

# *Oxford City Council*

## Internal Audit Progress Monitoring Report

December 2014

55

December 2014

**pwc**

Agenda Item 7

# Table of Contents

---

Plan outturn	2
<i>2014/15 Audit Plan</i>	2
Activity and Progress	3
<i>Final reports issued since the previous Committee meeting</i>	3
<i>Fieldwork and draft reports</i>	5
Appendix 1 - Internal audit detailed progress tracker	6
Appendix 2 - Thought leadership publications	9

---

56

---

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

---

# Plan outturn

## 2014/15 Audit Plan

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

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





### *Rose Hill Community Centre*

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

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

# Activity and Progress

*Final reports issued since the previous Committee meeting*

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

58

We summarise the findings from these reviews below:

## **Collection Fund – Medium Risk**

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

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

We also identified three low risk issues relating to:

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

## *Car Parking*

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

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

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

## *Environmental Development*

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

59

- Sustainability / environmental reporting was considered to be good.
- The Council is at least as good as, or better than, the average of the three peers considered (Surrey Council, Leeds Council and London Borough of Bromley).
- We also compared to the highest three scoring public sector organisations:
  - For 1/10 elements, the Council has a better rating than the average; and
  - For 5/10 elements, the Council has a comparable rating to the average.
- There are some areas of reporting that could be updated fairly easily to improve quality of communications.
- Overall, the forward looking aim of a 5% reduction in CO2 emissions per annum - using current KPI - "Installed Measures" is a key benefit, including:
  - Aims to reduce future impact on the environment by avoiding future carbon emission - when compared with taking no actions to reduce emissions
  - Reduced carbon emissions also avoids future costs for the Council
  - Future looking approaches are not considered by many others. The Council is taking a positive approach to reduce future impact on the environment.
- It was noted that further internal collaboration is needed to understand the data available and identify gaps, before some improvements can be made.

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

### *Fieldwork and draft reports*

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

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

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

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

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

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



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

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

## Appendix 2 - Thought leadership publications

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

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

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

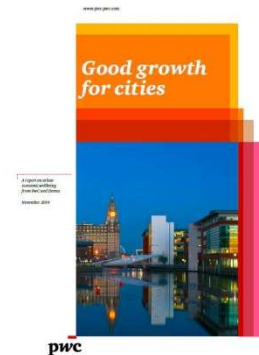
The economic outlook has improved, but there is some way to go until the recovery is sustainable – and the public finances still need to be repaired. And in the wake of the Scottish Referendum, there is heightened attention on future decentralisation to help unleash the economic potential of all parts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

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

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

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

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



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

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

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

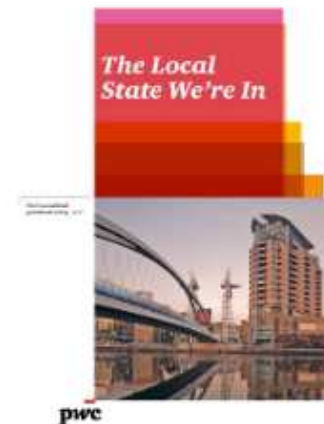
The Public Matters is a special edition of our bi-annual Whitehall Matters newsletter reporting on the findings of our party conference season citizens' juries. This issue includes articles on what we found. We share the public's perspectives on reforming public services and dealing with the deficit,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

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

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

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

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



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

©2014 PricewaterhouseCoopers LLP. All rights reserved. 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.