

Agenda

www.oxford.gov.uk



Audit and Governance Committee

Date: **Thursday 27 February 2014**

Time: **6.00 pm**

Place: **Town Hall**

For any further information please contact:

Mathew Metcalfe, Democratic and Electoral Services Officer

Telephone: 01865 252214

Email: mmetcalfe@oxford.gov.uk

Audit and Governance Committee

Membership

Chair	Councillor James Fry	North;
Vice-Chair	Councillor Craig Simmons	St. Mary's;
	Councillor Tony Brett	Carfax;
	Councillor Roy Darke	Headington Hill and Northway;
	Councillor Mike Rowley	Barton and Sandhills;
	Councillor David Rundle	Headington;
	Councillor Scott Seamons	Northfield Brook;

HOW TO OBTAIN AGENDA

In order to reduce the use of resources, our carbon footprint and our costs we will no longer produce paper copies of agenda over and above our minimum internal and Council member requirement. Paper copies may be looked at the Town Hall Reception and at Customer Services, St Aldate's and at the Westgate Library

A copy of the agenda may be:-

- Viewed on our website – mycouncil.oxford.gov.uk
- Downloaded from our website
- Subscribed to electronically by registering online at mycouncil.oxford.gov.uk
- Sent to you in hard copy form upon payment of an annual subscription.

AGENDA

Pages

1 APOLOGIES FOR ABSENCE

The quorum for this Committee is three Members and substitutes are allowed.

2 DECLARATIONS OF INTEREST

Members are asked to declare any disclosable pecuniary interests they may have in any of the following agenda items. Guidance on this is set out at the end of these agenda pages.

3 EXTERNAL AUDIT PROGRESS REPORT 2013/14 - ERNST AND YOUNG

The Head of Finance will submit a report on behalf of the Council's External Auditors, Ernst and Young which will detail the progress made in delivering the work set out in the 2013/14 audit plan.

This report was not available when the main agenda was published and will be circulated prior to the meeting.

4 ERNST AND YOUNG - CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2012-13

9 - 20

The Head of Finance has submitted a report on behalf of the Council's External Auditors, Ernst and Young which summarises the results of their work on the Council's 2012-13 claims and returns.

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

5 INTERNAL AUDIT PROGRESS 2013/14 - PRICEWATERHOUSECOOPERS (PWC)

21 - 32

The Head of Finance has submitted a report on behalf of the council's Internal Auditors, Pricewaterhousecoopers (PWC) which details the progress made in delivering the work set out in the 2013/14 audit plan.

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

6 REVIEW OF THE AVOIDING BRIBERY, FRAUD AND CORRUPTION POLICY, AND THE MONEY LAUNDERING POLICY AND PROCEDURE.

33 - 64

The Head of Finance has submitted a report which details a review the

policies and seeks endorsement of the changes to them as outlined within the body of the report.

The Committee is asked:

- (a) To note the review of the Avoiding Bribery Fraud and Corruption Policy and the Money Laundering Policy Procedures and Reporting Form:
- (b) To agree the revised documents set out in Appendices 1- 4.
- (c) To note the new iLearn module on Avoiding Bribery, Fraud and Corruption which all staff have been asked to complete.

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

65 - 70

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.

**8 RISK MANAGEMENT QUARTERLY REPORTING - QUARTER 3 -
2013/14**

71 - 80

The Head of Finance has submitted a report which updates Members on both corporate and service risks as at the end of quarter 3.

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

9 MINUTES

81 - 84

Minutes of the meeting held on 28th November 2013.

10 DATES AND TIMES OF MEETINGS

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

Thursday 26th June 2014
Tuesday 30th September 2014
Thursday 18th December 2014
Thursday 26th February 2015
Thursday 23rd April 2015

11 MATTERS EXEMPT FROM PUBLICATION

If Committee wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding agenda items it will be

necessary for Council to pass a resolution in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 specifying the grounds on which their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Part 1 of Schedule 12A of the Act if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(The Access to Information Procedure Rules – Section 15 of the Council’s Constitution – sets out the conditions under which the public can be excluded from meetings of the Council)

PART 2

12 ALLEGATIONS OF INTERNAL FRAUD, INVESTIGATIONS AND OUTCOMES

85 - 88

This item is exempt from publication by virtue of paragraphs 2, 3 and 7, Schedule 12A, Local Government Act 1971

- (2) Information which is likely to reveal the identity of an individual
- (3) Information about someone’s finances or business
- (7) Information about action to deal with a crime

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.

¹ 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.

This page is intentionally left blank



Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE

Tel: + 44 118 928 1599
Fax: + 44 118 928 1101
ey.com



The Members of the Audit and Governance Committee
Oxford City Council
The Town Hall
St Aldates
OXFORD
OX1 1BX

27 February 2014

Ref:
Your ref: OCity/12-13
Mobile: 07769932604
Email: mgrindley@uk.ey.com

Dear Member

Certification of claims and returns annual report 2012-13 Oxford City Council

We are pleased to report on our certification work. This report summarises the results of our work on Oxford City Council's 2012-13 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require certification from an appropriately qualified auditor of the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and set out the submission deadlines.

Certification work is not an audit. Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2012-13, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities). It is available from the Chief Executive of each audited body and via the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This annual certification report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2012-13 certification work and highlights the significant issues. We checked and certified three claims and returns with a total value of £157,088,234. We met all submission deadlines. We issued one qualification letter for the housing and council tax benefits subsidy claim. Details of the qualification matters are included in section 1. The number of issues we identified involved us doing more work than we had planned and we will need to charge additional fee of £4,400. The fee is subject to Audit Commission approval.

We made one recommendation last year relating to the classification of housing and council tax overpayments and we found no issues when testing this area of the claim this year.

We have made 8 recommendations this year. These are summarised in section 4.

Fees for certification work are summarised in section 2. The Audit Commission applied a general reduction of 40% to certification fees in 2012-13. We have included the actual fees for 2011-12 and their values after the 40% reduction to assist year on year comparisons.

We welcome the opportunity to discuss the contents of this report with you at the 27 February 2014.

Yours faithfully



Maria Grindley
Director
Ernst & Young LLP

Enc

Certification of claims and returns annual report 2012-13

Contents

1. Summary of 2012-13 certification work.....	1
2. 2012-13 certification fees	4
3. Looking forward	5
4. Summary of recommendations.....	6

1. Summary of 2012-13 certification work

We certified three claims and returns in 2012-13. The main findings from our certification work are provided below.

Housing and council tax benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£75,822,955
Limited or full review	Full
Amended	Amended. Subsidy reduced by £190
Qualification letter	Yes
Fee - 2012-13	£33,488 plus additional fee request of £4,400
Fee - 2011-12	£63,288
Recommendations from 2011-12:	
Increase sample checking and training to ensure classification of overpayments is correctly recorded in the system.	We found no issues when testing this area of the claim this year.

Councils run the Government's housing and council tax benefits scheme for tenants and council taxpayers. Councils responsible for the scheme claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' testing (extended testing) if initial testing identifies errors in the calculation of benefit or compilation of the claim. We found errors and carried out extended testing in several areas.

