

# Agenda

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## Audit and Governance Committee

Date: **Thursday 29 November 2012**

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Time: **6.00 pm**

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Place: **Town Hall**

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For any further information please contact:

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# Audit and Governance Committee

## Membership

<b>Chair</b>	<b>Councillor Mike Rowley</b>	Barton and Sandhills;
<b>Vice-Chair</b>	<b>Councillor David Rundle</b> <b>Councillor Craig Simmons</b>	Headington; St. Mary's;
	<b>Councillor Tony Brett</b>	Carfax;
	<b>Councillor Mary Clarkson</b>	Marston;
	<b>Councillor Roy Darke</b>	Headington Hill and Northway;
	<b>Councillor James Fry</b>	North;

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## AGENDA

### Pages

**1 APOLOGIES FOR ABSENCE**

**2 DECLARATIONS OF INTEREST**

**3 ERNST AND YOUNG EXTERNAL AUDITORS - UPDATE**

Maria Grindley from Ernst and Young, the Council's new external auditors, will attend the meeting and provide a verbal update on the new external audit arrangements.

**4 INTERNAL AUDIT SUMMARY REPORT - 2012/13 PLAN - PRICEWATERHOUSECOOPERS (PWC)**

1 - 18

The Head of Finance has submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which provides an update of the work undertaken as part of the 2012/13 Audit Plan.

The Committee is asked to comment on and note the report.

**5 PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

19 - 26

The Head of Finance has submitted a report which updates the Committee on the progress made on the implementation of internal and external audit recommendations.

The Committee is asked to comment on and note the report.

**6 RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 2 - 2012/2013**

The Head of Finance will submit a report (separate to this agenda) which updates the Committee on both the corporate and service risks as at the end of quarter 2. 30<sup>th</sup> September 2012.

The Committee is asked to comment on and note the report.

**7 MINUTES**

27 - 42

Minutes of the meeting held on 27<sup>th</sup> September 2012.

Also attached for information is a response to questions raised by Mr Vim Rodrigo at the Audit and Governance Committee held on 27<sup>th</sup> September 2012.

## **8 DATES OF FUTURE MEETINGS**

The Committee will meet on the following dates at 6.00pm in the Town Hall:

Thursday 28<sup>th</sup> February 2013

Thursday 18<sup>th</sup> April 2013

## **9 MATTERS EXEMPT FROM PUBLICATION**

If the Committee wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Board to pass a resolution in accordance with the provisions of Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

## **DECLARING INTERESTS**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed “Declarations of Interest” or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council’s area; licences for land in the Council’s area; corporate tenancies; and securities. These declarations must be recorded in each councillor’s Register of Interests which is publicly available on the Council’s website.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members’ Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members’ Code of Conduct says that a member “must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself” and that “you must not place yourself in situations where your honesty and integrity may be questioned”. What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

<sup>1</sup> Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those of the member’s spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.



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# Internal audit summary report for Audit and Governance Committee

*November 2012*



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# *Plan outturn*

## **2012/13 Audit Plan**

We have undertaken work in accordance with the 2012/13 Internal Audit Plan which was approved by the Audit and Governance Committee at its meeting in April 2012.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At the time of this audit committee, we have completed 113 days out of a total planned 220 days (51%). This is in line with the agreed profile of work.

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 as outlined below:

- Our original plan included 5 days rolled forward from the 2011/12 audit plan for a review of Project Management. These days have been utilised for a value enhancement review of the Barton Development Project. The scope of this review is to:
  - Review the procurement process followed and compliance checks to ensure this was in line with Council procedures and recognised best practice;
  - A high level review of the contract between the Council and Grosvenor in order to comment on its value for money. This will include:
    - An assessment of the payment mechanism;
    - An assessment of the transfer of risk to Grosvenor and the management of residual risk;
    - A review of the governance and reporting mechanism; and
    - A review of the external legal, financial and valuation advice received by the Council.
  - Understand and, where appropriate and possible, validate the process followed to arrive at the assessment for the valuation of land transferred to the LLP; and
  - Understand the structure of the joint venture arrangement and identify any potential risks with the structure.

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# Reporting Activity and Progress

## Final reports issued since the previous meeting

### Car Parking

We have classified our findings in this area as **Low Risk**. The department has continued to improve control and the majority of prior year findings have been addressed. Four *low risk* issues were identified surrounding lack of supporting documentation for till reconciliations and some users on the Shopmobility database, out of date procedure notes and inconsistencies between electronic and manual application forms for Shopmobility vehicles.

### Garden Waste

We anticipate classifying findings in this area as **Low Risk**. Garden Waste controls and processes are generally strong; only two control design issues were noted:

- No reconciliation is performed between the Council's CRM system (Lagan), Garden Waste monitoring system (Whitespace) and the General Ledger system (Agresso). This means the Council's listing of subscribers may be incomplete which may mean income streams are incomplete (*Medium Risk*); and
- Garden Waste income is not coded using Lagan references on Agresso. Instead, references such as 'brown wheelie bin' are used making it difficult to trace income. We were unable to trace 5 out of 25 card payments sampled through to Agresso (*Low Risk*).

One low risk operating effectiveness issue was noted: 1 out of 25 renewals was received three months after the expiry date; and, 3 out of 25 subscribers were overdue by two weeks.

We also raised one advisory point: it is not possible to renew the service automatically through direct debit. This could improve collection rates and ensure participants do not receive a free service.

### Commercial Property

We anticipate classifying findings in this area as **Low Risk**. The Council has made a marked improvement in control in this area, which was awarded a high risk rating in 2011/12. This improvement in performance is due to the implementation of all prior year recommendations, including:

- Implementation of a reconciliation between the Commercial Property system (Uniform) and Agresso;
- Implementation of a reconciliation between Uniform and the Fixed Asset Register;
- Introduction of budget monitoring reports; and
- Improved processing times for the set up of new accounts.

All issues noted related to operating effectiveness issues:

- The quarterly reconciliation between Uniform and Agresso was not complete at the time of audit and documentation for some reconciling items had not been retained. The reconciliation had not been signed as prepared and reviewed (*Medium Risk*);
- The quarterly reconciliation between Uniform and Agresso contained a number of reconciling items which had not been resolved at the time of audit (*Low Risk*); and
- Quarterly meetings are held between the income collection team, finance, legal and commercial property to review commercial property debtors. The quarter 2 meeting was cancelled due to staff illness. As at the date of testing (August 2012), this meeting had still not occurred (*Low Risk*).

