONAL

2016-19 STRATEGIC

March 2017

DRAFT FOR AUDIT AND GOVERNANCE COMMITTEE APPROVAL

BDO

CONTENTS

54

INTERNAL AUDIT APPROACH

Introduction

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve your performance. Our approach, as set out in the Firm's Internal Audit Manual, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach complies with best professional practice, in particular, CIPFA Internal Audit Standards and Public Sector Internal Audit Standards.

Internal Audit at Oxford City Council

We have been appointed as internal auditors to Oxford City Council (the 'Council') to provide the s151 officer, and the Audit and Governance Committee with assurance on the adequacy of internal control arrangements, including risk management and governance.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Our role at the Council will also be aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

In producing the internal audit operational plan for 2017-18 and 2016-19 strategic plan we have sought to further clarify our initial understanding of the business of the Council together with its risk profile in the context of:

- The overall business strategy and objectives of the Council
- The key areas where management wish to monitor performance and the manner in which performance is measured
- The financial and non-financial measurements and indicators of such performance
- The information required to 'run the business'
- The key challenges facing the Council.

AUDIT RISK ASSESSMENT

Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the client's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.

Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required we will obtain approval from the appropriate s151 Officer prior to commencing fieldwork and we will report this to the Audit and Governance Committee.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

Variations to the Plan

Significant variations to the plan arising from our reviews, changes to the Council's risk profile or due to management requests will be discussed in the first instance with the s151 officer and approved by the Audit and Governance Committee before any variation is confirmed.

Planned approach to creating internal audit operational plan for 2017-18

The indicative Internal Audit programme for 2017-18 is shown from page 6 onwards . We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

1	•Agreed approach with s151 officer in November 2016
2	•Spoke with Head of Services on 22 December 2016 including the Assistant Chief Executive
3	•Passed on draft plan to Cllr Fry on 15 February 2017 for comment
4	•Met with the Council's Counter Fraud Lead on 16 November 2016 •Discussed risks with External Audit Manager on 9 December 2016
5	•Considered client/sector risks and audit plans across our portfolio • Reviewed the Council's Risk Register and Strategic Objectives
6	•Attended the Corporate Management Team meeting on 13 February 2017 to listen to views of Executive Directors
7	•Finalised plan with s151 officer and Executive Director for Organisational Development and Corporate Services
8	•Presented the Draft Plan to the Audit and Governance Committee for consideration and approval in March 2017

PROPOSED RESOURCES AND OUTPUTS

Staffing

The core team that will be delivering the programme to you is shown below:

Name	Grade	Telephone	Email
Greg Rubins	Partner	07710 703 441	Greg.Rubins@bdo.co.uk
Gurpreet Dulay	Audit Manager	07870 555 214	Gurpreet.Dulay@bdo.co.uk
Yasmin Ahmed	Senior Auditor	07870 510 196	Yasmin.Ahmed@bdo.co.uk

The core team will be supported by specialists from our national Risk and Advisory Services Team and wider firm as and when required.

Our indicative staff mix to deliver the programme for 2017-18 is shown below:

Grade	Annual days	Grade Mix (%)
Partner	20	10%
Audit Manager	67	30%
Audit Senior	69	30%
Auditors (including Qualified) & Specialist Staff	69	30%
Total	225	

Reporting to the Audit and Governance Committee

We will submit the indicative Internal Audit Plan for discussion and approval by the Audit and Governance Committee in March 2017. We will liaise with the Executive Directors and other senior officers as appropriate to ensure that internal audit reports summarising the results of our visits are presented to the appropriate Audit and Governance Committee meeting.

Following completion of the Internal Audit programme each year we will produce an Internal Audit Annual Report summarising our key findings and evaluating our performance in accordance with agreed service requirements. Please note that should it be felt the number of days in the plan is to be greater than 225 then Internal Audit can accommodate this.

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Vibrant, Sustainable Economy				
Car Parking		14		To review the operational controls and processes with regards to setting tariffs, issuing tickets and income collection. Assessment of whether the Council have taken effective steps to maximise the economic activity through its parking strategy and have met legislative requirements over the use of income toward the support of transport related activity
Channel Shift	15			We would: •take the understanding of the Council's customers from Mosaic data and assess where customers can be directed on-line or to more efficient methods •compare the Council's approach to those successfully implemented at other Council's •create a prioritised action plan for channel shift savings based on bottom up transaction data which supported the objectives outlined in the customer access plan and included recommendations for how these could be implemented, along with outline costs and estimated savings
Total	**15**	**14**	**-**	

58

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Efficient, Effective Council				
Accounts Payable		10	8	Assess the arrangements to input, amend, record and report accounts payable data including whether the software/procurement methods in place is effective and whether opportunities for efficiencies have been identified
Accounts Receivable	10		10	Assess the arrangements to input, amend, record and report accounts receivable data including ensure new structures in place are robust and have met the objectives set-out
Payroll and Overtime	20	10	10	This review may cover payroll, overtime or TUPE arrangements to the new company.
Fleet Management			12	Assess the arrangements for purchasing/disposing of fleet and the effective and efficient use of vehicles
Culture Review	20			We would review: • how the leadership of the Council set the culture of the organization and how this is communicated • how success is defined and recognised • workplace policies, procedures, behaviours and relationships • how decisions are made. Amongst other methods we would survey staff as part of our assessment of culture
Benefits Administration	12			This review will focus on whether the administration of benefits in preparation of a full roll-out of universal credit is achieving value for money. To review Council pilot schemes around administering telephone claims and assessing areas such as e-claim through with a significant sum of claims are now made. This will also consider staffing capacity and experience to maximize the administration of benefits to better the Council's performance against its target to process claims within 14 days
Commercial Property Portfolio	4			High level review of formulas and cross-linking between commercial property portfolio Excel spreadsheets
Total	**66**	**20**	**38**	

59

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Efficient, Effective Council				
General Ledger	10	10		Annual review of the key risks with regards to the general ledger including journal processing/authorisation, access rights, reconciliations, data integrity, chart of accounts, delegated authority and suspense accounts amongst other areas
Fixed Assets			10	Review arrangements to identify, record, transfer and report data held with regard to fixed assets including heritage assets
Safeguarding			12	Consider whether the Council have sufficient controls and processes in place to meet safeguarding requirements not only in the recruitment of their staff but also via the use of supplier staff. This will include the assessment of consistency and robustness which regards to safeguarding where multiple agencies are involved and any interaction with any local safeguarding hubs or teams
Income Generation (non-Direct Services)		13		The Council have a number of non-Direct Service income generation schemes around Counter Fraud, HR partnerships with Kent County Council and Procurement. This review would assess the progression of these areas (and other non-Direct Service income generation areas) in achieving the aims and objectives set out. This would include the assessment of business plans, customer strategies/feedback, review of the service and testing the validity of invoices raised
Application Specification Review	10			In response to an external consultant review of 'application rationalisation' the Council are designing specifications for the tender of its housing software. This review would assess the specifications in place and advise on whether they identify all key risks and capability concerns from the current provider which require to be rectified
ICT General Controls			12	Review the general ICT control environment including application interfaces, access rights, upgrades and password policies. This review would also cover the ICT plan and resilience of the function
Total	**20**	**25**	**34**	