Extended '40+' testing and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors to the DWP in a qualification letter. The following are the main issues included in our qualification letter:

We found:

- a larger number of errors this year that resulted in additional testing. In 2012/13 we had to complete six lots of 40 plus testing compared to two lots in 2011/12,
- that the resources provided by the Council to complete workbooks and respond to our queries was not sufficient in number,
- errors when reviewing claims with student income,
- errors in the assessments completed by temporary staff who have subsequently left,
- errors in the categorisation between HRA and Non HRA,
- errors in assessment of claims with child care disregards,
- errors in earnings calculations,

- the reconciliation of subsidy to software balancing report contained four unresolved items. These may be due to the Council being the only pilot site in 2012/13 for the 'Direct payment pilot demonstration project' that uses the Academy system and there is an issue with how the system deals with un-cashed and cancelled BACS payments, and
- three cases where the authority was unable to recalculate the amount of subsidy for the purposes of completing the workbooks.

We carried out additional work during 2013 as requested by the DWP on an issue in our 2011/12 qualification letter. Additional sampling was completed to inform our extrapolation of the error relating to rent allowance eligible overpayments. The results of the additional testing indicate that a number of overpayments were being incorrectly classified. Whilst this has not impacted on the level of benefit paid, the classification of overpayments can have an effect on the amount of subsidy the Council can claim back. The additional fee for this work was £2,340.

National non-domestic rates return

Scope of work	Results
Value of return presented for certification	£80,422,679
Limited or full review	Full
Amended	No
Qualification letter	No
Fee – 2012-13	£2,062
Fee – 2011-12	£3,325
Recommendations from 2011-12:	Findings in 2012-13
None	None

The Government runs a system of non-domestic rates using a national uniform business rate. Councils responsible for the scheme collect local business rates and pay the rate income over to the Government. Councils have to complete a return setting out what they have collected under the scheme and how much they need to pay over to the Government.

We found no errors on the national non-domestic rates return and we certified the amount payable to the pool without qualification.

Pooling of housing capital receipts

Scope of work	Results
Value of return presented for certification	£842,600
Limited or full review	Full
Amended	No
Qualification letter	No
Fee – 2012-13	£1,250
Fee – 2011-12	£2,236
Recommendations from 2011-12:	Findings in 2012-13
None	None

Councils pay part of a housing capital receipt into a pool run by the Department of Communities and Local

Government. Regional housing boards redistribute the receipts to those councils with the greatest housing needs. Pooling applies to all local authorities, including those that are debt-free and those with closed Housing Revenue Accounts, who typically have housing receipts in the form of mortgage principal and right to buy discount repayments.

We found no errors on the pooling of housing capital receipts return and we certified the amount payable to the pool without qualification.

2. 2012-13 certification fees

For 2012-13 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fee was based on actual certification fees for 2010-11 adjusted to reflect the fact that a number of schemes would no longer require auditor certification. There was also a 40% reduction in fees reflecting the outcome of the Audit Commission procurement for external audit services.

The indicative composite fee for Oxford City Council for 2012-13 was £36,800. The actual fee for 2012-13 was £41,200*. This compares to a charge of £45,606 in 2011-12 (less 40% reduction). We have delivered a 55% fee reduction in 2012/13.

Claim or return	2011-12	2011-12	2012-13	2012-13
	Actual fee £	2011-12 fee less 40% reduction £	Indicative fee £	Actual fee £
Certification of claims and returns - annual report	72,609	44,586	36,800	41,200*
Grant planning, supervision and review (1)	1,700	1,020	0	0
Total	74,309	45,606	36,800	41,200*

Grant planning, supervision and review (1) is included in the indicative fee proposed by the Audit Commission.

We also charged an additional fee in 2012/13 following a request by the DWP to review work undertaken by the Council on issues raised in our qualification letter on the 2011/12 claim.

* Subject to Audit Commission approval.

3. Looking forward

For 2013-14, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2011-12, adjusted for any schemes that no longer require certification. The Audit Commission has indicated that the national non-domestic rates return will not require certification from 2013-14.

The Council's indicative certification fee for 2013-14 is £39,900. The actual certification fee for 2013-14 may be higher or lower than the indicative fee, if we need to undertake more or less work than in 2011-12 on individual claims or returns. Details of individual indicative fees are available at the following link: <http://www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-and-work-programme/individual-certification-fees/>.

We must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2011-12 fees.

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made or does not intend to make certification arrangements. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements. This is to help with the transition to new certification arrangements, such as those DCLG will introduce for business rates from 1 April 2013.

4. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing and council tax benefits subsidy claim	High, Low, Medium			
Ensure sufficient staff are available to complete housing benefit workbooks and respond to our queries.	High	Agreed. Additional team member in place and for 2013/14 there will be one less workbook as Council Tax Benefit will no longer be part of the claim.	Done	Pauline Hull Team Leader systems and subsidy team
Student Income: provide training on the correct treatment of student grant and loan income	Medium	100% check undertaken to identify any errors and inform training programme. Training delivered.	Done	Pauline Hull Team Leader systems and subsidy team
Review housing benefit assessments completed in 2013/14 to identify impact of errors identified in 2012/13. If necessary take action to reduce the impact.	High	As well as 100% check of student income claims more testing has taken place across the range of claims.	Done	Pauline Hull Team Leader systems and subsidy team
Improve training for all temporary staff employed by the Council assessing housing benefit claims.	High	The use of temporary staff has been reduced. The only temporary staff used are those who have been used before and produce good work. They are only used when there is a specific need.	Done	Performance and Quality Team Sharon Warren Acting Benefits Manager
Review work of temporary assessors as soon as possible to ensure that they are making accurate assessments.	High	This is less likely to be an issue as fewer temporary staff are being used.	Done	Sharon Warren Acting Benefits Manager
Child Care Disregard: provide training to standardise the approach and how to record the calculation	Medium	These claims will be subject to a 100% check. Doing this will help us develop a consistent approach to these claims	May 2014	Pauline Hull Team Leader systems and subsidy team

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing and council tax benefits subsidy claim	High, Low, Medium			
Complete reconciliation of subsidy to software balancing report to resolve differences between the two.	Medium	The aim is to balance direct payment claims earlier to identify potential problems.	May 2014	Pauline Hull Team Leader systems and subsidy team
For the three cases where the Council was unable to recalculate the amount of subsidy complete additional work to complete the recalculation so that the Council understands how the benefit paid was calculated.	Medium	To be completed.	May 2014	Pauline Hull Team Leader systems and subsidy team

Ernst & Young LLP

Assurance | Tax | Transaction | Advisory

www.ey.com/uk

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

© Ernst & Young LLP 2014. Published in the UK
All rights reserved.

This page is intentionally left blank

Oxford City Council

Internal Audit Progress Monitoring Report

February 2014

21
February 2014

Table of Contents

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

22

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 2013/14 plan, including details of the reports we have completed to date.

Plan outturn

2013/14 Audit Plan





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

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

We have continued to review our Audit Plan on an ongoing basis to ensure that it meets Oxford City Council's (the Council) risks. We have made one revision to our audit plan since those communicated to the Audit and Governance Committee at its meeting in November 2013. We have made one revision to our audit plan since our last update to the Audit and Governance Committee at its meeting in November 2013. We will complete our review of Temple Cowley Pool during 2014/15. We feel that a review of this nature is likely to provide more value to the Council after the initial phase of implementation has been completed. We have agreed to roll forward the days allocated to that review to the new audit plan.