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## ***Fieldwork and draft reports***

Draft reports have been issued and/or fieldwork has commenced in the following areas: -

- Member development;
- Direct Payments;
- Payroll;
- General Ledger;
- Creditors;
- Debtors;
- Budgetary Control;
- Barton Project;
- Collection Fund; and
- Disaster Recovery and Business Continuity;

# Appendix 1 – Plan Progress

Ref	Auditable Unit	Indicative number of AuditDays	Status/Revisions to plan
<b>A</b>	<b>Cross-cutting Processes</b>		
A.1	General Ledger	5	Fieldwork commenced.
A.2	Creditors	5	Fieldwork commenced.
A.3	Budgetary Control and Efficiency Savings	5	Fieldwork commenced.
A.4	Collection Fund	10	Fieldwork commenced.
A.5	Housing Benefits	5	To commence in Q4.
A.6	Fixed Assets	5	To commence in Q4.
A.7	Car Parking	5	Fieldwork completed. Final report issued.
A.9	Governance	2	To commence in Q4.
A.10	Risk Management and Performance	10	To commence in Q4.
A.12	Debtors	5	Fieldwork commenced.
A.14	Payroll	5	Fieldwork commenced.
	<b>TOTAL</b>	<b>62</b>	
<b>B</b>	<b>Department Level</b>		
B.1	Finance – Fixed Asset Register Implementation	5	To commence in Q4.
B.2	Finance – Year end Support	5	To commence in Q4.
B.3	Finance – Insurance	5	Fieldwork completed. Final report issued.
B.4	Corporate Assets – Commercial Property Follow Up	5	Fieldwork completed. Final report issued.
B.5	Housing and communities – Northgate testing	-	Review cancelled. Days to be utilised for Health and Safety review. See VE.7.
B.6	Housing and Communities – Direct Payments	7	Fieldwork completed.
B.7	Business Improvement – Data Quality	8	To commence in Q4.
B.8	Direct Services – Garden Waste	5	Fieldwork completed. Final report issued.
B.9	Law and Governance – Business Continuity	5	Scoping commenced.
B.10	ICT Strategy – Windows Licensing	13	To commence in Q3.
B.11	ICT – Lagan Post Implementation and Benefits Realization	10	To commence in Q3.
B.12	People and Equalities – Health and Safety	5	Fieldwork completed. Final report issued.
	<b>TOTAL</b>	<b>73</b>	
<b>VE</b>	<b>Value Enhancement</b>		
VE.1	Law and Governance – Member Development	10	Scoping agreed.
VE.2	Direct Services – Transport Services VfM and Trading Services	10	To commence in Q4.

VE.3	Business Improvement – P2P Implementation	5	Scoping commenced.
VE.4	Fraud Risk Assessment	5	Fieldwork completed. Final report issued.
VE.5	People and Equalities – Policy Review	10	To commence in Q4.
VE.6	Corporate Asset – Asset Management Strategy	5	To commence in Q3.
VE.7	Health and Safety – Housing and Communities and Corporate Assets	5	To commence in Q3.
VE.8	Barton Project	5	Fieldwork commenced.
	<b>TOTAL</b>	<b>60</b>	
	Follow up	5	Ongoing.
	Audit Management	25	Ongoing.
	<b>TOTAL</b>	<b>220</b>	
	<b>2011/12 Roll Forward</b>		
RF.1	Repairs and Maintenance	4	Fieldwork completed. Final report issued.
RF.2	Project Management	-	Review cancelled. Days to be utilised for Barton Project review. See VE.8.

### Summary of recommendations (cross cutting and departmental only)

Assignment	High (10 points)	Medium (3 points)	Low (1 point)	TOTAL POINTS	Overall Risk Rating
Health and Safety	0	1	2	5	LOW
Insurance	0	2	4	10	MEDIUM
Car Parking	0	0	4	4	LOW
Commercial Property	0	1	2	5	LOW
Garden Waste	0	1	2	5	LOW
<b>Total</b>	<b>0</b>	<b>5</b>	<b>14</b>	<b>-</b>	<b>-</b>

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# *Appendix 2 – IA Charter*

## *Oxford City Council Internal audit charter 2012/13*



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# 1. *Mission and scope of work*

The mission of internal audit is to provide independent, objective assurance and consulting services 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.

The scope of work of internal audit is to determine whether the Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the Council's control process.
- Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately.
- Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.



## 2. *Accountability*

The Chief Internal Auditor, in the discharge of his/her duties, shall be accountable to management and the Audit and Governance Committee to:

Provide annually an assessment on the adequacy and effectiveness of the Council's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.

Report significant issues related to the processes for controlling the activities of the Council and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.

Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.

Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Whilst the annual internal audit report is a key element of the assurance framework required to inform the Annual Governance Statement (AGS), 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 assessment does not supplant responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities

## *3. Independence*

To provide for the independence of internal audit, its personnel report to the Chief Internal Auditor, who reports functionally to the Audit and Governance Committee and administratively to the Executive Director (Organisational Development and Corporate Services) in a manner outlined in the above section on Accountability. It will include as part of its reports to the Audit and Governance Committee a regular report on internal audit progress against the internal audit plan.

# 4. Responsibility

The Chief Internal Auditor and staff of the internal audit team have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit and Governance Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit and Governance Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Audit and Governance Committee and management summarising results of audit activities.
- Keep the Audit and Governance Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit and Governance Committee.
- Assist in the investigation of significant suspected fraudulent activities within the Council in accordance with its anti fraud and corruption procedures and notify management and the Audit and Governance Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Council at a reasonable overall cost.

# 5. Authority

The Chief Internal Auditor and internal audit staff are authorised to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Audit and Governance Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the Council where they perform audits, as well as other specialised services from within or outside the Council.

The Chief Internal Auditor and internal audit staff are not authorised to:

- Perform any operational duties for the Council or its affiliates.
- Initiate or approve accounting transactions.
- Direct the activities of any Council employee, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

# 6. Relationships

The Chief Internal Auditor and internal audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

- **Relationships With Management**

The Chief Internal Auditor and internal audit staff will maintain effective relationships with managers of the Authority. Regular meetings will be held with key stakeholders and management will be consulted with in the audit planning process. Timing of audit work will be in conjunction with management.

- **Relationships With Other Internal Auditors**

Where it is necessary for the Chief Internal Auditor and internal audit staff to work with the internal auditors of another organisation, the roles and responsibilities of each party will be agreed. Appropriate safeguards will be put in place to ensure that third party responsibilities are clearly defined understood by all concerned.