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Efficient, Effective Council				
Payment Card Industry Data Security Standard (PCI DSS)		12		This review would assess whether: •the scope of the cardholder data environment has been determined and formally documented •data discovery has been performed to locate all instances of cardholder data on the network • CVV numbers are not stored after a transaction has been authorised • payment processes have been identified and documented •it has been established whether a Self Assessment Questionnaire (SAQ) can be used to report compliance, or whether a QSA/ISA is required to complete a Report on Compliance (ROC) •it has been established which SAQ is required to report compliance (where appropriate) •internal resource has the appropriate knowledge and experience of information security and PCI DSS •any external resources used (e.g. QSA or security consultant) to assist with the PCI DSS program •security awareness training is carried out for all staff on a periodic basis, and this includes payment card security •network security testing requirements have been determined based on the SAQ completed or by a QSA/ISA. •internal/external vulnerability scans have been performed by an Approved Scanning Vendor (ASV) or independent party (if applicable)
ICT Service Desk	13			The Council will be bringing the ICT Service desk functionality in-house from 1 April 2016 which was previously managed by Oxfordshire County Council. The Council will be utilising V-fire software and this review will assess the arrangements, controls and processes in place to ensure accurate, complete and timely processing of ICT service requests including wider controls around staff capacity and resilience
Total	**13**	**12**	**-**	

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Efficient, Effective Council				
Freedom of Information		12		Assess the efficiency and effectiveness in managing freedom of information requests received by the Council. This review would focus on mapping out the process and identifying efficiencies in how requests could be better managed by consider the route for requests and how information can be better or clearly presented via other formats with the aim of reducing the number of freedom of information requests the Council receives
Risk Management and Governance Arrangements			12	Assess the controls and process with regards to risk management and focus on whether risk management is inclusive, breeds innovation and partnership working. To also consider whether the governance arrangements at the Council are fit-for-purpose, effective (in terms of the right decisions made in the right place) and efficient (in terms of there being minimum to no overlap in the various groups/meetings)
Counter Fraud Review		15		Fraud risk assessment diagnostic to identify areas of risk and controls in place to prevent and detect corporate fraud. To also review the effectiveness of the data warehouse and other data-matching arrangements
Budget Setting and Monitoring		15		Review the Council's budget monitoring and setting process which spans the construction, amendment, discussion and approval of budgets. This review would also focus on arrangements to achieve efficiencies in budgets and whether all opportunities are identified and that assumptions are based on reasonable and reliable data
Collection Fund		10		Review of the controls and processes with regards to calculation of liabilities, billing processes, debt collection and recovery, exceptions and system integrity
Income Collection/Cashiers			12	Review of income collection controls and processes to input, record, validate and report data; this would also include the procedures to bank income and an assessment of how effectively the Council is working towards a greater cashless operation
Grant Claims	14			Certification of HCA and CFB06 grant claims
Total	-	52	24	

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Efficient, Effective Council				
Cyber Crime		14		Identify the Council's key assets and assess whether they are affording them adequate protection, and managing cyber security risks on an on-going basis. Review if assets are classified based on the criticality of the data to the business and if there is a risk appetite for cyber security agreed. In addition to governance the review would consider security incident management controls
Data Protection		12		The European Commission plans to unify data protection within the European Union (EU) with a single law, the General Data Protection Regulation (GDPR) which will replace the Data Protection Act. Our review would focus on: •increased governance requirements particularly regarding security arrangements •changes to business culture, such as embedding a culture of 'privacy by design' •increased costs to implement new processes, controls and potentially the cost of an independentDPO • financial risks brought by potentially substantial fines for non-compliance.
Recruitment and Retention		15		The review will consider the controls, processes and efficiency involved from when a vacant post has been identified through to selecting a candidate to recruit to fulfill the role; this includes assessing the effectiveness of job descriptions/person specifications and whether the right techniques have been used to target recruitment. For retention the various Council policies and procedures will be assessed to verify whether they provide a framework within which effective levels of staff retention can be achieved
Procurement	13			Assess the arrangements to meet legislation and internal procedures around procurement activities and whether the process achieves value for money and social value
Treasury Management	10		10	To assess whether corporate treasury management activities are monitored, controlled and reported effectively
Total	**23**	**41**	**10**	

63

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Efficient, Effective Council				
Health and Safety			15	Assess the controls and processes to meet all legal requirements around health and safety at the Council; this will assess the governance, reporting and embedding of health and safety policies and procedures
Project Management (inc. Capital Projects)	12			Review the methodology and practice in the Council to manage projects and review particular projects in detail and assess whether the Council's approach was adhered to. Furthermore, a wider assessment of where projects have failed to meet objectives, to consider the root-cause of this in aim of improving future project management arrangements
Contract Management			10	Assess the most important contracts at the Council and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear, understood and reported with appropriate action taken and if the culture between parties is effective
Business Continuity and Disaster Recovery	12			Review of the Council's business continuity and disaster recovery arrangements including the robustness of any business impact analysis and testing of the disaster recovery plan
Building Control	12			Review the strategy for the service to assess whether it is fit-for-purpose, the capacity/knowledge and resilience of the team, and whether operational controls to achieve the objectives for the area are robust
Investment Properties			12	To review whether investment properties are maximising the benefits they could achieve. This will involve advisory staff to review the Strategy in place and benchmark the Council against others to see if all tools/techniques are utilised to maximise returns from the portfolio,
Total	**36**	**-**	**37**	

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Cleaner, Greener Oxford				
Enforcement Restructure			12	Review the restructure as to whether it has achieved the aims set out to make the teams more resilient, more proactive and report more accurate, timely and relevant information with robust key performance indicators
Total	-	-	12	

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Strong, Active Communities				
Fusion Partnership Arrangements		12		The partnership with Fusion who manage all the Council's leisure centres will be reviewed including, operational controls in addition to performance management arrangements and validity of underlying data/information to support share calculations
Events Management			12	Assess the systems, procedures and resilience of the events management staff/software to achieve the objectives set out; this includes the governance, strategies and operational controls for events management
Customer Services			12	To review the customer service processes and controls to record, manage, respond to and report customer service activity across the Council
Total	-	12	24	