Reporting Activity and Progress

Final reports issued since the previous Committee meeting

Ref	Name of audit	Conclusion	Date final report issued	No of recommendations made			
				 Critical	 High	 Medium	 Low
1	Cash and Card Payments	Value Enhancement review – No risk rating	January 2014	N/A	N/A	N/A	N/A
2	Corporate Assets – Asset Management Strategy	Value Enhancement review – No risk rating	January 2014	N/A	N/A	N/A	N/A
3	Fixed Asset and General Ledger	Low Risk for both areas	January 2014	0	0	0	1
4	Housing Benefits	Low Risk	January 2014	0	0	0	4

24

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

1) Cash and Card Payments - No risk rating

This review focused on the Council's plan for becoming cash free, understand and evaluate the existing controls surrounding the receipt, banking and allocation of cash and card payments.

The Council has made progress and is using technology to help reduce cash receipts, but cash receipts at the time of our review had already exceeded those collected in 2012/13. Our testing found some key controls were not operating as designed. The Council needs a plan to achieve the reduction in cash receipts and we welcome the opportunity to review and future plans to provide further support and challenge.

We compared the level of cash received to date in 2013/14 against the total received in 2012/13 which showed the proportion of total income (excluding car parking) received in cash has increased.

There were a small number of controls which could be improved: -

- Unallocated income is posted to a suspense account. The balance at the time of our review was £28,097.85 which included items dated back to 2010. The Council should review the suspense account to clear outstanding items; and
- Access to the Paris system is restricted to authorized personnel. Our testing identified one leaver who still had access to the system. The Council should review processes in place for the removal of leavers from the system on a timely basis.

2) Corporate Assets – Asset Management Strategy - No risk rating

This review focussed on the Council's existing Asset Management Strategy to identify areas of strength, weakness and key areas of risk, and provide suggested areas of improvement for future iterations of the Asset Management Strategy.

We found the strategy was a well written document which clearly demonstrated an understanding of the associated policies, objectives and priorities, and the relationship with other strategies and the Corporate Plan.

We reviewed the Strategy against the Department for Communities and Local Government "Building on Strong Foundations – A framework for Local Authority Asset Management" guidance to identify opportunities for improvement. We also asked an Asset Management specialist to review the document. This highlighted areas for the Council to consider for future iterations of the strategy:

- General improvements – including making the links between corporate strategy, policy and asset strategy more explicit;
- General fund assets – including how the Council's objectives for its portfolio are to be met; and
- Housing Revenue Account assets – including how elements of the strategy are to be refreshed, value for money and financing options.

3) Fixed Asset and General Ledger – Low Risk

This review is performed annually on the key controls over the general ledger and over the fixed asset register. The review was combined from 2 reviews previously to a joint review in the current year.

The Council has maintained its strong general ledger performance from last year. The only issue found was that there was no evidence of review of payroll to general ledger reconciliations.

The fixed asset control environment is strong; we only one advisory issue. A new fixed asset register is being implemented in March 2014.

4) Housing Benefits – Low Risk

This review is performed annually on the key controls over the Housing Benefits process.

Progress has been made since our review last year, but some controls are not yet operating effectively.

The review identified two operating effectiveness issues:

- **Quality checking:** addressing errors identified as a result of the quality checking.
- **Overpayments:** there was an increased level of overpayments despite an increase in write-offs.

We looked at the controls which the Authority has in place to ensure the successful implementation of changes as a result of welfare reform. We found the Authority has set up a team to oversee pilot schemes. The Authority is currently piloting schemes on direct payments (to prepare for universal credit) and customer support as a result of changes such as bedroom tax and the benefit cap.

Fieldwork and draft reports

Fieldwork will be underway or complete for the following reviews as at the date of the February Audit and Governance Committee. In some cases the draft report will have been issued but the final report will not be available until the next Audit and Governance Committee meeting.

- Business Improvement and Technology System Implementation (draft report issued);
- Collection Fund (draft report issued);
- Direct Services Income Generation through DSOs (Draft report issued);
- Finance Town Hall Income (Draft report issued);
- Human Resources and Facilities – Payroll including Tax, NI and Compliance (Draft report issued);
- Fraud Risk Assessment (Fieldwork complete);
- Grant Payments (Fieldwork complete); and
- Community Development – Community Centres and Associations (Fieldwork complete).

Appendix 1 - Internal audit detailed progress tracker

28

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed clearance meeting dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A1	Debtors and Creditors	14	Held	w/c 3 March 2014	w/c 10 March 2014	w/c 24 March 2014	w/c 31 March 2014	w/c 7 April 2014	April 2014
A2	Collection Fund	10	Held	Held	Held	Issued	w/c 17 February 2014	w/c 24 February 2014	April 2014
A5	Budgetary Control, Risk Management and Performance	15	TBC	-	-	-	-	-	April 2014
A7	I.T. General Controls	7	Held	w/c 10 March 2014	w/c 17 March 2014	w/c 31 March 2014	w/c 7 April 2014	w/c 14 April 2014	April 2014
A8	Fraud Risk Assessment	6	Held	Held	Held	w/c 10 February 2014	w/c 24 February 2014	w/c 3 March 2014	April 2014
A10	Grant Payments	7	Held	Held	w/c 10 February 2014	w/c 24 February 2014	w/c 3 March 2014	w/c 10 March 2014	April 2014

Ref	Auditable unit	Indicative number of days*	Scoping meeting date	Proposed fieldwork dates	Proposed clearance meeting dates	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
B3	Community Development – Community Centres and Associations	10	Held	Held	w/c 10 February 2014	w/c 24 February 2014	w/c 3 March 2014	w/c 10 March 2014	April 2014
B5	Finance Town Hall Income	7	Held	Held	Held	Issued	Issued	w/c 10 February 2014	April 2014
B6	Business Improvement and Technology – System Implementation	6	Held	Held	Held	Issued	Issued	w/c 10 February 2014	April 2014
VE1	Environmental Development – Carbon Budgeting	10	Held	TBC	-	-	-	-	April 2014
VE2	Human Resources and Facilities – Payroll including Tax, NI and compliance	16	Held	Held	Held	Issued	w/c 17 February 2014	w/c 24 February 2014	April 2014
VE3	Direct Services – Income Generation through DSOs	10	Held	Held	Held	Issued	w/c 10 February 2014	w/c 17 February 2014	February 2014

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

Appendix 2 – Thought leadership publications

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

The Future of Government

1. **Delivering on the Citizen Promise**

In the face of recurrent budget cuts to reduce fiscal deficits in many countries, affordable government has become the watchword. This means doing more for less – meeting rising citizens' expectations by doing things differently to deliver services more effectively and efficiently.

2. **Where Next for public services?**

Public sector organisations need to re-evaluate their purpose and role and decide if current visions and missions, and ways of operating to achieve them, are relevant enough to ride the waves of these shifts, or be overwhelmed by them. Government and public sector organisations will also need to respond to these shifts proactively and pre-emptively, to avoid falling one or more steps behind.

3. **What guides and shapes the future public body?**

As such, tomorrow's public bodies need to navigate themselves by first formulating a strong and clear vision and mission. Together, these will capture the organisation's strategic ambition and purpose and serve to influence decisions and behavior within the organisation



http://www.pwc.com/en_GX/gx/psrc/publications/assets/pwc_future_of_government.pdf

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.

This page is intentionally left blank

To: Audit and Governance Committee

Date: 27th February 2014

Item No:

Title of Report:

Review of the Avoiding Bribery, Fraud and Corruption Policy, and the Money Laundering Policy and Procedure.

Summary and Recommendations

Purpose of report: To review the policies and endorse the changes to them as outlined within the body of the report.