- **Relationships With External Auditors**

Internal audit and the Council's external auditors will establish a working relationship where internal and external audit can rely on each other's work, subject to the limits determined by their responsibilities, enabling them to evaluate, review and only re-perform where necessary. Regular meetings will be held and plans and reports shared. External audit are consulted as part of the internal audit planning process.

- **Relationships With Other Regulators And Inspectors**

The Chief Internal Auditor and his staff will take account of the results and reports from any inspections when planning and undertaking internal audit work. Where appropriate, the Chief Internal Auditor will establish a dialogue with representatives of the appropriate inspection agencies.

- **Relationships With Elected Members**

The Chief Internal Auditor will establish a good working relationship with members, in particular with members of the Audit and Governance Committee. The Chief Internal Auditor has the opportunity to meet with the Chair of the Audit and Governance Committee if desired.

## 7. Standards of audit practice

Internal audit will meet or exceed the *Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors, The Government Internal Audit Standards ("GIAS") and the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006



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Chris Dickens - Chief Internal Auditor

Presented to Audit and Governance Committee November 2012

# Appendix 3 – Recent PwC 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 PricewaterhouseCoopers 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.

## *The agile council*

Becoming an *agile* council is about being change-ready – being able to respond to complex and ever-changing environments.

Agile councils think and act differently – they break down existing models in favour of new approaches that centre on the customer, they base decisions on strong business intelligence and operate through simpler, standardised organisational structures and processes.

We believe that to succeed in the current and future economic climate the creation of the agile council is critical. By embracing a change-ready culture they remain one step ahead of whatever social, economic or political environment is thrown at them, continuing to deliver exceptional outcomes for their citizens.

In our latest Talking Points publication, ‘The Agile Council: creating the change-ready organisation’, we discuss why we believe creating an ‘agile’ council model is critical to the current and future success of the organisation. We look at the environment councils are operating in and five steps to becoming an agile organisation.

## **Under Pressure: Securing success, managing risk in public services**

‘**Under Pressure: Securing success, managing risk in public services**’ explores how government and public sector organisations can cope with the pressures of austerity, rising demand and public sector reform while continuing to deliver and improve public services. It is intended as a practical guide for government on how to deliver fundamental system change, and identify, manage and avoid potential failure as we move to a new more open model of public service delivery. Public sector budgets are shrinking and demand for public services continues to grow. Public service providers are under pressure – in terms of their strategy, finances and operations. Radical change is needed, requiring bold decisions.

### **Key Messages:**

- The public, as represented by our Citizens’ Jury and a supplementary poll, is emotionally attached to the public delivery of publicly funded services, but open to other providers and funding models if 5 tests are met (see p33 of the book for more on this).
- As government opens up public services to different providers, new business models are needed to build the capacity and capability of SMEs - particularly of not-for-profits. Our favoured approach is incubation, as undertaken with Achievement for All.
- As pressures mount, the risks of failure also increase. Government, commissioners and regulators will need more sophisticated early warning systems to recognise potential failure sooner and ensure that services continue for those who need them. Where failure becomes inevitable, quick and decisive turnaround is essential.

As well as cutting costs, public service commissioners and providers need to get better at managing demand, e.g. through early intervention and ‘nudging’ user behaviours. They also need to become more agile and better able to adapt and cope with constant change.

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

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**To:** Audit & Governance Committee

**Date:** 29<sup>th</sup> November 2012

**Report of:** Head of Finance

**Title of Report:** Progress on Implementation of Audit Recommendations

## **Summary and Recommendations**

**Purpose of report:** To report progress on the implementation of internal and external audit recommendations.

**Policy Framework:**

**Recommendation(s):**

The Audit and Governance Committee is asked to note progress with the recommendations as listed in the Appendix.

Appendix A – Internal and External Audit recommendation tracker

## **Background**

1. The outcomes of all internal and external audit reports are reported to this Committee. Each report includes recommendations or agreed actions, a summary of those which remain outstanding together with updated management responses are provided in Appendix A.
2. Each recommendation is marked with a % complete which correlates to a red/amber/green rating depending on their percentage complete. Up to 25% complete are marked red, between 25% and 75% complete are amber and over 75% complete are green.
3. Any recommendations that were noted as 100% complete at the last meeting have been removed from the tracker.

## **External Audit Recommendations**

- 4 There are no red recommendations on the external audit recommendation tracker.

- 5 There are seven external audit recommendations, one of which is being reported as 100% complete and will be removed from the next report. There is one recommendation relating to PC and Laptop assets being recorded with their location which will be completed as part of the Windows 7 installation which is due to start in October, and completed by January 2013.
- 6 The remaining five recommendations have been made following the final accounts audit by the Audit Commission. Two of these relate to ensuring that the Finance team are up to date with their knowledge and skills, to complete this recommendation training sessions have been scheduled for January 2013. The final three relate to ensuring working papers and statements are reviewed adequately and accurately to reflect the figures in the accounts, and will therefore will be completed prior to the completion of next years final accounts.
- 7 There are no recommendations that have exceeded their completion date.

### **Internal Audit recommendations**

- 8 There have been three new internal audit reports finalised since the last meeting, and these recommendations have been added to the tracker, these are:
  - Car Parking Review – Low risk Rating – there were four low risk rated recommendations raised in this audit. This has shown a continued improvement in controls and the majority of the previous recommendations have been addressed. All recommendations in this area have now been addressed in full.
  - Garden Waste – Low Risk Rating - there were one medium and two low risk rated recommendations identified during this audit. Controls and processes were noted as being largely strong and only two control design issues were raised, these were in relation to there being no reconciliation between Lagan, Whitespace and Agresso, and the use of unique references in all system to easily recognise the income.
  - Commercial Property – Low Risk Rating – this audit was following up on the previously High Risk rated review, showing a vastly improved direction of travel in this area. There were one medium and two low risk rated recommendations identified in the audit, with the main area being in relation to reconciliations. Whilst reconciliations have now been completed between the Fixed Asset Register and Uniform and between Uniform and Agresso income a number of reconciling items were identified which at the time of the audit had not been rectified. However work has continued on these items and they will be cleared with immediate effect.
- 9 There are 10 recommendations on the internal audit recommendation tracker that are not 100% complete. None of these have breached their implementation date and progress is being made on each to ensure completion.

