

Oxford City Council

Internal Audit Progress Monitoring
Report

September 2013



Table of Contents

<i>Plan outturn</i>	2
<i>2013/14 Audit Plan</i>	2
Reporting Activity and Progress	3
<i>Final reports issued since the previous Committee meeting</i>	3
<i>Fieldwork and draft reports</i>	6
<i>Appendix 1 - Internal audit detailed progress tracker – Q1 and Q2 Reviews</i>	7
Appendix 2 –Thought leadership publications	9

Distribution list: Audit Committee, Executive Team

Background and scope: The purpose of this report is to provide a progress update on the agreed 2013/14 plan, including details of the reports we have completed to date.

Plan outturn

2013/14 Audit Plan

We have undertaken work in accordance with the 2013/14 Internal Audit Plan that was approved by the Audit and Governance Committee at its meeting in June 2013.



A statement tracking assignments undertaken and planned activity for the first two quarters of the year is shown in Appendix One.

We have continued to review our Audit Plan on an ongoing basis to ensure that it meets Oxford City Council's (the Council) risks. On that basis, we have made the following revisions to our audit plan:

- We rolled forward the Business Continuity Management (BCM) and the IT Disaster Recovery (ITDR) reviews from the final quarter of 2012/13 to 2013/14 to allow consideration of the latest procedures and processes. The ITDR review has now been finalised and our findings are summarised below. The BCM review has been released as a draft report pending final management review.
- The scope of the IT General Controls review has been reduced from 7 days to 5 days to provide the assurance needed without duplicating the work of external audit. The remaining 2 days have been utilised on the IT Disaster Recovery review which exceeded the budgeted days.

Reporting Activity and Progress

Final reports issued since the previous Committee meeting

Ref	Name of audit	Conclusion	Date final report issued	No of recommendations made			
				Critical	High	Medium	Low
1	Health and Safety: Housing and Corporate Assets	N/A: Value Enhancement Review	29 August 2013	N/A	N/A	N/A	N/A
2	Member Development	N/A: Value Enhancement Review	14 August 2013	N/A	N/A	N/A	N/A
3	2012/13 Year End Accounts Support	N/A: Risk Based Review	25 June 2013	N/A	N/A	N/A	N/A
4	Direct Services- Car Parking	Low risk 	19 August 2013	-	-	-	3
5	IT Disaster Recovery	Low risk 	11 September 2013	-	-	1	1

On the following pages we summarise the findings from these reviews.

Health and Safety: Housing and Corporate Assets

This was a value enhancement review. Consequently, no overall classification has been provided.

Our key findings were:

- The Health and Safety system has developed well recently and has the scope to become a system that efficiently and accurately records the health and safety situation of the council.
- The Corporate Property team has effective communication within the team and the system itself is user friendly and the documentation retained can be accessed very easily meaning that verification of the information on the system is a simple process.
- We found a number of weaknesses in the operating effectiveness of the system that need to be addressed quickly for the system to become a more efficient and reliable monitoring tool, notably that there are delays in entering data on the system because Council departments completing electrical inspections do not provide the required information promptly.

Member Development

This was a value enhancement review. Consequently, no overall classification has been provided.

Our review was designed to identify what training and development opportunities members felt they would benefit from, and to identify areas where the Council could make greater use of the skills of Members. Our key findings were:

- Members had a high degree of confidence in their ability to perform well across most of the six core skill areas that are widely recognised to be important to be an effective Councillor.
- There was some greater variance in how confident Members felt in the area of scrutiny and challenge. There was an indication that Members may benefit from more support in that area.
- Members were very keen to utilise current skills more effectively.
- A small number of areas were identified for further development which provides a good basis for member development within the Council. These included communicating with hard to reach groups, using social media effectively, working more effectively cross party, identifying areas suitable for scrutiny, and learning from Officers by shadowing them.
- Management has agreed to adopt a three-pronged approach to Member development over the coming year as recommended in the report.

2012/13 Year End Accounts Support

This was a value enhancement review. Consequently, no overall classification has been provided.

Our work was designed to identify any areas for management to undertake further work prior to the audit of the accounts.

Our key findings were:

- A small number of accruals did not have supporting documentation available to support their categorisation as accruals.

- A small number of invoices immediately either side of the balance sheet date required reclassification between accounting periods.
- A small number of expenditure invoices could not be located easily during testing.