Key Decision: No

Board member: Councillor Bob Price

Scrutiny Responsibility: Value & Performance

Ward(s) affected: None

Policy Framework: None

Recommendation(s): Members are asked to note the review of the Avoiding Bribery Fraud and Corruption Policy and the Money Laundering Policy Procedures and Reporting Form and agree the revised documents set out in Appendices 1- 4. Members are also asked to note the new iLearn module on Avoiding Bribery, Fraud and Corruption which all staff have been asked to complete.

Appendix 1 - Avoiding Bribery Fraud and Corruption Policy

Appendix 2 - The Money Laundering Policy

Appendix 3 - The Money Laundering Procedure

Appendix 4 - The Money Laundering Reporting Form

1. Introduction

1.1 The Audit and Governance Committee first endorsed the Council's Avoiding Bribery, Fraud and Corruption Policy on 30th June 2011. The policy was updated at that time ensuring the Council had adequate bribery prevention procedures in place in light of the Bribery Act which came into force on 1st July 2011.

1.2 The Avoiding Bribery Fraud and Corruption Policy is a clear statement of intent to eliminate all forms of bribery fraud and corruption and the responsibility to investigate and report all alleged irregularities.

1.3 The Policy can be found on the Oxford City Council website under Policies, Plans and Strategies link;
http://www.oxford.gov.uk/PageRender/decCD/Policies_and_Plans_occw.htm

And on the Intranet under Processes and Procedures, Finance;

<http://occweb/intranet/finance.cfm>

- 1.4 The Council's Money Laundering Policy and Procedures was first endorsed by the Audit and Governance Committee on 30th June 2009. The Policy incorporates reporting procedures for all members of staff. Whilst the risk of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities.
- 1.5 The Policy, Procedure and Reporting Form is the internal process required by law to prevent the Council's services, Employees and Elected Members from being used to launder money. There is a responsibility to report any concerns regarding money laundering or any attempt to launder money.
- 1.6 The Policy, Procedure and Reporting Form can be found on the Intranet;
<http://occweb/intranet/finance.cfm>

2. Review – Avoiding Bribery Fraud and Corruption Policy

- 2.1 The revised Policy is attached at Appendix 1. The principal amendments are set out below.
- 2.2 Throughout the Policy reference to People and Equalities is changed to Human Resources and Facilities.
- 2.3 All contact details have been updated to show change of Directorship and change of contact address.
- 2.4 Minor changes to sections 6, 7, 8, 9 &10 of the Avoiding Bribery, Fraud and Corruption Policy have been made as follows:
 - 6.2 Reference to the Criminal Records Bureau has been updated to the Disclosure and Barring Service.
 - 6.5 Reference to Serious Organised Crime Agency (SOCA) has been updated to the National Crime Authority (NCA).
 - 6.8 Reference to Council Tax and Housing has been added.
 - 6.10 Reference to Elected Members has been added.
 - 6.13 Reference to Council Tax and Housing has been added.
 - 7.1 Reference to Members Code of Conduct has been updated to the Council's Local Code of Conduct for Members as adopted by the Council on 23rd May 2012.
 - 8.1 Responsibilities of Audit and Governance Committee have been updated in line with the Council's Constitution.
 - 9.2 Reference to the Accounts and Audit Regulations 2003 as amended by 2006 Regs has been updated to the Accounts and Audit Regulations 2011.

9.3 Reference to Accounts and Audit Regulations 2003 as amended by 2006 Regs has been removed.

10.3 Reference to Council Tax and Tenancy fraud has been added

3. Review – Money Laundering Policy, Procedures and Reporting Form

3.1 **Policy** - The revised Policy is attached at Appendix 2. All points within the Policy are now numbered. There have been minor changes made to sections 3 and 4 of the Policy;

3.2 Reference to the Serious Organised Crime Agency (SOCA) has been updated to reflect the inclusion of this agency into the newly formed National Crime Authority (NCA).

4.1 The Money Laundering Reporting Officer (MLRO), nominated to receive disclosures of money laundering activity within the Council has been changed to; the Head of Finance (S151 Officer).

4.2 The link to the Procedure and Reporting Form has been added at point 4.2.; <http://occweb/intranet/finance.cfm>

3.2 **Procedures** - The revised Procedures document is attached at Appendix 3. All points within the Procedure are now numbered and reference to SOCA, the Serious Organised Crime Agency, has been updated to reflect its inclusion within the newly formed National Crime Authority; the NCA. Minor changes to sections 1, 2 and 3 of the Money Laundering Procedures have also been made as follows:

1.2 The intranet link to the Reporting Form has been updated. The Form is available on the Council's Intranet under Finance.
<http://occweb/intranet/finance.cfm>

2.4 The web link for the MLRO to the NCA standard on line reporting forms has been added;
<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/specialist-capabilities/ukfiu/how-to-report-sars>

2.6 NCA time scales for consent to proceed have been added; once the SAR is reported it can take up to 7 working days for the NCA to give consent for the transaction to proceed. If the consent is refused the NCA (Law Enforcement) can take up to 31 days (Moratorium Period) to investigate the matter further. The Council cannot proceed with the transaction within this period; continuing with the transaction means that the Council runs the risk of committing a money laundering offence.

3.2 The procedure now requires original ID documents to be seen on request.

3.3 **Reporting Form** - The revised reporting form is attached at Appendix 4. Reference to SOCA, the Serious Organised Crime Agency, has been updated to reflect its inclusion within the newly formed National Crime Authority; the

NCA. The form has been redesigned to reflect the additional information required by the NCA in submitting a Suspicious Activity Report (SAR) by the MLRO.

4. iLearn Module for Avoiding Bribery, Fraud and Corruption

4.1 To support the promotion and understanding of the Avoiding Bribery Fraud and Corruption Policy a new module has been developed on iLearn Oxford, the Council's e-learning system. Service managers have been asked to ensure all members of staff complete this course over the next 12 months.

Elected Members can also register as a user on;



<http://oxfordcity.learningpool.com/>

Or the link to iLearn can be found on link systems on the Intranet.

The Avoiding Bribery Fraud and Corruption module takes about 40 minutes to complete and provides an overview of the following:

- An overview of the Council's policy on Bribery, Fraud and Corruption
- Where to find the policy
- Who to report any concerns to and how to report them
- Where and what the risks are of financial loss due to bribery, fraud and corruption and what steps the Council can take to deter it
- Money laundering, what is it, the do's and don'ts and how it can affect the Council
- Whistle Blowing, what it is, what the Council's policy is and how and where to get independent advice should you need it

5. Legal Implications - The policies give assurance that the Authority is compliant to the Bribery Act 2010, the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002. Failure to adhere to the Policies would impact on the legal and reputational risk to the Council.