66

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
Meeting Housing Needs				
Companies Review		15		The Council are in the process of/or have set up various companies to more effectively and efficiently manage housing stock or local capital development programmes. The review will focus on whether the objectives set out have been achieved with regards to financial and quality measures; this will also include whether payment mechanisms agreed have delivered positive outcomes
Housing Strategy and Policy			13	There are significant housing policy changes in the local government sector and this review will assess the strategy and policies the Council have in place to manage national changes coming in. The review will consider the responsiveness to national changes and robustness of assumptions made
Empty and Void Property Management	12			Review the arrangements to manage empty and void properties to ensure they are promptly and effectively brought into use. This will include ensuring the reporting of data is accurate and sufficiently scrutinised
Housing Rents		13		This review will assess the controls and processes to manage housing rents including the effective use of the software. An assessment of the administration and management of policies will also be assessed i.e. administration of 'market rent' assessments
Development Control			10	To review the controls surrounding the efficiency and effectiveness of planning controls. This will look at the processes from application submission, consultation, review, Committee, approval and working with regulators.
Total	**12**	**28**	**23**	

DRAFT INTERNAL AUDIT PLAN 2016-2019

Area	2016-17	2017-18	2018-19	Description of the Review
All				
Audit Management	16	15	10	This includes all planning, liaison and management of the Internal Audit contract including preparation of the Head of Internal Audit Opinion and attendance at all Audit and Governance Committees
Recommendation Follow-Up	8	8	6	To follow-up progress and verify audit recommendations due in the quarter under review
Contingency	3	-	-	Held for any ad-hoc work such as grant claims
Total	27	23	16	
Grant Total Audit Days	226*	225	220	

The budgeted number of days for 2016-1 7 was 230 days. At the time of the issue of this report there were 4 available days available to use; these will be allocated in discussion with Management.

Please see the following page which sets out the timings for reviews in 2017-18.

68

DRAFT INTERNAL AUDIT PLAN 2017-2018

Area	Days	Timing	Objective
Car Parking	14	Q1	Vibrant, Sustainable Economy
Accounts Payable	10	Q3	Efficient, Effective Council
Payroll and Overtime	10	Q3	Efficient, Effective Council
General Ledger	10	Q3	Efficient, Effective Council
Income Generation (non-Direct Services)	13	Q4	Efficient, Effective Council
Payment Card Industry Data Security Standard (PCI DSS)	12	Q2	Efficient, Effective Council
Freedom of Information	12	Q1	Efficient, Effective Council
Counter Fraud Review	15	Q2	Efficient, Effective Council
Budget Setting and Monitoring	15	Q3	Efficient, Effective Council
Collection Fund	10	Q3	Efficient, Effective Council
Cyber Crime	14	Q2	Efficient, Effective Council
Data Protection	12	Q2	Efficient, Effective Council
Recruitment and Retention	15	Q1	Efficient, Effective Council
Fusion Partnership Arrangements	12	Q1	Strong Active Communities
Companies Review	15	Q4	Meeting Housing Needs
Housing Rents	13	Q4	Meeting Housing Needs
Audit Management	15	All	All
Recommendation Follow-Up	8	All	All
Total audit days	**225**		

Quarter	No of Days	Audit and Governance Committee reports will be presented to
Q1	53	June 2017
Q2	53	September 2017
Q3	55	December 2017
Q4	41	March 2018

Please note the plan has been devised with the intention to present four or five reports to each Audit and Governance Committee.

69

DRAFT INTERNAL AUDIT CHARTER

Purpose of this Charter

This Charter is a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Oxford City Council (`the Council') and defines the scope of internal audit activities. This charter shall be reviewed and approved annually by management and by the Audit and Governance Committee on behalf of the Council.

Internal audit's purpose

Internal audit provides an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide support to the s151 officer of the Council and to provide the Audit and Governance Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in Internal Audit's role is that it supports the Council's management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

Standards of internal audit practice

Internal audit will perform its work in accordance with PSIAS and the International Professional Practices Framework of the Chartered Institute of Internal Auditors. As required by PSIAS an external assessment of the service will be performed at least every five years.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

Independence and internal audit's position within the Council

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit and Governance Committee. The Head of Internal Audit has free and full access to the Chair of the Audit and Scrutiny Committee. The Head of Internal Audit reports administratively to the s151 officer who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not authorised to perform any operational duties for the Council.

DRAFT INTERNAL AUDIT CHARTER

Authority

The Internal Audit function of Oxford City Council derives its authority from the Council through the Audit and Governance Committee. The Chief Audit Executive is authorised by the Audit and Governance Committee to have full and complete access to any of the organisation's records, properties and personnel. The audit Chief Audit Executive is also authorised to designate members of the staff to have such full and complete access in the discharging of their responsibilities, and may engage experts to perform certain engagements which will be communicated to management. Internal Audit will ensure confidentiality is maintained around all information and records obtained during the course of audit activities.

Professional competence and due care

The Internal Audit function will perform its duties with professional competence and due care. Internal Audit will adhere to the Definition of Internal Auditing, Code of Ethics and the Standards for the Professional Practice of Internal Auditing that are published by the Institute of Internal Auditors.

Internal Audit will also adhere to the requirements of the Public Sector Internal Audit Standards (PSIAS).

Management Responsibilities

Management responsibilities are as follows:
• The Audit and Governance Committee is responsible for appointing the Chief Audit Executive
• Senior Management is responsible for the performance management of the Chief Audit Executive. Instances of late responses to reports, and agreed actions not being implemented will be escalated to Senior Management initially and subsequently the Chair of the Audit and Governance Committee where these are not resolved

Whilst the annual Internal Audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from Internal Audit will be agreed with the Audit and Governance Committee at the beginning of the year and presented in the annual Internal Audit plan (and subsequent agreed amendments). As such, the annual Internal Audit opinion does not supplant responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

DRAFT INTERNAL AUDIT CHARTER

Internal audit's commitments to the Council

Internal audit commits to the following:

•Working with management to improve risk management, controls and governance within theorganisation
• Performing work in accordance withPSIAS
• Complying with the ethical requirements ofPSIAS
•Dealing in a professional manner with Council staff, recognising their other commitments andpressures
•Raising issues as they are identified, so there are no surprises and providing practical recommendations
•Liaising with external audit and other regulators to maximise the assurance provided to theCouncil
• Reporting honestly on performance against targets to the Audit Committee

Internal audit performance measures and indicators

The tables below contain performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit. The Audit and Governance Committee should approve the measures which will be reported to each meeting and / or annually as appropriate.