- 10 There are 13 internal audit recommendations that are being reported as 100% complete and these will be removed from the next report.
- 11 There is one recommendation that has had a revised implementation date, this is IA354 – Health and Safety training and awareness. There has been progress on this recommendation and corporate training is now available, however self service and first aid training are still in the process of being implemented.
- 12 There has been an overall improvement in the outcome of our internal audit reviews over the last two years. The number of low risk audits has increased, whilst the number of high risk audits has reduced, this is an encouraging direction of travel. The table below details the percentage of reports and their risk ratings.

Risk Rating	12/13		11/12		10/11	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	1	20%	1	7%	2	15%
Medium	1	20%	9	60%	8	62%
Low	3	60%	5	33%	3	23%
	<b>5</b>		<b>15</b>		<b>13</b>	

- 13 Alongside the reduction in high risk rated audits the number of recommendations has also reduced and any recommendations made are now being dealt with in a timelier manner. The use of the audit tracker and reporting to Audit & Governance has increased the awareness of the importance of these recommendations and ensured that officers deal with them in a timely manner.

### Financial Implications

- 14 Whilst this report is primarily for noting there is the potential that financial implications could arise for the Council if recommendations are not implemented and the internal audit of processes and procedures highlight areas of risk.

### Legal Implications

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

### Equalities Impact

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

## **Climate change/environmental Impact**

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

### **Name and contact details of author:**

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**Background papers:** None

**Audit Tracker**

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Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	Comments	% Complete
EA074	Certification of claims and returns	30-Dec-2011	Property prices held agree to theos used to calculate the claim, the council is unable to provide evidence that the prices represent those as at January 1999.	Medium	Review the 24% discount rate for the value of stock used in the Housing Finance base data return	David Watt	Nigel Kennedy	1-Jul-2012	30/6/2012	This has been an audit requirement for several years. In 2012/13 a decision will be made to determine the extent and detail associated with a stock condition survey for the HRA stock. Part of the brief will be to review information that will enhance the Council's ability to meet the data requirements of this audit query. However, discussions with our external auditor's are needed to ascertain the relevance of this requirement given the abolishment of the old subsidy regime.	100
EA361	Annual Governance report	1-Sep-2012	Ensure that the coding structure in place supports appropriate disclosures in the financial statements. Ensure that staff are aware of the guidance on coding and receive appropriate training. Undertake sample checking by a more senior member of staff to confirm the accuracy of the coding.	Medium	Ensure that the coding structure in place supports appropriate disclosures in the financial statements. Ensure that staff are aware of the guidance on coding and receive appropriate training. Undertake sample checking by a more senior member of staff to confirm the accuracy of the coding.	Anna Winship	Anna Winship	31-Jan-2013		As part of the closedown process all coding will be checked by a senior member of staff, and training is being carried out to ensure all staff are aware of the issues.	0
EA370	Annual Governance report	1-Sep-2012	The HRA account and supporting working papers should be subject to review before the 2012/13 financial statements are finalised and passed over for audit. This should help to pick up any errors made	Medium	The HRA account and supporting working papers should be subject to review before the 2012/13 financial statements are finalised and passed over for audit. This should help to pick up any errors made	Anna Winship	Anna Winship	31-Jan-2013		The HRA statements and working papers will be thoroughly reviewed before the financial statements are finalised.	0
EA372	Annual Governance report	1-Sep-2012	Remind Members and Group Leaders of the importance that all need to make the appropriate governance disclosures.	Medium	Remind Members and Group Leaders of the importance that all need to make the appropriate governance disclosures.	Anna Winship	Anna Winship	31-Mar-2013		All members will be sent through the request to complete the disclosure with full details of the importance of this.	0
EA002	Certification of Claims and Returns	23-Mar-2010	All PC and Laptop Assets recorded with user and location details. All infrastructure Assets to be documented (with photographic evidence where possible) with location details	Medium	The Council should obtain a record of the laptop allocations and confirm their location	David Oakes	Jane Lubbock	31-Jan-2011		Most laptops are already recorded as part of the corporate ICT asset register. The Windows 7 project will pick up any additional laptops currently unknown.	80
EA371	Annual Governance report	1-Sep-2012	The Council need to ensure that they have the appropriate information to not only make the appropriate disclosures in the financial statements but also manage the whole process of leases. I found that the current workbook developed by the Council provides the basis for this. Arrangements need to be put in place to ensure that information on new and expiring leases and changes to lease terms are shared between Legal, Estates and Finance on a timely basis.	Medium	The Council need to ensure that they have the appropriate information to not only make the appropriate disclosures in the financial statements but also manage the whole process of leases. I found that the current workbook developed by the Council provides the basis for this. Arrangements need to be put in place to ensure that information on new and expiring leases and changes to lease terms are shared between Legal, Estates and Finance on a timely basis.	Anna Winship	Anna Winship	31-Dec-2012		A spreadsheet which contains the base data is being updated and reviewed, and a process between Finance, Corporate Property and Legal is being put in place to ensure that any changes to leases is picked up and reflected correctly in the financial statement	75
EA369	Annual Governance report	1-Sep-2012	The Council needs to remind staff of the guidance on the classification of income and expenditure in the Comprehensive Income and Expenditure Statement and ensure that this is understood. Checks should be undertaken by a senior staff member to ensure that the guidance is being followed	Medium	The Council needs to remind staff of the guidance on the classification of income and expenditure in the Comprehensive Income and Expenditure Statement and ensure that this is understood. Checks should be undertaken by a senior staff member to ensure that the guidance is being followed	Anna Winship	Anna Winship	31-Jan-2013		Training material has been produced and sessions arranged to carry out the training to all relevant finance staff.	50
IA352	Health and Safety	1-Aug-2012	Monitoring and reporting: Performance is not challenged on a regular basis meaning potential efficiencies are not recognised	Low	Monitoring and reporting: H&S team to seek advice of BI and formalise dashboard of KPIs and recording/monitoring via CorVu.	Mark Preston	Simon Howick	21-Dec-2012		A report was presented and agreed at CMT on the 3rd September	100
IA354	Health and Safety	1-Aug-2012	Training & Awareness: Council to ensure all H&S training is recorded and entered onto i-trent.	Low	Training & Awareness: Council to ensure all H&S training is recorded and entered onto i-trent.	Mark Preston	Mark Preston	21-Aug-2012	31/03/13	In progress - Corporate Training implemented, Self Service and First Aid to be arranged	0
IA357	Insurance	1-Aug-2012	Departments are unaware of key developments or areas of good practice shared with the council by their insurance provider. This may mean inconsistent or inefficient working practices continue to be adopted	Low	Continue to communicate any key messages for Insurance provider and following retender, arrange training for relevant department individual to continue to share good practice on reviewing and monitoring claims	Anna Winship	Anna Winship	30-Jan-2012		This continues to happen, and the risk group meet to discuss issues. any information received from our insurers is circulated to those relevant officers - Now complete	100

Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	Comments	% Complete
IA359	Insurance	1-Aug-2012	Access to claims data is not restricted to appropriate personnel meaning potentially confidential information is released leading to reputational damage for the council	Low	Update procedure notes to ensure that departments are aware of the requirement to store data securely	Anna Winship	Anna Winship	30-Dec-2012		this will be included in the revised procedure notes	0
	Commercial Property	Nov 12	Quarterly meetings are held between the income collection team, finance, legal and commercial property to review commercial property debtors. The quarter 2 meeting had been originally scheduled for July but was cancelled due to staff illness.	Low	Debtors are not reviewed on a timely basis if the meeting are not held, therefore always ensure these go ahead	Pete Johnson	Pete Johnson	30/09/12		All departments have agreed to nominate a deputy to attend meetings to ensure that they always happen when scheduled	100
	Garden Waste	Nov 12	Income is initially recorded on Lagan before interfacing into Agresso. Garden waste income is not uniquely coded on Agresso using Lagan references. A sample of new accounts were tested and found that five out of 25 card payments could not be traced to Agresso as there was no reference	Low	Ensure each item of income is identifiable on Agresso	Lyn Barker	Lyn Barker	31/12/12		Direct Services have discussed this matter with the Head of Customer Services, and provided training to the Customer Service Officer to ensure they use the reference number when taking payments.	100
	Garden Waste	Nov 12	A sample of subscribers were tested to confirm that renewals were processed on a timely basis - this found that 1 out of 25 were received 3 mths after expiry date and 3 out of 25 were overdue by 2 weeks	Low	Untimely renewal could lead to loss of income, therefore ensure that all renewals are dealt with on a timely basis	Phil Dunsdon	Phil Dunsdon	30/11/12		Direct Services will continue to monitor renewals to ensure these are paid for on a timely basis. The Council has designed a sticker to be put on bins which have not been renewed which will be used to re-enforce the message to customers	100
	Car Parking Review	Oct 12	Testing of the till reconciliations found that 5 out of 25 cases the balance recorded on the float at the end of the shift did not agree to the float breakdown record, due to a combination of human error, and errors being rolled into the next day	Low	review the reconciliation process to ensure that this is being carried out in a complete and robust manner	Jason Munro	Jason Munro	30/11/12		Staff have been reminded of the need to double check their calculations and review the previous balance calculated by their co-worker so that errors are not rolled forward	100
	Car Parking Review	Oct 12	There is a database held to record the movements of shopmobility vehicles, this should record details of the asset and the user as well as the timing of the transactions. Testing showed 2 out of 25 cases a scotter had been used by a user who had been deleted from the database, and no record of new applications being completed; and in 2 out of 25 cases user membership numbers did not correspond to the info on the database	Low	Incomplete records may lead to misappropriation therefore ensure the database is accurate	Jason Munro	Jason Munro	30/09/12		All users who have not used shopmobility vehicles for over a year are removed from the database and their application forms destroyed. The two users identified did not have new forms because car parking staff recognised the users and didn't realise they need new forms. Staff have been reminded of the need for all users to complete a new application form. If there is an urgent need for a user to use a shopmobility vehicle, staff will be allowed to issue a vehicle as an interim solution, however, a full record will be kept of user details. Procedure notes will be updated for this change. The user database will be updated to ensure that user membership numbers are accurate.	100
	Car Parking Review	Oct 12	Procedure notes in some areas had not been updated and there were no procedures outlining how and when the departments should chase debtors owing money from excess charges	Low	All procedure notes should be reviewed and those in relation to chasing debts should be produced	Jason Munro	Jason Munro	30/09/12		All procedure notes have been updated for each area identified, this has included an escalation procedure to be followed for the recovery of excess charges	100
	Car Parking Review	Oct 12	All participants of the shopmobility scheme need to apply via an application form. 20 users were tested to confirm that an application had been completed, had appropriate supporting documentation and had been authorised. On line applications do not require to be signed and during the testing 3 were found to not be signed	Low	Ensure that both online and hard copy application process are consistent	Jason Munro	Jason Munro	30/09/12		The process for online and hard copy forms have now been made the same to ensure consistency	100
	Commercial Property	Nov 12	The Q1 reconciliation between the FAR and Uniform has been completed and there is documentation to show how reconciling items have been identified, but these have not been resolved.	Low	If reconciliations are not performed at appropriate frequency and differences are not reconciled on a timely basis there remains a risk that the Council do not have a complete and accurate listing of all commercial properties which could lead to loss of income or the fixed asset register being misstated	Anna Winship	Anna Winship	30/10/12		Reconciling items have been investigated and identified	100
IA360	Insurance	1-Aug-2012	amounts insured and indemnity limits are not appropriate leaving the council liable to financial exposure	Low	Complete full annual review of insurance policies as part of the retender exercise	Anna Winship	Anna Winship	31-Jul-2012		The tender exercise is underway and we have reviewed and will continue to review our requirements	75
IA340	Housing Benefit	19/3/12	The council currently performs 30 spot checks a month on claims processed. All results are recorded on standardised checking forms and any errors logged centrally and amended within 5 days.	Low	Issues with processing accuracy may not be identified on a timely basis, increasing the risk that subsidy may be reclaimed from the Council	Paul Wilding	Helen Bishop	31/5/12	31/8/12	New Quality processes are in place and 4% of the work is currently being checked. The aim is to raise this to 10% when we have recruited an additional senior officer. This post is currently out to advert.	50
IA333	Trade Waste	1-Jan-2012	There are currently no procedure notes in place for the White Space system or Trade Waste processes.	Medium	Produce procedure notes and ensure kept upto date	Joanne Gardner	Phil Dunsdon	31-Jan-2012	30/8/2012	Procedure notes have all been completed	100

Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	Comments	% Complete
IA339	Housing Benefit	19/3/12	The time taken to process changes of circumstances has increased from an average of 9.87 days in 10/11 to 12.31 in 11/12 against a target of 10 days. Also the time taken to process new claims has increased from an average of 16.52 days in 10/11 to 17.95 days in 11/12 against a target of 14 days.	Medium	Reduce days taken to process changes and new claims	Paul Wilding	Helen Bishop	31/3/12	30/6/12	Housing Benefits changes in circumstances. The average processing time in Sept was 11.86 days which has improved the YTD result from 12.15 days (Aug) to 12.09 (Sept). The target is 10 days. Due to the nature of the work performance times are usually much lower towards the end of the year, and so we should meet this target. Performance at the end of 2011/12 was 11.97 days, so hitting the 10 day target will demonstrate a significant improvement for the Council. The average processing time for new claims during Sept was 21.67 days which has improved the YTD result from 23.06 days a(Aug) to 22.87 days (Sept). The target this year is 14 days. It is important to bear in mind that this is an extremely ambitious target. Last years performance was 19.5 days which represented top quartile performance nationally. The introduction of risk based verification for new claims, which we are expecting to implement in the quarter, will see a reduction in the supporting evidence required for low risk new claims, and should further contribute to moving towards our target.	100
IA347	Commercial Property	16-Mar-2012	All commercial property income is raised on the Agresso (General Ledger) system. There is currently no reconciliation performed between Agressor and Uniform to ensure that all the rented properties are being billed. It is understood that a full reconciliation of all property income was performed in 2010 and that the Council has plans to produce another reconciliation as part of the 2011/12 close down process.	Medium	Income is not maximised if we are not billing all properties.	Lorraine Newman-Robson	Richard Hawkes	30-Mar-2012		100% complete.	100
IA355	Insurance	1-Aug-2012	Procedure notes: staff are unaware of procedures to be followed when dealing with claims, and a lack of admin and maint can lead to claims being processed incorrectly	Medium	Procedure notes to be formally reviewed, updated and publicised internally so that all council depts are aware of the procedures.	Anna Winship	Anna Winship	30-Dec-2012		These procedures will be completed in line with the renewal of the insurance contract - 31st December 2012	0
IA356	Insurance	1-Aug-2012	Departments do not have complete listings of insurance claims, meaning they cannot accurately monitor claims	Medium	Finance to investigate the viability of giving departmental access to the Zurich website, and asking insurance provider to provide training to departments	Anna Winship	Anna Winship	30-Sep-2012		Access to website has been given to officers within departments, so that they are able to obtain information in respect of claims directly.	100
IA172	ICT	27-Apr-2010	We were informed that no user access reviews have been performed recently, to determine who has access to particular network shared drives and if the access rights granted are appropriate. Similarly no formal reviews have been performed to determine and validate the level of access available to users in the applications such as CRM and Iworld.	Medium	The user access rights to network shares should be reviewed, to ensure that only authorised City Council staff can access the specific network shares they are entitled to access. Formal reviews covering user access rights within applications in the system should be performed to identify any remove any excess privileges available to users.	David Oakes	Jane Lubbock	30-Apr-2010		The M drive project has been delayed to be done alongside the Windows 7 rollout and this issue will be resolved once SharePoint is implemented.	80
	Commercial Property	Nov 12	Reconciliations may not be prepared and reviewed by two separate individuals or performed/reviewed on a timely basis. If reconciling items are not understood and action taken to resolve differences, there remains a risk that the Council is not billing all properties	Medium	All reconciling items should be identified and resolved on a timely basis.	Pete Johnson	Pete Johnson	30/09/12		The Q1 reconciliation is now complete. The Q2 reconciliation has been completed and all reconciling items reviewed	100
	Garden Waste	Nov 12	No reconciliations are performed between Lagan, Whitespace and Agresso to confirm completeness of subscribers and accuracy of income received	Medium	Put in place a regular reconciliation between the three systems.	Lyn Barker	Lyn Barker	31/12/12		Direct Services and Finance have looked at the production of a reconciliation between Lagan, Whitespace and Agresso. The use of unique reference numbers will help with this reconciliation.	50

Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	Comments	% Complete
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## AUDIT AND GOVERNANCE COMMITTEE

**Thursday 27 September 2012**

**COUNCILLORS PRESENT:** Councillors Rowley (Chair), Rundle (Vice-Chair), Simmons (Vice-Chair), Brett, Bance and Seamons.

**OFFICERS PRESENT:** Mathew Metcalfe (Democratic and Electoral Services), Jackie Yates (Executive Director Organisational Development and Corporate Services), Nigel Kennedy (Head of Finance), Anna Winship (Financial Accounting Manager), Jeremy Thomas (Head of Law and Governance), Maria Grindley (Audit Commission), Charlotte Bilsland, Alan Witty (Audit Commission) and Christopher Dickens (Pricewaterhousecoopers (PWC))

### **19. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Mary Clarkson, Roy Darke (Councillor Antonia Bance attended as a substitute) and James Fry (Councillor Scott Seamons attended as a substitute).

### **20. DECLARATIONS OF INTEREST**

None declared.

### **21. ADDRESS TO THE COMMITTEE - VIM RODRIGO**

Mr Vim Rodrigo attended the meeting and with the permission of the Committee addressed in on the issue of the special expenses levied on those parts of the City that fell outside of a Parish Council area, which he felt was an imposition on those who were least able to afford it.

A copy of the text to Vim Rodrigo's address is appended to these minutes.

The Committee agreed:

- (a) To thank Vim Rodrigo for his address to the Committee.
- (b) To request the Head of Finance provide a written response to the points raised in the address from Vim Rodrigo and that this response be submitted to the next meeting of the Audit and Governance Committee for information.

### **22. STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31ST MARCH 2012**

The Head of Finance submitted a report (previously circulated, now appended) which detailed the Council's Statement of Accounts for the year ending 31<sup>st</sup> March 2012.

Nigel Kennedy, Head of Finance, introduced the report and thanked Anna Winship and the Finance Team for their work in producing this year's statement of accounts. He highlighted that the statement of accounts were unqualified for the third year running which was very good as this continued to show the continued improvements made by the Council in the preparation of its accounts.

Councillor Simmons asked with regard to the joint venture and the transfer of land, how this was treated in the accounts. In response Nigel Kennedy said that the valuation of the land was undertaken through the Councils Corporate Property Services using external valuers. Jackie Yates further added that the accounts dealt with income/expenditure concerning 2011/12 and that the enhanced value of the land would come through in future years via the profit share mechanism agreed in the contract and as the value was realised.

Councillor Rundle felt that the explanatory forward was very useful. However he felt that the tense of the text required further work as people reading it might become confused, especially as the document is a public document.