6. Financial Implications - The policies give assurance that the Council supports a zero tolerance attitude to bribery fraud and corruption and that it takes seriously its responsibility to protect the public funds it administers. There is a risk of potential loss through fraud. . Following Audit Commission guidance, an assessment for 2012/2013 indicates loss in key risk areas to be a 1% potential risk of loss of £908,863 and a 5% potential risk of loss of £4,542,375

Name and contact details of author:

Carol Quainton
Investigation Manager
Telephone: (01865) 252478
cquainton@oxford.gov.uk

Nigel Kennedy
Heads of Finance
Telephone: (01865) 252708
nkennedy@oxford.gov.uk

OXFORD CITY COUNCIL

AVOIDING BRIBERY, FRAUD AND CORRUPTION POLICY

1. INTRODUCTION

- 1.1 Fraud is one of the fastest growing areas of crime in modern society and the residents and stakeholders of Oxford City have a right to expect that their public funds are secure and handled honestly. They also have a right to expect that their elected Members and Council employees are honest and that their integrity is above reproach. Any dishonest act reflects badly on both the Authority and the wider public sector.
- 1.2 The Council is committed to eliminating all forms of bribery, fraud, corruption and to protecting public funds. Minimising losses to fraud and having adequate bribery prevention procedures in place; meeting the six general principles of the Bribery Act 2010 is an essential part of ensuring that all of the Council's resources are used for the purpose for which they are intended.
- 1.3 This document is intended to provide a clear statement of intent and responsibilities for;
- (a) Preventing bribery, fraud and corruption and
 - (b) The investigation, reporting and handling of alleged irregularities.

2. CULTURE

- 2.1 Under the Bribery Act 2010 a bribe is "a financial or other advantage" in connection with the improper performance of a "relevant function or activity". The legislation broadly covers two general offences:
- (i) **Bribing another** person, i.e. the offering, promising or giving of a financial or other advantage to someone:
 - (a) to induce them to perform a relevant function improperly or to reward them for performing the function improperly;
 - (b) where the briber knows or believes that the acceptance of the bribe would itself constitute improper performance of a relevant function or activity.
 - (ii) **Being bribed** i.e. the requesting, agreeing to receive or accepting of an advantage:
 - with the intention that a relevant function be performed improperly or as reward for the improper performance; or
 - performing a relevant function improperly in anticipation of requesting, agreeing to receive or accepting a financial or other advantage; or
 - where that in itself constitutes the improper performance of a relevant function or activity.

NB it does not matter whether the request is made directly or through a third party or whether the advantage is for the benefit of the person performing the function or for the benefit of another person. Those employees or members

involved in planning, licensing and procurement should be especially aware of the possibility they may be targeted for attempted bribery.

Functions and activities apply broadly to include:

- any activity of a public nature;
- any activity connected with a business;
- any activity performed in the course of a person's employment; and
- any activity performed by or on behalf of a body of person (whether corporate or incorporate). See paragraph 6.6 below for further information.

- 2.2 The Fraud Act 2006 provides a statutory definition of fraud as the intention to make gain or cause loss by false representation, failing to disclose information or abuse of position.
- 2.3 The definition of money laundering under the legislation that covers money laundering is "possessing, concealing, disguising or in any way dealing with the proceeds of any crime by any known or unknown person".
- 2.4 In order for the Council to be effective in its approach to dealing with the problem of bribery, fraud and corruption it will promote a culture of zero tolerance rather than indifference to such matters.
- 2.5 It is expected and required that all individuals and organisations associated in whatever way with the Council will act with integrity and that both Council Members and employees, at all levels, will lead by example.
- 2.6 The Council's employees are an important element in its stance against bribery, fraud and corruption and they are encouraged and expected to raise any concerns that they may have. They can do this in the knowledge that such concerns will be investigated and fairly dealt with.
- 2.7 The Council will maintain effective channels of communication so that any person or organisation concerned about a suspected bribe, fraudulent or corrupt act can bring it to the Council's attention as set out in the Whistle blowing Policy for employees and other persons. This is contained within the Council's Constitution and is one of the Council's Employment Policies.

3. DETERRENCE

- 3.1 There are a number of ways in which we seek to deter a bribe or a potential fraudsters from committing or attempting a fraudulent or corrupt act, whether they are inside or outside of the Council, and these include:-
 - Publicising the fact the Council is firmly set against bribery, fraud and corruption and stating this at every appropriate opportunity, e.g. statements in contracts, anti-bribery terms and conditions in procurement with contractors/partners, at induction events, on claim forms, on the Council's web site and in publicity literature.
 - Acting robustly and decisively when bribery, fraud and/or corruption is suspected and proven, e.g. the termination of contracts, the dismissal and/or prosecution of offenders and accompanying publicity
 - Taking action to maximise recoveries for the Council, e.g. through agreement, court action, penalties, insurance, etc.
 - Where appropriate, using the Proceeds of Crime Act to maximise the penalty incurred by the fraudster, and the level of recovery by the Council.

- Having sound internal control systems, that minimise the opportunity for bribes, fraud and corruption.
- 3.2 It is the responsibility of Executive Directors and Heads of Service to communicate the Avoiding Bribery, Fraud and Corruption Policy to their staff and to promote, within each service, awareness of the Council's commitment to eliminating all forms of bribery, fraud and corruption.

4. RAISING AWARENESS

- 4.1 The Council recognises that the success and credibility of this Policy will depend largely on how effectively it is communicated throughout the organisation and beyond. Every opportunity will be taken to bring it to the attention of staff, members and other stakeholders. The Policy will also be shown on the Council's web page and be available on the Intranet.
- 4.2 The Council's Investigation Team will provide training to raise the levels of awareness of bribery, fraud and corruption amongst employees, Council Members and stakeholders.
- 4.3 The Officers involved in investigative work will be properly and regularly trained.
- 4.4 The Council's Investigation team will also publicise details of its Court cases in the local media to promote fraud awareness in the local community and to assist public confidence that public resources are being protected by the Council.

5.0. PREVENTION

- 5.1 The Council is dedicated to preventing bribery, fraud and corruption as the first line of defence. It recognises that bribery, fraud and corruption are costly, both in terms of reputational risk and financial loss. The prevention of bribery and fraud is therefore a key objective and roles and responsibilities are outlined below.

6.0. EMPLOYEES

- 6.1 The integrity of individual employees is crucial to successful bribery and fraud prevention and managers have responsibility for taking effective steps during recruitment, selection and subsequently induction to deter bribery, fraud and corruption.
- 6.2 Staff recruitment is required to be carried out in accordance with procedures prescribed by the Head of Human Resources and Facilities with regard to the evidence required to establish the:
- Identity of employees in accordance with section 8 of the Immigration, Asylum and Nationality Act 2006;
 - Integrity of potential employees; this will include, in some instances, checks with the Disclosure and Barring Service ;
 - Completeness and accuracy of previous employment as declared;
 - Verification of references offered;
 - Existence of qualifications which are to be relied on for the purposes of making an offer of employment.
- 6.3 Employees of the Council are expected to follow and abide by the Council's Code of Conduct for Employees. Employees should also follow any Code of Conduct required by their professional institute or trades body.