Table One: Performance measures for internal audit

Measure / Indicator
Audit Coverage   Annual Audit Plan delivered in line with timetable   Actual days are in accordance with Annual Audit Plan
Relationships and customer satisfaction   Customer satisfaction reports – overall score at least 80% for surveys issued at the end of each audit   Annual survey to Audit and Scrutiny Committee to achieve score of at least 80%
Staffing and Training   At least 60% input from qualified staff
Insights   Assessing our insights and experience delivered at Committees and scoping meetings via surveys
Audit Quality   Reliance on work by EY where appropriate   Positive result from any external review   Assessment of the successful reporting of themes and implementation of recommendations

72

DRAFT INTERNAL AUDIT CHARTER

Management and staff commitments to Internal Audit

The Council's management and staff commit to the following:

•Providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
•Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
• Implementing agreed recommendations within the agreed timeframe
• Being open to internal audit about risks and issues within the organisation
•Not requesting any service from internal audit that would impair its independence or objectivity
•Providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are proposed, subject to agreement by the Audit and Governance Committee:

Table Two: Performance measures for management and staff

Measure / Indicator
Response to Reports   Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
Implementation of recommendations   Audit sponsor to implement all audit recommendations within the agreed timeframe
Co-operation with internal audit   Internal audit to confirm to each meeting of the Audit and Governance Committee whether appropriate co-operation has been provided by management and staff

DRAFT INTERNAL AUDIT CHARTER

Timing of Internal Audit Milestones

Event	Timing
Contact Audit Sponsor	At least 5 weeks before fieldwork commencement
Initial scoping discussion with management	At least 4 weeks before fieldwork commencement
Draft Terms of Reference	At least 3 weeks before fieldwork commencement
Final Terms of Reference	At least 2 weeks before fieldwork commencement
Review of work by Audit Manager	On-site during fieldwork
Evaluation of findings and discussion at audit close meeting	Held on final date of on-site fieldwork or at a date agreed within ten days of completion of on-site fieldwork
Issue Draft Audit Report	No more than 2 weeks after close meeting
Receipt of management response	No more than 1 week after issue of draft Audit Report
Issue Final Audit Report	No more than 1 week after receipt of management responses
Audit Satisfaction Survey	Issued with Final Audit Report
Attend Audit and Governance Committee	On-date of Committee

74

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OXFORD CITY COUNCIL

To: **Audit and Governance Committee**

Date: **01 March 2017**

Report of: **Head of Financial Services**

Title of Report: **Risk Management Quarterly Reporting: Quarter 3 2016/17**

Summary and Recommendations

Purpose of report: To update the Committee on both corporate and service risks as at the end of Quarter 3, 31 December 2016.

Key decision: **No**

Executive lead member: **Councillor Ed Turner**

Policy Framework: **Efficient and Effective Council**

Recommendation(s): That the Committee notes the content of the report

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Appendices:

Appendix A Corporate Risk Register

Risk Scoring Matrix

1. The Council operates a 'five by five' scoring matrix. The methodology for scoring risks is set out below along with a copy of the scoring matrix or 'heat map'.

2. 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 rating 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.

3. A change to the risk prioritisation matrix was approved by the Committee on 28 September 2016 and the new risk prioritisation matrix is shown below.

Probability

		1	2	3	4	5
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	Insignificant	Minor	Moderate	Major	Severe

Key: | Green | Amber | Red |
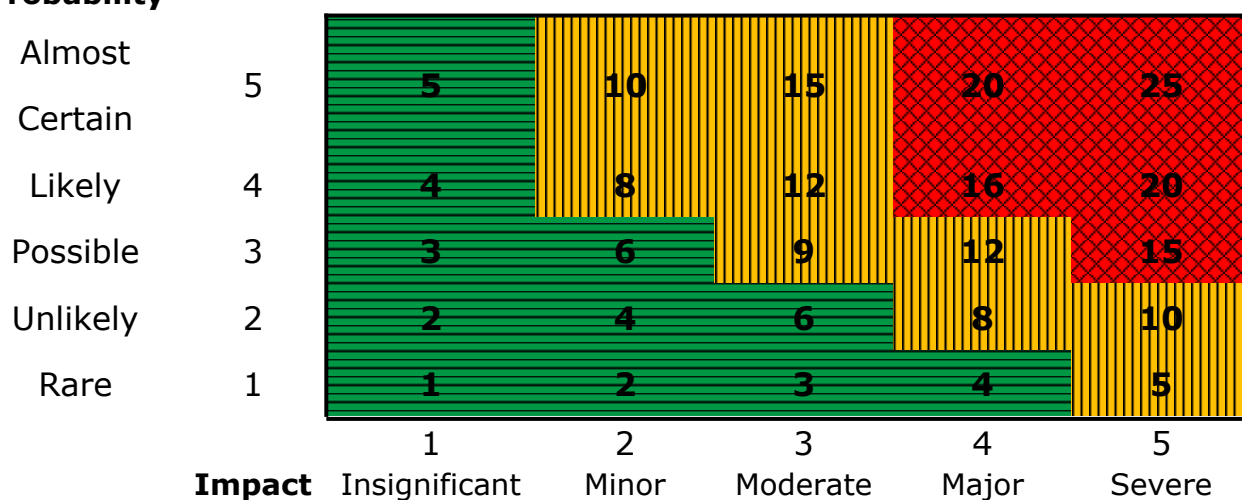
Risk Identification

4. **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 of corporate risks are generally Directors.

5. **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 whether they should be considered for inclusion in the Corporate Risk Register.

6. **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

7.   The new Corporate Risk Register is attached at Appendix A.

8.   The number of red risks for Q3 has remained at two. These are as follows:-

   •   Devolution – There are potential changes to Local Government structures currently being debated with a range of potential outcomes with Oxford City Council potentially ceasing to exist in its current form. All Oxfordshire Councils and the Local Enterprise Partnership have agreed to develop proposals for a revised devolution deal for Oxfordshire with a governance model of Combined Authority & Mayor. This work is underway with the aim of producing proposals for discussion with Government by March 2017. Oxfordshire County Council has published proposals for a single Unitary Council covering the whole of Oxfordshire.

   •   Climate Change – Oxford has been subject to a number of significant flooding and extreme weather events resulting in widespread disruption and damage. Mitigation arrangements and plans have been put in place but there is a risk that they could be insufficient to deal with major future flooding or extreme weather. Flood alleviation schemes are underway and being investigated.

9.   The table below shows the levels of red, amber and green residual risks over the last 12 months.

Current Risk	Q4 2015/16	Q1 2016/17	Q2 2016/17	Q3 2016/17
Red	0	5	2	2
Amber	4	4	6	7
Green	3	1	2	1
Total risks	**7**	**10**	**10**	**10**

Quarter 3 Service Risk Registers

10. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.