Councillor Simmons asked questions concerning the position of the pension fund. In response Nigel Kennedy said that there had been a significant shift, mostly due to the current market position. Jackie Yates added that the valuation of the fund was done on a particular day and time and that it was important to understand that this was a long term investment. She further added that the triennial valuation of the fund assessed its underlying deficit and that contribution rates were then reviewed to address the deficit over the long term.

The Committee agreed:

- (a) To approve the audited 2011/12 Statement of Accounts and to authorise the Executive Director, Organisational Development and Corporate Services and the Chair of the Committee to sign the Statement of Accounts;
- (b) To approve the Letter of Representation to enable the opinion to be issued.

### **23. ANNUAL GOVERNANCE REPORT - AUDIT COMMISSION**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission, which detailed the Annual Governance Report prepared by the Audit Commission.

Maria Grindley from the Audit Commission introduced the report and highlighted once again the improvement made by the Council on what would always be a complex set of accounts and thanked Officers for their work. She added that there was some additional work undertaken at a cost of £10k, however the overall fees had reduced by £23k from the previous year.

In response to questions concerning the recommendations, Jackie Yates said that management responses to all of the recommendations had been drafted. Regarding recommendations 1 and 5, these related to training and quality assurance which would be built into the work plan for 2013. on the recommendations covering leases, work had commenced, but additional

agreements were required. Recommendation 4, concerned three, now former members of Council and a procedure was being put in place to ensure that this information was collected earlier, especially in election years. A copy of managements response to the recommendations is appended to these minutes.

The Committee agreed to note the report.

#### **24. INTERNAL AUDIT SUMMARY REPORT - 2012/13 PLAN - PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which provided an update of the work undertaken as part of the 2012/13 Audit Plan.

Charlotte Bisland from Pricewaterhousecoopers introduced the report and informed the Committee that the audit work days were in-line with the Plan with one revision: the five days allocated to the Northgate Review were no longer required and had been reallocated to a Health and Safety Review. She explained that this was due to Northgate conducting the review instead.

Councillor Rundle asked why the Fraud Risk report had not been submitted to the Audit and Governance Committee. In response Charlotte Bisland said that it had not been submitted as it was a value enhancement report which looked at value for money, rather than a risk based audit. She added that if risk had been identified it would have been reported to the Committee.

Councillor Simmons asked how the Insurance Review would be used in the next insurance contract. In response Nigel Kennedy said that when a preferred supplier was chosen, the Council would work with them to address

The Committee agreed to note the report.

#### **25. INSURANCE REVIEW - PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which set out the findings of a review of the Council's arrangements for managing insurance claims .

Charlotte Bisland from Pricewaterhousecoopers introduced the report.

Councillor Simmons asked if the Council had a self insurance fund, and if so did the review cover this. In response Nigel Kennedy said that the Council did set funds aside for self insurance. He confirmed that this review only looked at the arrangements in respect of the Zurich insurance contract.

The Committee agreed to note the report.

#### **26. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on the progress made on the implementation of recommendations following audits.

Nigel Kennedy, Head of Finance introduced the report and highlighted that there were no outstanding external risks.

Councillor Rundle with regard to internal audit recommendation IA339 said that although it was marked as green and 100% complete there were still issues concerning the time take to process benefit claims. In response Jackie Yates said that the Department for Work and Pensions (DWP) had brought in changes which had resulted in peaks of work within the Benefits Team. She added that a resilience contract had been put in place to deal with these peaks and to manage the flow of work.

Councillor Rundle added that in as much as the days have reduced, could this be maintained and felt that the issue should be passed the Communities and Partnerships Scrutiny Committee to monitor and to also retain the recommendation in the Recommendation Tracker.

Councillor Rundle added that in as much as the days have reduced, he was concerned about sustainability and felt that the issue should be passed the Communities and Partnerships Scrutiny Committee to monitor and to also retain the recommendation in the Recommendation Tracker.

The Committee agreed:

- (a) To invite Helen Bishop, Head of customer Services to the next meeting of the Audit and Governance Committee to provide a brief update on Housing Benefits performance;
- (b) To refer internal audit recommendation IA339 concerning housing benefits to the Communities and Partnerships Scrutiny Committee and request that it continues to monitor the days taken to process claims to ensure that the time taken does not increase;
- (c) To retain internal audit recommendation IA339 concerning housing benefits on the Recommendation Tracker.

## **27. MINUTES**

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 25<sup>th</sup> June 2012.

## **28. DATES OF FUTURE MEETINGS**

The Committee agreed to note the dates of future meetings as detailed on the agenda pages and that the next meeting of the Committee would take place on Thursday 29<sup>th</sup> November 2012 at 6.00pm at the Town Hall.

**29. MATTERS EXEMPT FROM PUBLICATION**

None.

**The meeting started at 6.00 pm and ended at 6.55 pm**

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Oxford City Council

Audit and Governance Committee Meeting

Venue: Town Hall, St Aldates, Oxford.

Date: 27<sup>th</sup> September 2012.

To the chairman and committee members  
I thank you for giving me the opportunity to address you on the subject of 'Special Expenses' imposed on those of us who live in 'Unparished Areas'.

I speak as a resident of Rose-hill where part of the estate was once within the boundaries of Littlemore Parish. After much petitioning, the Government eventually sanctioned the boundary change, which took Rose-hill out of the administration of Littlemore Parish Council. However, without consultation with the electorate the City Council was quick to impose an additional tax on those living in 'Unparished Areas' which I allege was introduced to appease Parish Councils who could have some of their maintenance costs offset.

I have repeatedly brought up this issue at 'Area meetings' and been 'fobbed off' by council members of the committee, that the issue would be looked into and an explanation giving details forwarded to me.

I have to say that I am still waiting for a reply.

I have even spoken at the General Council meetings where at least one councillor did assure me that she would look into the matter and come back to me.

It did not materialise.

I am not against this tax, but I feel that to impose it on one section of the community is 'unfair' and 'discriminatory'.

The items funded by this tax should have been funded by the 'City Wide Tax', as all citizens - living in the Parish and Unparished Areas - enjoy the benefits and facilities. Let me state a few of the items.

- i. Community Recreation
- ii. Parks management
- iii. Allotments
- iv. Ditches and Streams
- v. Cemeteries
- vi. Street furniture.

Rose-hill has not gained from any of the above items, yet Parish councils have been able to encroach on this fund.

Parish Councils have control of their money and can choose their own auditors, solicitors, accountants, etc.