- 6.4 The Council has in place disciplinary procedures for all employees. Those found to have breached the Code of Conduct will be dealt with in accordance with these procedures. Where criminal activity is suspected or found, the matter will be referred to the Police for investigation and possible prosecution, (unless the Council can, itself, prosecute the offence).
- 6.5 The Council has a Money Laundering policy in place. Whilst the Council is not directly required to implement the requirements of the Money Laundering Regulations 2007, the Council, its Officers and elected Members are subject to the provisions within the legislation. The policy:-
- Appoints the Head of Finance as Oxford City Council's Money Laundering Reporting Officer (MLRO) being the person nominated to receive disclosures under the Money Laundering legislation.
 - Requires any officer or elected Member that suspects that an activity may possibly be linked to either money laundering or the proceeds of crime, to refer their suspicion to the MLRO for consideration.
 - Requires the MLRO to report the suspicion to the National Crime Authority (previously SOCA). Failure to report a suspicion may be a criminal offence.
 - Requires that after a report is made to the MLRO that any transaction in progress must not proceed further without the consent, in writing, of the MLRO (proceeding with a suspicious transaction without such consent may be a criminal offence).
 - Requires that the subject of suspected Money Laundering activities is not made aware of the existence of such a suspicion (such 'tipping off' may be a criminal offence).
- 6.6 The Council has appropriate procedures to tackle Bribery under this policy. From 1 July 2011, under the Bribery Act 2010, bribing another person and being bribed are both criminal offences, by reference to "a financial or other advantage in connection with the improper performance of a "relevant function or activity". These apply where the person performing the function is expected either to perform it in good faith, to perform it impartially, or the person is in a position of trust by virtue of performing it. Bribery is punishable by a fine or imprisonment. The Council is required to take adequate procedures to prevent bribery.
- The Act creates a new criminal corporate offence of failing to prevent bribery by a person associated with the Council, including employees, consultants, agents, partners or spouses, or subsidiaries.
 - A relevant commercial organisation such as the Council will be guilty of a criminal offence if a person associated with the organisation bribes another person, intending to obtain or retain business or a business advantage for the Council.
 - A person is "associated" with the Council if they are a person who performs services for or on behalf of the Council. The capacity in which an "associated" person performs services for or on behalf of Council does not matter. If the associated person is an employee, it will be presumed (unless the contrary is shown) that they are a person who performs services for or on behalf of the Council.
- In order to defend such a charge, the Council will need to demonstrate it has adequate anti-bribery procedures in place. The Council will have due regard to the Guiding Principles contained in the Ministry of Justice Guidance, which

include proportionality, a senior management commitment to bribery prevention, risks assessments (Audit & Governance Committee), due diligence, communication and monitoring and review.

- 6.7 The Council's Finance Rules, which are also included in the Constitution, place responsibility for fraud prevention on all employees. Staff should therefore be alert to the possibility of fraud and to report any concerns.
- 6.8 Any individual who suspects that a Benefit, Council Tax or Housing related fraud is being or has been committed against the Council can report this, in confidence, to the Investigation Team.
- 6.9 If an elected Member or member of the public suspects any other type of fraud or bribery is being or has been committed then the matter can be reported to the Chief Executive, an Executive Director, the Head of Finance, the Monitoring Officer or where appropriate to the Council's Internal Auditors. 6.10 If an Officer suspects that fraud or an offence under the Bribery Act is being or has been committed then the matter should usually be reported in the first instance, to their line manager. However, if it is thought that the line manager might be involved or there is some other conflict of interest, the matter should be reported to a more senior officer or alternatively directly to the Head of Finance or an elected Member or where appropriate to the Council's Internal Auditors.
- 6.11 The Officer that receives the initial report should ensure that the report is taken seriously and dealt with confidentially. They must also ensure that the matter is reported immediately to the Head of Finance.
- 6.12 To reduce any risk of the investigation being jeopardised it is important that all information remains confidential. Suspicions are not to be discussed with any person other than the Officer that the report has been made to or an investigating officer appointed by the Head of Finance.
- 6.13 The Head of Finance will report all investigations of suspected fraud and their outcomes to the Chief Executive, Internal Auditor and to the Audit and Governance Committee. The outcomes of Benefit Fraud, Council Tax Fraud and Housing Tenancy Fraud investigations will be reported to the Committee annually.
- 6.14 Employees are reminded that they must operate within the requirements of s117 of the Local Government Act, 1972 regarding the disclosure of pecuniary interests in contracts which the Council has or plans to enter into, and the non-acceptance of any fees or rewards whatsoever other than their proper pay. These requirements are set out in the Council's Code of Conduct for Employees.

7.0. MEMBERS

- 7.1 Members are required to operate within the Council's Local Code of Conduct for Members, adopted by the Council on 23rd May 2012. The Code provides, inter alia, for members to register 'disclosable pecuniary interests' as defined in Regulations made by the Secretary of State.

8.0. AUDIT AND GOVERNANCE COMMITTEE.

8.1 Council has appointed an Audit and Governance Committee. The terms of reference of the committee are set out fully in the Constitution but include responsibilities for;

Internal control and risk management

- Audit and risk
- External audit
- Financial reporting
- The Council's Statement of Accounts

9.0. INTERNAL CONTROL SYSTEMS

9.1 The primary responsibility for maintaining sound arrangements for the prevention and detection of bribery, fraud and corruption rests with the Council's Chief Executive and Executive Directors. The principal mechanism for achieving this objective is to operate a sound and effective system of internal control. This includes having procedures in place, which ensure that suspected bribery, fraud and corruption is promptly, thoroughly and effectively investigated.

9.2 There are also specific legal requirements under Section 151 of the Local Government Act 1972 and the Accounts and Audit (England) Regulations 2011, which requires the Council to appoint a responsible officer to make arrangements for the proper administration of the Authority's financial affairs. The responsible officer is required to determine and maintain an effective accounting system, which includes measures to prevent and detect fraud.

9.3 Under the Accounts and Audit (England) Regulations the Council is also required to maintain an adequate and effective internal audit of the authority's accounting records and control systems. This responsibility is delegated to the Head of Finance.

9.4 The Council's Internal Audit act as a key stakeholder in the implementation of an effective control environment and fraud investigations and will, when appropriate, be informed of instances of bribery, fraud and corruption.

10.0. WORKING WITH OTHERS

10.1 Arrangements are in place and will continue to be developed, to facilitate and carry out the exchange of information between the Council, other authorities and agencies on national and local bribery, fraud and corruption activity in relation to local authorities.

10.2 All such exchanges of information will be carried out in accordance with Data Protection and other relevant legislation and Codes of Practice.

10.3 The Council has a Fraud Hotline, to allow members of the public to report individuals who are suspected of committing fraud. Suspected Benefit, Council Tax and Housing Frauds can also be reported on the Council's CONFIDENTIAL 24 hour fraud line number 01865 252222. Reports can be made using the Councils fraudline email address' benefitfraudline@oxford.gov.uk and tenancyfraud@oxford.gov.uk. These details can be found on the Council's website. The website also has 'report it' forms to report suspected benefit fraud and housing fraud.