11. The table below shows the number of service risks in Q3 2016/17 compared with the last 12 months. Two risks have been closed since the last quarter and one new risk has been added.

Current Risk	Q4 2015/16	Q1 2016/17	Q2 2016/17	Q32 2016/17
Red	2	7	2	2
Amber	27	37	38	41
Green	33	28	32	28
Total risks	62	72	72	71
New risks in quarter	0	15	1	1
Closed	1	5	1	2

12. There were two red risks at the end of December 2016. One new risk for Q3 has been classified as red and one has been upgraded from amber to red. These red risks are as follows:-

- Community Services – relates to Out of Town Taxis and the legal loophole which allows hackney carriages to undertake pre-booked work outside the area in which they are licensed. This poses a safeguarding risk to passengers and the public as it hampers our public protection role on taxis. There is also a financial risk due to a reduction in licences issued putting the sustainability of the Licensing Team at risk. Work is underway with neighbouring Authorities, the County Council and OSCB under the Joint Operating Framework to identify the most prevalent neighbouring Authorities and Operators using Out of Towners. We need to work with them to encourage drivers and vehicles back to Oxford. There is also a reputational issue for Local Authorities and Operators.

- Partnership Working – The County Council's proposals for local government re-organisation could potentially distract from local partnership working. OCC staff are emphasising a business as usual approach and taking forward work with local partners. OCC staff are working with OSP to create a partnership vision for the City and review and refresh partnership priorities and objectives. Engaging with Business on establishing a strong business voice to raise engagement and profile in Government. Stakeholder engagement meetings with Health, Business and Universities on future of governance and services in the city. Engagement with CCG on STP which will set future direction of health services in Oxfordshire. Continued partnership work with community and voluntary groups on refugees and migration including development of funding bid to support communities. Continued participation and active engagement in County partnerships such as Health and Well Being Board, Safeguarding Board and Schools Partnership.

Climate Change / Environmental Impact

13. This has been raised within the Corporate Risk Register as a risk and investigations are underway into flood alleviation schemes to minimise any future disruption or damage.

Equalities impact

14. There are no equalities impacts arising directly from this report

Financial Implications

15. There are no financial implications arising directly from this report.

Legal Implications

16. 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.

Name and contact details of author:-
Name: Alison Nash
Job title: Finance Officer (Insurance)
Service Area / Department: Financial Services
Tel: 01865 252048 e-mail: anash@oxford.gov.uk

List of background papers: None.

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Formal Risk Summary

(Oxford)

As at: Dec-2016

		Risk				Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-037	Devolution	Risk that the City Council doesn't get a significant enough devolution deal	T	There are potential changes to Local Government structures being mooted currently with a range of potential outcomes possible as a result, including major changes to overarching governance in the local area. Possible outcomes include Oxford City becoming a Unitary authority or potentially ceasing to exist in its current form.	- Loss of opportunities and investment - Potential impact on community - Lack of focus on Oxford City and greater Oxford - Focus on services	1-Apr -2016	Caroline Green	5	4	5	4	4	3	All Oxfordshire Councils and the LEP have agreed to develop proposals for a revised devolution deal for Oxfordshire with governance model of Combined Uathority and Mayor. This work is underway with the aim of producing proposals for discussion with Government by March. Oxfordshire County Council have published proposals for a single unitary council covering the whole of Oxfordshire. The County Council will consider proposals and responses on 14th March and intends to submit them to Government. how they will be received by Government is not clear, but could negatively impact on DCLG consideration of a devolution deal.	Understand Government policy on devolution as it develops. Make case for Combined Authority & Elected Mayor. Make joint representation to Government on County's proposal. Brief Stakeholders on OCC position, seek support for Devolution Deal proposition		Ongoing	40%	Caroline Green
															Working with County to ensure effective joint working continues		Ongoing	40%	Caroline Green
															Working with other councils in Oxfordshire and partners with a view to agreeing a way forward on devolution deal and strengthening current governance structures		Ongoing	40%	Caroline Green

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(Oxford)

As at: Dec-2016

	Risk					Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-040	Climate change	Risk that a flood event happens that mitigations and plans are not sufficient to deal with	T	Oxford has commonly been subject to a number of significant flooding and extreme weather events. Mitigation arrangements and plans have been put in place but there is a risk they could be insufficient to deal with major future flooding / extreme weather events. The risk arises through a flood event happening that mitigations and plans are not sufficient to deal with	- Impact on infrastructure and housing - Widespread disruption to City and business - Cost - Return to Business As Usual challenging - Impact on public and staff	1-Apr -2016	Jo Colwell	5	4	5	3	5	4	There is a 1:75 or greater flood risk which in the event this happens the mitigations and plans are not sufficient to deal with.	Flood alleviation schemes are underway and being investigated	31-Mar -2018	In Progress	20%	Tim Sadler
CRR-031	Supporting Economic Growth	The uncertainty around the exit from the EU, including scale, timeframes and position, and an Exit agreement which disadvantages Oxford plus the non-delivery of key projects such as the local plan which have a detrimental effect on the local economy	T	The UK decision to exit the EU (Brexit) is already having a negative impact on City and national economy, which could be exacerbated further by continued uncertainty and an exit which is unfavourable to the UK. Locally, this could manifest through loss of funding, impact on business rates, difficulty with encouraging businesses and workers into City leading to loss of skills impacting critical services. In addition there is a concern this could have an impact on universities (and	- Pressure on City and other services - Less visitors - Reduced (and or pause in) investment - Impact on regeneration - Accumulation of changing legislation - lack capacity to deal with multiple issues - Community cohesion affected - Impact on Corporate Plan	1-Apr -2016	Patsy Dell	4	3	4	3	4	3	There is still much uncertainty about the impact of suggested changes in retained business rates by the Government. An allowance has been made in the MTFP for reduced rates with effect from 1/4/2019 although whether this is sufficient remains to be seen. In the meantime collection levels continue to be monitored. Progress on several key developments continues. Officers have researching the likely impact on key sectors & employers (higher Education, vehicle manufacturing,	Impact on business rates is being monitored Impact on partners being monitored and close liaison with them is being maintained		Ongoing Ongoing		Nigel Kennedy Val Johnson

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(Oxford)