Unparished area representatives have NO SAY in fact we are made to beg - even then the



answer is NO - there is no money in the coffers.

Further, this 'unfair tax' helps to keep the Council Wide Tax within government limits. Do you consider this manoeuvre justified and complying within the bounds of rules set.

This fund also meets all the short falls of tax collected for the County, Police and Parish Councils.

There is a simple solution - and it will involve less staff - Have one City Wide tax and let Parish councils impose their own tax for the luxuries they want, which of course would be additional to the City Wide tax.  
... What is the problem?

 A. V. Rodrigo.

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# Appendix 6 – Action plan

## Recommendations

### Recommendation 1

The Council needs to remind staff of the guidance on the classification of income and expenditure in the Comprehensive Income and Expenditure Statement and ensure that this is understood. Checks should be undertaken by a senior staff member to ensure that the guidance is being followed.

**Responsibility** Nigel Kennedy

**Priority** Medium

**Date** Jan 2013

**Comments** Training will be provided to all finance staff involved in the closedown process to ensure that all I&E entries are classified correctly in the financial statements.  
Additional QA will be built into future years timetables in order to review analytical reviews carried out by management accountants.

### Recommendation 2

The HRA account and supporting working papers should be subject to review before the 2012/13 financial statements are finalised and passed over for audit. This should help to pick up any errors made.

**Responsibility** Anna Winship

**Priority** Medium

<b>Date</b>	June 2013
<b>Comments</b>	A thorough review of WPs and statements relating to HRA will be carried out prior to the accounts being submitted for audit in future years.
<b>Recommendation 3</b>	
The Council need to ensure that they have the appropriate information to not only make the appropriate disclosures in the financial statements but also manage the whole process of leases. I found that the current workbook developed by the Council provides the basis for this. Arrangements need to be put in place to ensure that information on new and expiring leases and changes to lease terms are shared between Legal, Estates and Finance on a timely basis.	
<b>Responsibility</b>	Anna Winship
<b>Priority</b>	Medium
<b>Date</b>	Dec 2012
<b>Comments</b>	The spreadsheet held by Finance is a key starting point for this piece of work, and a procedure will be put in place to ensure any changes to leases are notified on a timely basis going forward
<b>Recommendation 4</b>	
Remind Members and Group Leaders of the importance that all need to make the appropriate governance disclosures.	
<b>Responsibility</b>	Nigel Kennedy
<b>Priority</b>	Medium
<b>Date</b>	March 2013
<b>Comments</b>	The Council will put in place arrangements to ensure disclosures can in future be obtained on a timely basis from members that are standing down.
<b>Recommendation 5</b>	

Ensure that the coding structure in place supports appropriate disclosures in the financial statements. Ensure that staff are aware of the guidance on coding and receive appropriate training. Undertake sample checking by a more senior member of staff to confirm the accuracy of the coding.

<b>Responsibility</b>	Anna Winship
<b>Priority</b>	Medium
<b>Date</b>	Jan 2013
<b>Comments</b>	This links with Recommendation 1 and therefore will be picked up in the training carried out to all finance staff that are involved with the closedown process

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**Finance**

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16 November 2012

Our ref:

Your ref:

Dear Mr Rodrigo

**Council Tax procedure in Oxford City**

Thank you for your letter that was presented to the Council's Audit and Governance Committee meeting on Sept 27<sup>th</sup>.

I am sorry that you remain dissatisfied with the procedure for setting the Council Tax in the City Council's administrative area. Due to the fact that we have four relatively small parishes with the vast majority of the dwellings falling within what is known as the "unparished area" the calculation process is a complicated one, but one that takes account of the provisions of the Local Government Finance Act, 1992, in particular sections 34 and 35.

Before explaining the legal position I must correct one of your assertions that the unparished area special expenses was introduced in 2008 following the moving of the parished part of the Rose Hill estate from the administrative area of Littlemore Parish Council into the unparished area of the city. This has in fact been in place since the introduction of Council Tax in 1993 .

The legal position around 'Special Expenses' is governed by Section 34 of the 1992 Act which sets out the additional calculations the council is required to make where "special items" relate to a part of a billing authority's area.

"Special items" are as defined in section 35 –

- (1) Any precept issued to the Authority which is applicable to part only of its area, i.e. the precept demands issued by the councils four parishes
- (2) Any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by....a parish or community council."

Thus the council is required to calculate for the unparished area of the city, the cost of providing those services that are carried out by the parishes and are therefore included in the parish precepts. The unparished area special expenses account is thus really the equivalent of a Parish Precept. If the calculation is not undertaken, taxpayers in parished areas would be subject to "double taxation". This is because the costs of services (such as grass cutting on public land and maintenance and running costs of allotments) for residents of the unparished area would be spread across the whole district rather than being charged only to residents of the unparished area.

This approach is replicated in other Billing Authorities that have an unparished area as well as parishes.



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In answer to the specific points raised in your letter of 27<sup>th</sup> September I would advise the following :

Calculation for different parts of unparished area

You make the point that some of the service areas included in the unparished area do not benefit Rose Hill. I agree that items included within the calculation of the unparished area special expenses may not apply across the whole unparished area but it would be impracticable and unduly complicated to calculate different levels of unparished area expenses for different parts of the area, for example Old Headington, New Marston, Rose Hill etc.

Local say in spending decisions

Your statement that residents in unparished areas have no say in spending priorities I believe is untrue. The City Council is run by members that are elected via a democratic process. The Council consults each year on its budget proposals and spending priorities and takes account of what is said. Should you have any particular items that you wish to take up then your elected member is available and there are Area Committees for your area where you can make representation.

Is the unparished area tax used to keep the city wide tax low?

It is true that the unparished area special expenses account reduces the city wide tax but under s34 the council have no discretion but to do so. Percentage increases for Council Tax are however based on the basic amount of Council Tax, not the City wide tax. These are the figures reported to Central Government.

Any shortfalls in tax that is due to the precepting authorities is met from the Unparished Area special expenses account

This is not correct as all Council Tax income is paid into the Authority's collection fund. There are no separate accounts maintained for taxes received from the parishes or unparished area. In the unfortunate event of the council not being able to meet its precept commitments it would be necessary to borrow funds to cover the shortfall.

Council Tax setting is a complex and technical area especially in Oxford City but I am satisfied that the Council are carrying out those calculations in accordance with the requirements of the related legislation.

I trust that I have satisfactorily addressed the concerns that you raised in your letter but should you require anything else then please feel free to give me a ring.



**Nigel Kenndy**  
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