11.0. DETECTION AND INVESTIGATION

- 11.1 The preventative assurance provided by an effective system of internal control can do much to deter and prevent fraud. However, it is often the alertness of employees and the public to indications of fraud or corruption, which can identify and bring matters to the Council's attention. To ensure that the Council can maximise the use of this vital resource it is committed to:
- Consistent and fair treatment of information received;
 - Proper investigation by an experienced and trained investigator
 - Effective channels of communication to receive information, including a 'whistle blowing' policy, a money laundering policy and procedure for staff, elected Members and the public to voice concerns, which in its operation recognises the protection afforded to individuals under the Public Interest Disclosure Act, 1998.
- 11.2 Every Head of Service who receives allegations must ensure that:-
- they deal promptly with the matter
 - they record, preserve and secure all evidence received
 - they notify the Head of Finance, who will arrange for the allegation to be investigated and, where appropriate will notify the Council's insurers
 - they implement the Council's disciplinary procedures where appropriate
- 11.3 There is a need to ensure that procedures for raising issues of concern are not misused and, therefore, any misuse such as raising unfounded malicious allegations may itself be dealt with as a disciplinary matter.
- 11.4 It is of the utmost importance that until the Head of Finance initiates an investigation no other Officer should investigate the matter, interview staff or attempt to gather evidence, as this may jeopardise any proper investigation.
- 11.5 During the course of the investigation, the following actions will be taken:-
- A fraud log will be completed detailing every action taken during the investigation, this will include the dates and times that each action undertaken was carried out.
 - As much documentary evidence as possible will be gathered before any interviews are conducted.
 - All evidence must be obtained lawfully, properly recorded and retained securely in accordance with the Police and Criminal Evidence Act 1984 and the Criminal Procedure and Investigations Act 1996.
 - There should be no attempt to access or retrieve any data, which is stored electronically on Council computer equipment that may be required as evidence. Only suitably skilled officers should retrieve this data in such a way as to ensure there is no interference with the original data. This is crucially important if the data retrieved is to be admissible in court.
 - Fact finding interviews will be conducted during the course of the investigation. If at any time during these interviews it becomes clear that a criminal offence has occurred, the fact finding interview must be suspended. The interviewee will be formally cautioned and an interview under caution must be completed that complies with the Police and Criminal Evidence Act 1984. Before an interview is conducted consideration will be given to all factors that may affect the interview such as a defendant's age, intelligence or level of understanding.

- From the evidence gathered during the full investigation, the Head of Finance, the Executive Directors or the Chief Executive in consultation with Head of Law & Governance will determine if further police involvement is required.
 - Management recommendations may be made as a consequence of an investigation to improve systems and controls to prevent and deter further fraud in the future.
- 11.6 In cases where the investigation establishes that a fraud has been perpetrated the recovery of assets will be initiated wherever possible. The recovery of assets should only be initiated after consultation with Law & Governance and Finance Services if required.
- 11.7 In consultation with Human Resources and Facilities, the Council's disciplinary procedures will be applied where the outcome of an investigation indicates that an officer has behaved improperly. This may be in addition to any other recovery action, prosecution or sanctions.
- 11.8 In consultation with the Monitoring Officer, a complaint may be made to the Standards Committee where the outcome of an investigation indicates an elected Member has behaved improperly. This may be in addition to any other recovery action, prosecution or sanctions.
- 11.9 A prosecution or referral to the Police will not prohibit action against Officers under the disciplinary procedure or the reporting of elected Members to the Standards Committee. In cases where fraud has been proven and when appropriate, the Council will seek to prosecute to the full extent of the law and recover losses from all those involved.

<p>CONTACTS Chief Executive Email: psloman@oxford.gov.uk Oxford City Council St Aldates Chambers St Aldates Oxford OX1 1DC Tel: 01865 252354</p>	<p>Executive Director, City Regeneration Email: dedwards@oxford.gov.uk Oxford City Council St Aldates Chambers St Aldates Oxford OX1 1BX Tel: 01865 252394</p>
<p>Executive Director, Community Services Email: tsadler@oxford.gov.uk Oxford City Council St Aldates Chambers St Aldates Oxford OX1 1BX Tel: 01865 252101</p>	<p>Director of Organisational Development and Corporate Services Email: jyates@oxford.gov.uk Oxford City Council The Town Hall St Aldates Oxford OX1 1BX Tel: 01865 252339</p>
<p>Head of Finance Email: nkennedy@oxford.gov.uk Oxford City Council St Aldates Chambers St Aldates Oxford OX1 1BX Tel: 01865 252708</p>	<p>Head of Law and Governance and Monitoring Officer Email: jjthomas@oxford.gov.uk Oxford City Council St Aldates Chambers St Aldates Oxford OX1 1BX Tel: 01865 2224</p>
<p>Head of Human Resources and Facilities Email: showick@oxford.gov.uk Oxford City Council St Aldates Chambers St Aldates Oxford OX1 1BX Tel: 01865 252256</p>	<p>Internal Auditor Email: chris.dickens@uk.pwc.com PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT Tel: 07720 427 215</p>

This page is intentionally left blank

Money Laundering Policy

1. Introduction

- 1.1 Money Laundering is generally understood to mean the conversion of the proceeds of crime in order to create the end appearance of legitimately earned funds.
- 1.2 Legislation concerning money laundering impacts on certain areas of local authority business and requires councils to establish internal procedures to prevent the use of their services for money laundering.
- 1.3 Any officer or elected member could potentially be caught by money laundering provisions, if they suspect money laundering and either become involved with it in some way and/or do nothing about it.
- 1.4 While the risk to the council of contravening the legislation is low, it is important that all officers and elected members are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation. Training is incorporated into the council's training programme. Directors and service area managers must ensure that all employees are aware of the council's policy and procedures on this subject.

2. Legislation and the regulatory framework

- 2.1 The Proceeds of Crime Act 2002 (as amended) (the Act) and the Money Laundering Regulations 2007 have broadened the definition of money laundering. The main money laundering offences are:-
 - concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Act)
 - entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328 of the Act) and
 - acquiring, using or possessing criminal property (section 329 of the Act).
- 2.2 By virtue of section 18 of the Terrorist Act 2000 (as amended) money laundering also occurs when there is involvement in an arrangement which facilitates the concealment, removal from jurisdiction, transfer to nominees or any other retention or control of terrorist property.
- 2.3 The legislative requirements covering anti-money laundering procedures are lengthy and complex.

3. How does the legislation affect our work?

3.1 Not all of the council's business is "relevant" for the purposes of the regulations. The safest way to ensure compliance with the law (both Act and Regulations) is for it to be applied to all areas of work undertaken by the council, therefore all officers and elected members are required to comply with the procedures set out below.

3.2 The council must:-

- appoint a nominated officer, usually referred to as the money laundering reporting officer (MLRO), who shall receive disclosures from employees or elected members of money laundering activity (their own or anyone else's) and make reports if necessary to the National Crime Authority, NCA, (previously the Serious Organised Crimes Agency, SOCA)
- implement a procedure to enable the reporting of suspicions of money laundering
- maintain client identification procedures in certain circumstances
- maintain record keeping procedures and
- train staff

3.3 The council's anti money laundering procedures have been formulated in a way which is proportionate to the very low risk to the council of contravening the legislation.

4. The Money Laundering Reporting Officer (MLRO)

4.1 The officer nominated to receive disclosures about money laundering activity within the council is the Section 151 Officer, the Head of Finance.

4.2 The Policy, Procedure and Reporting Form can be found on the Council's Intranet; <http://occweb/intranet/finance.cfm>

Procedures to Ensure Compliance with Money Laundering Legislation

1. Reporting to the MLRO

- 1.1 If you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act, you must inform the Money Laundering Reporting Officer; MLRO, immediately if the transaction is pending. If the transaction has been completed and you then become concerned you must contact the MLRO as soon as practicable. The MLRO is the Council's Section 151 Officer, Head of Finance. The disclosure should be immediately or within "hours" of the information coming to your attention. **Should you not do so, you may be liable to prosecution.**
- 1.2 You must make your disclosure to the MLRO using the Report to Money Laundering Reporting Officer Form. The Form is available on the Council's Intranet under Finance.
<http://occweb/intranet/finance.cfm>

The report must include as much detail as possible, for example:-

- full details of the people involved (including your details, if relevant)
- full details of the nature of your involvement
- the types of money laundering activity involved noting, in particular, the following:-
 - if possible, the section number(s) under which the report is being made should be cited e.g. a principal money laundering offence under section 327 – 329 of the Act, or general reporting requirement under section 330 of the Act, or both. If you are not sure which section to use, make the report under section 327 – 330 of the Act.
- the dates of such activities, including:-
 - whether the transactions have happened, are ongoing or are imminent
 - where they took place
 - how they were undertaken
 - the (likely) amount of money/assets involved
- why, exactly, you are suspicious – the National Crime Authority, NCA (previously the Serious Organised Crime Agency, SOCA) will require full reasons
- any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable

him/her to prepare his report to the NCA, where appropriate.