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Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
				funding). Uncertainty and Exit have a significant detrimental impact on City and Council, socially and economically Non delivery of the local plan or other key projects linked to growth and regeneration										tourism, science & technology). A draft paper has been produced for the LGA highlighting the biggest risks for Oxford which will be shared with Central Government as part of a wider evidence base. main threats identified to business & public services relate to; EU market access, harmonisation of regulation, access to workers & researchers, EU research funds, collaboratoons and research infrastructure. This is being monitored continually as the Article 50 process nears and situation evolves.	Impact on the local economy is being monitored		Ongoing		Fiona Piercy
															There is a project plan and timescales for the delivery of the local plan and these are being closely monitored and managed.	31-Dec -2019	In Progress	0%	Patsy Dell
CRR-032	Delivery of financial plan	Unable to balance the Medium Term Financial Plan and hence deliver the Council's Corporate Plan priorities	T	The current budget enables us to fund the Corporate Plan, through the MTFS. There are sensitivities however, as outlined below. The outcome of the Government Business Rate Reform is less favourable than currently predicted with the MTFP. Challenges come from an income perspective, where	- Cannot fund priorities - Unable to deliver to plan - Need to make choices / cuts - Unable to transform Council or achieve Income levels	1-Apr -2016	Nigel Kennedy	4	3	4	3	4	3		Trading activities and risks around these are closely monitored and potential for reductions in income will be highlighted at an early stage in monitoring meetings	31-Mar -2017	Not Started	30%	Graham Bourton
															External advice being commissioned re: Trading Model	31-Mar -2017	In Progress	30%	Graham Bourton

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Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
				there is a need to find £6-7m from trading activities. This is in the context that increasing income generally leads to risks around embracing new delivery models and managing demand. In addition there is major uncertainty over EU Grants in future, with them likely to cease and not necessarily be adequately funded from a UK perspective.											Respond to Consultation / Lobby through Local Government Association	31-Dec-2017	In Progress	5%	Caroline Green
															Trading Accounts set up and new Board	31-Mar-2017	In Progress	30%	Graham Bourton
CRR-033	Housing	The Council has key priorities around Housing, including ensuring housing delivery and supply for the City and enabling sufficient house building and investment.	T	Unable to deliver affordable and acceptable housing to a 'required' standard	- Insufficient housing in City - Increase in homelessness - Impact on residents - Health and quality of life issues - Adverse publicity - Reputation risk - Perception of unfairness reinforces tensions around immigration	1-Apr-2016	Stephen Clarke	5	4	3	3	3	2		The Council is implementing other delivery methods for temporary accommodation and accommodation for homelessness prevention.	30-Apr-2017	In Progress	40%	Dave Scholes
															The Council has set up a housing Company to enable it to better manage and resolve potential factors which threaten investment and service performance.	30-Sep-2016	In Progress	40%	Stephen Clarke
															The Council is reviewing its local plan, a key element being how to develop a range of housing tenures to meet the growth in demand. This includes working with surrounding districts on their plans and a review of the green belt.	31-Dec-2019	In Progress	0%	Patsy Dell
CRR-034	Workforce and skills	Most services in house, challenges around recruitment and retention of high calibre staff, geographical proximity to London, high cost of housing, congested transport infrastructure.	T	Not having right skills and capacity to deliver quality and speed in dynamic environment	- Staff not accepting change - Lose people - Lack of resilience - Increased absence - Unable to deliver plans and priorities	1-Apr-2016	Helen Bishop	4	3	3	3	2	2	There has been a marked imporvment in the operational challenge from HR throughout the recruitment process. This is being addressed further in the forthcoming HR & OD restructure with a resource dedicated to recruitment and retention.	More creative methods of advertising job roles to attract a wider pool of candidates. Trying to grow our own talent to fill roles.	31-Mar-2017	In Progress	25%	Justin Thorne
															Staff non-pay benefits in place and reviewed. Use benefits and market these to attract talent to the organisation.	30-Jun-2016	Completed	100%	Justin Thorne

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(Oxford)

As at: Dec-2016

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Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-036	Innovative arrangements and models	The Council is unable to optimise the potential of innovative arrangements and models	T	The Council is exploring and implementing new models of service delivery. e.g joint venture companies. There is a risk that the implications of these are not understood and communicated, politically and operationally, including the impact it will have on roles and governance arrangements.	- Missed opportunities - Council doesn't transform - Potential inertia - Unable to deliver - Uncertainty	1-Apr-2016	Jacqui Yates	5	4	4	3	4	3	External advisors are being engaged to establish the Company although approval of the Company Business Plan is still outstanding. Governance processess are being embedded as the Housing becomes more operational.	Agreements between the Companies and the Council regarding services to be provided and fees for these services are to be agreed	31-Dec-2016	In Progress	20%	Jacqui Yates
															External advice being utilised to optimise Company set-up	30-Sep-2016	In Progress	50%	Nigel Kennedy
															Governance processes are being put in place for each new vehicle	31-Mar-2017	In Progress	50%	Nigel Kennedy
CRR-038	ICT Resilience	Non delivery of digital strategy or failure of the ICT service delivery	T	There is an increasing demand from public and stakeholders to access the Council through digital channels. This will impact on both front facing and back office area and will require new and differing capability and skills, both people and infrastructure. There will be potential changes to manage here, as outlined in the digital strategy and proposition, which will require buy-in to be successful. The risk arises through the Council being unable to deliver digital strategy and proposition The delivery of Council Services are increasingly reliant upon the resilience of ICT hardware, software and support to allow	- Inefficiency - Damage to reputation - Inefficiency - Damage to reputation - Loss of serice provision - Staff unable to perform their normal duties	1-Apr-2016	Helen Bishop	5	3	3	3	3	3	The Digital Strategy has been approved by CEB and a working group is being set up to oversee the delivery, which is also reported to the One Council Board. The ICT Work plan and Improvement plan are both closely managed and reported to the One Council Board. Monthly service review meetings are in place with SCC our ICT Infrastructure provider, and the first Infrastructure Partnership meeting is scheduled for February	Robust governance arrangements in place for the Digital Strategy, the Action Plan and ongoing stakeholder engagement including CEB approval and ongoing monitoring through OD&CS Board.	31-Mar-2017	In Progress	75%	Jan Heath
															Site visits arranged for HoS to consider Digital Leadership initiatives at other local authorities	31-Dec-2016	In Progress	40%	Jan Heath
															The contract with the Council's major ICT supplier, SCC, includes non-performance penalties which incentivise the continual operation of the Council's systems hosted by SCC	31-Mar-2017	Completed	100%	Vic Frewin
															The ICT workplan is being developed and will be updated on an ongoing basis	31-Mar-2017	Ongoing	50%	Vic Frewin

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(Oxford)