None of the issues we identified were significant in value and management used these findings to complete their preparation for the financial statements audit.

Direct Services – Car Parking

We have classified our findings in this area as **Low Risk**.

The majority of work found no weaknesses although we did identify that:

- The Shopmobility vehicles database is not always accurately updated.
- Staff were sometimes granting access to the Shopmobility vehicles without signing that they had viewed users identification.
- There is a machine income reconciliation performed on a daily basis, to ensure the cash amounts counted for in each machine corresponds to the printed audit tickets from the machines. Not all machines were being checked under this reconciliation.

Management have accepted the findings and agreed actions to remedy them with immediate effect.

IT Disaster Recovery

The overall risk rating for the review is Low. The review identified two main findings:

- There are differences between the agreed applications list for recovery contained within the Partnership Agreement and the list of IT systems identified within the current Council Business Continuity Plans as supporting critical business activities; and
- A formal backup policy has not been documented and there is not a common understanding of backup and restore requirements. There is an apparent misalignment between IT and the wider organisation in terms of expectations on recovery capability which poses a risk that business requirements for data recovery may not be met.

Management have accepted the findings and agreed actions to remedy them within an appropriate time frame (31 December 2013).

Fieldwork and draft reports

Fieldwork will be underway or complete for the following reviews as at the date of the September Audit and Governance Committee:

- Direct Services Income Generation through DSOs;
- Fraud risk assessment;
- Cash and Card payments;
- Corporate Assets – Asset Management Strategy;
- Carbon Accounting Fixed Assets and General Ledger;
- Risk and Performance Management 2013; and
- Business Continuity (Draft Report issued).

Appendix 1 - Internal audit detailed progress tracker – Q1 and Q2 Reviews

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed clearance meeting dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A2	Collection Fund	10	Held	Dates to be rearranged at request of Management	w/c 30 September 2013	w/c 14 October 2013	w/c 28 October 2013	w/c 04 November 2013	November 2013
A4	Fixed Assets and General Ledger	12	Held	w/c 16 September 2013	w/c 30 September 2013	w/c 14 October 2013	w/c 28 October 2013	w/c 04 November 2013	November 2013
A7	I.T. General Controls	7	To be Arranged	Dates to be rearranged at request of Management					
A8	Fraud Risk Assessment	6	Held	w/c 9 th September	w/c 23 September 2013	w/c 7 October 2013	w/c 14 October 2013	w/c 21 October 2013	November 2013
A9	Cash and Card Payments (VE)	10	Held	w/c 23 rd September 2013	w/c 30 September 2013	w/c 14 October 2013	w/c 28 October 2013	w/c 04 November 2013	November 2013
B5	Finance Town Hall Income	7	Held	w/c 21 October 2013	w/c 28 October 2013	w/c 11 November 2013	w/c 18 November 2013	w/c 25 November 2013	November 2013

Ref	Auditable unit	Indicative number of days*	Scoping meeting date	Proposed fieldwork dates	Proposed clearance meeting dates	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
B6	Business Improvement and Technology – System Implementation	6	To be Arranged with Management						
VE1	Environmental Development – Carbon Budgeting	10	Held	w/c 2 September	w/c 16 th September	w/c 30 September	w/c 7 October	w/c 14 October	November 2013
VE3	Direct Services – Income Generation through DSOs	10	Held	w/c 9 September 2013	w/c 23 September 2013	w/c 7 October 2013	w/c 14 October 2013	w/c 21 October 2013	November 2013
RF2	Corporate Asset – Asset Management Strategy	5	Held	w/c 16 September 2013	w/c 23 September 2013	w/c 7 October 2013	w/c 14 October 2013	w/c 21 October 2013	November 2013

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

Appendix 2 – Thought leadership publications

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

Spending Review 2013: Living with austerity



This report examines the state of our public finances, the shape of the labour market and captures the public mood ahead of the Spending Review announcement on 26 June.

<http://www.pwc.co.uk/government-public-sector/spending-review/spending-review-2013.jhtml>



Brave new world: Different ways of working

In this publication, we examine how public sector organisations need to re-define their purpose and future ways of working, for example by becoming more agile and managing demand more effectively, laying the foundations for their future success.

<http://www.pwc.co.uk/government-public-sector/publications/under-pressure-brave-new-world-different-ways-of-working.jhtml>

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