

Oxford City Council

Internal Audit Progress Monitoring Report

February 2015

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

Plan outturn





2014/15 Audit Plan

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

A statement tracking assignments undertaken and planned activity is shown in Appendix One. At the time of writing this report we have completed 160 days (70%) of the planned audit days and also completed our work on an additional review of the Rose Hill Community Centre capital project, which was covered by the contingency audit days.

Activity and Progress

Final reports issued since the previous Committee meeting

Ref	Name of audit	Conclusion	Date final report issued	No of recommendations made			
				 Critical	 High	 Medium	 Low
A1	Financial Systems						
	• Payroll	Low risk	12/2/15	0	0	1	2
	• General Ledger	Low risk	12/2/15	0	0	1	3
	• Fixed Assets	Low risk	12/2/15	0	0	0	3
A4	Housing Benefits	Low risk	4 /2/15	0	0	1	2

We summarise the findings from these reviews below:

Financial Systems

Payroll – Low Risk

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

We also identified two low risk issues relating to:

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

General Ledger – Low risk

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

We identified three low risk issues relating to:

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

Fixed Assets – Low risk

We found three low risk issues relating to the following:

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

Housing Benefits – Low risk

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

Two low risk issues were identified:

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

Fieldwork and draft reports

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

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

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

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

Appendix 1 - Internal audit detailed progress tracker

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A1	Finance Systems – Fixed Assets, General Ledger & Payroll	16	16			Completed			February 2015
A2	Debtors, Creditors & Cash Collection	16	16	Held	Complete	27 /2/15	13/3/15	20/3/15	March 2015
A3	Collection Fund	12	12			Completed			December 2014
A4	Housing Benefits	10	10			Completed			February 2015
A5	Housing Rents	10	10			Issued 5/2/15	12/2/15	20/2/15	March 2015
A6	Budgetary Control, Risk Management & Performance	13	1	Held	March				April 2015
A6	VAT and Treasury Management	10	-	Held	March				April 2015
B1	Finance – Year End Support	5	-	tbc	April				n/a

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B2	Car Parking	7	7			Completed			December 2014
B3	Managing Capital Projects	10	1	Held	March				April 2015
B4	Sports Pitch & Facility Booking	8	8	Held	Completed	Issued 10/2/15	24/2/14	3/3/15	March 2015
VE1	Planning Applications	10	1	Held	w/c 16 Feb				April 2015
VE2	Void Properties (Council Housing)	10	10	Held	Completed	20/2/15	6/3/15	13/3/15	March 2015
VE3	Discretionary Housing Payments and Social Funds	10	10	Held	Completed	Issued 6/2/15	13/2/15	20/2/15	March 2015
VE4	Post Implementation Review Business Rates and Council Tax Collection	10	1	Held	March				April 2015
VE5	Contract Management with IT Suppliers and Smarter Procedures	12	1	Held – discussions ongoing in relation to support for IT tender	Q4				

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VE 6	Streamlining Year End Close Down Processes	16	15	Held	Completed	27/2/15	13/3/15	20/3/15	March 2015
Deferred from 2013/14									
C1	Environmental Development	10	10			Completed			December 2014
63 C2	Corporate Property – Health and Safety	5	5	Held	Completed	20/2/15	6/3/15	13/3/15	March 2015
	Follow up & audit management	30	26	n/a	n/a	n/a	n/a	n/a	n/a
	Total days (excl contingency)	230	160						
	Contingency - Rose Hill Community Centre	15*	16	Held	Completed	Issued 20/1/15	20/2/15	27/2/15	March 2015
	Total days	245	176						

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

Appendix 2 -Thought leadership publications

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

All publications can be read in full at www.psrc.pwc.com/

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

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

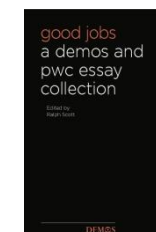
The report, based on a survey of 10,000 citizens in ten EU countries (Belgium, Finland, France, Germany, Italy, Poland, Spain, Sweden, The Netherlands and the UK), reveals that this crisis of confidence is evident among citizens of all ages and across all the countries surveyed, although of deeper concern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



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

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

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



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

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



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