As at: Dec-2016

Risk						Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
				them to function properly and to provide services both internally and externally to the Council's Customers. Failure of ICT can seriously impact on the delivery of Council services. The risk arises through the loss of ICT Services due to internal issues or loss of service provision from ICT suppliers											The potential for a single account for each customer through improved integration of Council systems through enterprise application integration and real time business process automation is being investigated	31-Mar -2017	Not Started	20%	Vic Frewin
															There is an improvement plan for the ICT Operations team to develop a staff training programme, and to ensure that the use of resources and ICT systems is maximised.	31-Mar -2017	In Progress	60%	Vic Frewin

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(Oxford)

As at: Dec-2016

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Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-039	Partnerships / supply chain	Risk that the Council does not work collectively and coherently with partners	T	It is important to work collectively and coherently with key partners to find solutions. Strong relationships are key, especially at a time when there is a strain on partners and relationships. Effective relationship management across partners will help to manage risks around service delivery and reputational risk. Lack of coordinated response or weak relationships with partners leads to withdrawal of services, increasing the burden on City Council services and poorer outcomes for communities.	- Ad-hoc arrangements and relationships - Disparate approach across service areas - Mixed messages - Partners withdraw - Services and initiatives affected	1-Apr -2016	Caroline Green	3	3	3	3	3	2	OCC staff working with OSP to create a partnership vision for the City and review and refresh partnership priorities and objectives. Engaging with Business on establishing a strong business voice to raise engagement and profile in Government. Stakeholder engagement meetings with health, business, universities on future of governance and services in the city. Engagement with CCG on STP which will set future direction of health services in Oxfordshire. Continued partnership work with community and voluntary groups on refugees and migration, including development of funding bid to support communities. Continued participation and active engagement in County partnerships such as health and WellBeing Board, Safeguarding Boards, Schools partnership.	Reinforce arrangements for joint working with key partners (councils, health, police, voluntary sector, business) to identify the pressures and challenges and broker discussions to design joint solutions or mitigations		Ongoing	50%	Caroline Green

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(Oxford)

As at: Dec-2016

Risk						Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
Ref	Title	Risk description	Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-035	Community Cohesion	The Council needs to be fair and equitable to all, and be recognised as such.	T	There have been increases in racial tensions with pressure on estates and migrant communities. Immigration has led to new communities entering and displacement with a perception of drain on resources e.g. benefits and the local economy. The Brexit vote and outcome has highlighted differences between estates and affluent areas and has exacerbated this. The Council is not being fair and equitable to all or is not recognised as such	- Unable to communicate with community - Community fails to integrate - Demonstrations - Increase in abuse and bullying - Divided City - Unrest - People feel excluded	1-Apr -2016	Ian Brooke	2	2	2	2	2	2	This work is now being looked and overseen by the Stronger Communities Programme Board. There have not been any focus groups as such but work has been undertaken by Communities and Neighbourhood Officers to identify different and emerging communities and to identify equality and fairness concerns. Work is being done on a Controlling Migration Fund Bid which will provide additional resources to promote fairness and equalities across the different communities in oxford.	Cross Council Working Group to monitor the situation	31-Aug -2017	Not Started	0%	Catherine Hine
															Focus groups to be used to forward the fairness and equity agenda		Ongoing	20%	Val Johnson
															Key areas of concern monitored and action undertaken by officers on estates to alleviate tensions		Ongoing	20%	Val Johnson

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Minutes of a meeting of the
AUDIT AND GOVERNANCE COMMITTEE
on Wednesday 14 December 2016

Committee members:

Councillor Fry (Chair)

Councillor Munkonge (Vice-Chair)

Councillor Coulter

Councillor Fooks

Councillor Paule

Councillor Simmons (for Councillor Thomas)

Councillor Tidball

Officers:

Nigel Kennedy, Head of Financial Services
Anna Winship, Management Accountancy Manager
Jackie Yates, Executive Director Organisational Development and Corporate Services
Lindsay Cane, Acting Head of Law and Governance
Jennifer Thompson, Committee and Members Services Officer
Helen Bishop, Head of Business Improvement
Vic Frewin, Interim Head of IT
Neil Markham, Incomes Team Leader
Katie Ball, Income Manager

Also present:

Gurpreet Dulay, Manager, BDO Internal audit
Greg Rubins, Partner, BDO internal audit
David Guest, Ernst & Young external audit
Councillor Susan Brown, Board member for Customer and Corporate Services

Apologies:

Councillor(s) Thomas sent apologies. His appointed substitute is shown in the attendance.

32. Declarations of Interest

There were no declarations of interest.

33. Minutes of the previous meeting

The Committee resolved to **approve** the minutes of the meeting held on 28 September 2016 as a true and accurate record.

34. Review of the ICT service transition project in April 2016

The Interim Head of IT, the Head of Business Improvement, and the Board Member for Customer and Corporate Services presented the report on the progress of the ICT Improvement Plan, as requested by the Committee at its meeting in September.

In discussion the Committee noted the following points:
1. The focus currently was on increasing the technical and customer service skills of the operations team. A number of actions had been added to the action plan to reflect this and other changes to the priorities. Deadlines had been revised or amended to make these more achievable. The plan was under continual review to make sure it maintains its relevance: all actions were now in progress with a new delivery date where appropriate.
2. The council had appointed a new operations manager and a new service desk manager to replace staff who had recently left. Interim appointments were used to facilitate the one-off transformational work and to fill time-critical posts; permanent staff would be appointed to a revised staffing structure at the end of the reorganisation.
3. The operations team had been reorganised into smaller specialist teams.
4. Technical solutions such as better data analytics and upgrades to the case logging system (vFire) to allow more efficient and timely case handling were being put in place.
5. The setting of the performance framework was on hold pending completing testing of systems to allocate and manage cases as currently there was not enough information to differentiate between the different types of case. Once the case management and alerts system was working effectively the framework would be set.
6. Costs including extensions to contractors' contracts were contained within budget using funds from staff vacancies.

The Interim Head of IT agreed to circulate the updated improvement plan to the committee with new completion dates and progress.

The Committee agreed to note the report and the progress made.

35. Setting of the Council Tax Base 2017/18

The Committee considered the report of the Head of Financial Services asking them to agree the numbers required to set the "Council Tax Base" for 2017/18 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations.

The Committee noted the changes to the council tax base and the impact of discounts. With over 18,000 out of 61,000 houses claiming single person discounts, the council lost a significant portion of its potential tax base. They noted that recipients of discounts and reductions were required to confirm their eligibility annually and the investigations team pro-actively checked on empty houses as well as business properties not on the rating list or claiming charitable or empty property exemptions.

The Committee asked for a report setting out:

- of the letters sent out to check eligibility, how many were returned with information leading to an increase in council tax due;
- information on numbers of houses in each tax band and with/ without discounts to show how actual households translate into the 'band D equivalent'.

The Committee resolved:

a) that the 2017/18 Council Tax Base for the City Council's area as a whole is set at 44,623.4 (as shown in Appendix 1 of the report)
b) that the projected level of collection is set at 98%
c) that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2 of the report) be set as follows:

Unparished Area of the City	37,300.3
Littlemore Parish	1,754.0
Old Marston Parish	1,269.1
Risinghurst & Sandhills Parish	1,444.1
Blackbird Leys Parish	2,855.9
City Council Total	44,623.4

36. Internal Audit: progress report to December 2016

The Committee discussed the report from the Council's internal auditor, BDO, setting out the progress made against the 2016/17 internal audit plans.

Greg Rubins, BDO, presented the report. He said that the majority of the 2016/17 scheduled audits were complete and the findings included in the report. The 2016/17 audit plan should be completed as scheduled.

The Committee noted the findings and recommendations for the three reports issued with moderate or better opinions and the one advisory report.

The Committee asked for a report from the Head of Service on the building control service's market share, marketing, competition, analysis of why tenders were won or lost, and business planning to review options for increasing the service's market share. They suggested the Finance Panel may wish to review this in more detail.

The Committee noted the report.

37. Internal Audit: follow up of recommendations to December 2016

The Committee considered the report of the Council's internal auditors, BDO, setting out progress on implementing the recommendations arising from the completed internal audit reviews.

Greg Rubins, BDO, presented the report.

The Committee commented that recommendations needed to have a realistic timetable for completion, and that where there were specific difficulties mitigation measures should be put in place. The Strategic Director reported that senior management and heads of service received a monthly report highlighting any slippage and assured the committee that all recommendations would be completed. She suggested that the responsible manager should attend the committee to explain the reasons if implementation dates slipped persistently.

The Committee noted the report.

38. Internal Audit: audit reports to committee December 2016

The Committee considered reports and recommendations from audits by the internal auditor, BDO, identifying medium-level risks:
a) Accounts receivable
b) Payroll.

a)   Accounts receivable

Gurpreet Dulay, BDO, introduced the report setting out the findings and recommendations of the audit of the accounts receivable function and the Head of Financial Services, the Income Manager and the Income Team Leader answered questions.

The Committee noted the following:
1. The manager agreed with the findings and was implementing the recommendations. These would strengthen controls and could be completed early in 2017.
2. The outstanding debt related principally to the direct services trading arm and to payments owed by Oxfordshire County Council. It covered everything apart from business rates and council tax debt.
3. The accounts team were pro-actively working with direct services in reducing the debt, and controls were in place which generally prevented further work being done before outstanding debts were dealt with.

The Committee asked for information about debt in each category written off in 2015/16 and 2016/17

The Committee noted the report.

b)   Payroll

Gurpreet Dulay, BDO, introduced the report setting out the findings and recommendations of the audit of the payroll function and the Head of Financial Services, and the Head of Business Improvement answered questions.

The Committee noted the following:

1. The recommendation on centralised timesheets was not accepted as it was not considered that this would help improve accountability.
2. To give a better audit trail, procedures around documenting fuller details of claims for overtime and expenses had been improved and sent to staff.
3. Individual managers had responsibility for overseeing, checking and signing off claims for overtime but payroll were in the position to take an overview of the whole of the organisation and see trends and patterns in overtime payments either over whole services or over time which individual managers may not be able to spot. Central oversight can highlight patterns of concern because of changes in legitimate overtime paid to individuals to cope with work or changes in overtime across a service area.
4. The HR system, iTrent, had some new reporting functionality to allow this.
5. The service manager had reviewed workloads in the licensing team and decided to employ more staff to reduce the need for essential overtime.
6. Council officers were meeting with County Council pensions officers to resolve areas of concern, including the timely and accurate transfer of data between authorities.

The Committee asked for an update after the meeting with pensions officers.

The Committee noted the report.

39. Annual Audit Letter for year ended March 2016

The Committee considered the annual audit letter of the Council's external auditors, Ernst & Young.

David Guest, Ernst & Young, introduced the report.

The Committee noted the implications of the earlier close of the end-of-year accounts and earlier audit deadlines for the 2017/18 accounts. The audited accounts would be presented to committee by 31 July 2018. The time constraints had a significant impact on the workloads of council staff in managing both the year end and budget processes together and the auditors managing audits with identical deadlines across different sectors.

The Committee noted the report, and recorded their thanks to the finance team and all staff involved in the work leading to the unqualified audit opinion.

40. External Audit - Progress Report

The Committee considered the report of the Council's external auditors, Ernst & Young, which presented the progress of the work of the external auditors.

David Guest, Ernst & Young, introduced the report.

The Committee noted:

1. The audit plan for 2017/18 would be sent to the Chair for comment before the committee next met in March

2. The 2015/16 housing benefit subsidy claim work showed that on local authority errors the council just exceeded the threshold triggering a loss of subsidy. While this was a small percentage of the total housing benefit claim, this could result in a considerable cost to the council: in excess of the amount of the error.

3. The loss of subsidy would be covered from reserves and to attempt to reduce the error rate, additional training would be provided for benefits staff.

4. The Department of Works and Pensions had until January to respond to the audit: they may ask for further testing to confirm the exact level of error or may reclaim subsidy or may take no action.

The Committee noted the report.

41. Risk Management report: Quarter 2 2016/17

The Committee considered the report submitted by the Head of Financial Services setting out both the corporate and the service risks as at the end of Quarter 2, 30 September 2016. The Management Accountancy Manager introduced the report.

In discussion the Committee noted:
1. The reduced number of corporate red risks, and the risk of a severe impact from loss of investment income.
2. Risks associated with planning services had substantially reduced as the mitigation process had been completed.
3. Risks from aged debt had reduced given the mitigation measures discussed earlier.
4. Brexit's impact did not feature but could be classed as a severe risk.
5. Homelessness was not a high financial risk for the council because the budget contained sufficient increased funding to cover the expected costs and reports were coming to the Executive Board for additional resources. However it was clearly an increasingly severe problem and the committee were concerned that the financial risk does not adequately reflect the actual level of risk.

The Committee asked for more details on the risks and how these were calculated and mitigated.

The Committee noted the report.

42. Officer Executive Decisions: Quarterly to December 2016

The Committee considered the report of the Head of Law and Governance setting out the Officer Executive Decisions taken in the period 16 September to 30 November 2016.

The Committee noted the report and the decisions taken.

43. IRRV Performance Awards 2016 - Excellence In Corporate Fraud

The Committee congratulated the Oxford City Council Investigations Team on their success as winners of the *'Excellence in Corporate Fraud award – 2016'* category in the IIRV Performance Awards.

44. 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 8.05 pm

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