Copies of relevant supporting documents should be enclosed.

- 1.4 If you are concerned that your involvement in the transaction would amount to a money laundering offence then your report must include all relevant details, as you will need consent from the NCA, via the MLRO, to take any further part in the transaction – this is the case even if you are instructed to proceed before consent is given.
- 1.5 If you think that the council is about to enter into dealings that could amount to money laundering you must put that dealing on hold and contact the MLRO immediately. If you are unable to speak with the MLRO you will need to speak with the Executive Director, Organisational Development and Corporate Services. The dealings must remain on hold until the MLRO says that it can proceed. If dealings have to be put on hold this must be mentioned when you complete the reporting form for the MLRO.
- 1.6 Once you have spoken and reported the matter to the MLRO you must follow any directions given to you by the MLRO. You must not make any further enquiries into the matter yourself (any necessary investigation will be undertaken by the NCA). You must simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 1.7 Similarly, at no time and under no circumstances should you, in making a report to the MLRO, voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO. **If you do you may commit the criminal offence of “tipping off”.**
- 1.8 You must not, make any reference on the client file or on any electronic client record about a report having been made to the MLRO – should another officer ask to see the file, then such a note will be considered a ‘tip off’ and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

2. Consideration of the disclosure by the MLRO

- 2.1 Upon receipt of a disclosure report, the MLRO must note the date of receipt on his/her section of the report and acknowledge receipt of it. The MLRO should also advise the member of staff who has made the report of the timescale within which they should expect a response.
- 2.2 The MLRO will consider the report and any other available internal information he/she thinks relevant e.g.:-

- other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held;

and undertake such other reasonable enquiries he/she thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with the member of staff who made the report.

- 2.3 Once the MLRO has evaluated the disclosure report and any other relevant information, he/she must make a timely determination as to whether: -
- there is actual or suspected money laundering taking place; or
 - there are reasonable grounds to know or suspect that is the case; and
 - whether he/she needs to seek consent from the NCA for a particular transaction to proceed.
- 2.4 Where the MLRO does so conclude, then he/she must disclose the Suspicious Activity Report (SAR) as soon as practicable to the NCA on their standard on-line report forms;
<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/specialist-capabilities/ukfiu/how-to-report-sars>
- 2.5 The forms must be completed in the prescribed manner, unless the MLRO has a reasonable excuse for non-disclosure to the NCA; for example, if the member of staff who has made the report is a lawyer and he/she wishes to claim legal professional privilege for not disclosing the information. The NCA website has comprehensive guidance.
- 2.6 Once the SAR is reported it can take up to 7 working days for the NCA to give consent for the transaction to proceed. If the consent is refused the NCA (Law Enforcement) can take up to 31 days (Moratorium Period) to investigate the matter further. The Council cannot proceed with the transaction within this period; continuing with the transaction means that the Council runs the risk of committing a money laundering offence.
- 2.7 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then he/she must note the report accordingly. He/she can then immediately give his/her consent for any ongoing or imminent transactions to proceed.

- 2.8 In cases where legal professional privilege may apply, the MLRO must liaise with the Council's legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 2.9 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he/she shall mark the report accordingly and give his/her consent for any ongoing or imminent transaction to proceed.
- 2.10 All disclosure reports referred to the MLRO and reports made by him/her to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 2.11 The MLRO commits a criminal offence if he/she knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him/her, that another person is engaged in money laundering and he/she does not disclose this as soon as practicable to the NCA.**

3. Client identification procedures

- 3.1 Where the Council is carrying out certain business, for example management of any asset holdings, then extra care needs to be taken to check the identity of the customer or client. Client identification procedures are required in the following circumstances:
- management of any asset holdings;
 - an on-going business relationship is formed e.g. a lease or contract;
 - sale of any property/land;
 - one-off transactions involving payment by or refunded to the client of £5,000 or more;
 - a series of linked one-off transactions involving total payment by or refunded to the client of £5,000 or more.
- 3.2 Steps to be taken:
- identifying the customer (names and addresses etc.) and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source e.g. checking with the customer's website to confirm their business address;
 - conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any of the directors;
 - seeking evidence from the key contact of their personal identity; for example their passport, (original ID documents must be seen on request and a colour copy taken for the record) and position within the organisation

- 3.3 This client identification procedure must be followed **before any business is undertaken for that client.**
- 3.4 In the circumstances mentioned above you must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable (unless evidence of that client has already been obtained). This applies to existing clients, as well as new ones but identification evidence is not required for matters entered into prior to 1st March 2004.
- 3.5 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction cannot proceed any further and in these circumstances should be reported immediately to the MLRO.
- 3.6 As has been stated previously at no time and in no circumstances should a member of staff making a report to the MLRO raise any suspicions to the person whom he/she suspects of money laundering.

4. Risk

- 4.1 The Council must decide for itself how to assess risk and identify the risks of money laundering. It is considered that there may be more risk associated with particular customers or more risk posed by a customer's behaviour, for example:
- brand new customers carrying out large one-off cash transactions;
 - complex business ownership structures with the potential for concealing beneficiaries;
 - an individual in a public position and/or location that carries a higher exposure to the possibility of corruption (including politically exposed persons);
 - reluctance of a customer to provide identification or the evidence produced is unsatisfactory;
 - where the customer appears to be acting on behalf of another person and is unwilling to give details of those they represent;
 - the customer is trying to use intermediaries to protect this identity or hide their involvement;
 - there appears to be no genuine reason for the customer using the council's services;
 - transactions that do not appear to make commercial sense
 - non face-to-face customers;
 - the transaction is different from the normal business of the customer;
 - the size and frequency of the transaction is not consistent with the normal activities of the customer;

- there has been a significant or unexpected improvement in the customer's financial position particularly where they are unable to give a proper explanation of where the money came from;
- money is paid to a third party who does not appear to be connected with the customer;
- a cash transaction is unusually large and the customer will not disclose the source of the funds.

5. Record keeping procedures

- 5.1 The precise nature of the records is not prescribed by law, however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the service areas of the Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

6. Other procedures

- 6.1 As well as being obliged to comply with the identification, record-keeping and internal reporting procedures set out above the Regulations also impose an obligation on the council to establish other procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering.
- 6.2 A particular example will be the case of a refund – care will need to be taken especially with the procedures for refunds. For instance, a significant overpayment which would result in a repayment /refund will need to be properly reported to the MLRO, investigated and needs to be authorised before repayment/refund can go ahead.
- 6.3 Cash payments (including notes, coins or travellers' cheques in any currency) will not be accepted if they exceed £5,000.

7. Training

- 7.1 Training will be tailored for each service area so that employees will have an awareness of the Money Laundering Policy and the measures needed to prevent money laundering.

CONFIDENTIAL

Report to Money Laundering Reporting Officer

Suspicious Activity, Money Laundering

To: **Money Laundering Reporting Officer**

From:..... Post Title.....
[insert name of employee]

Service:..... Section.....

Ext/Tel No:..... Mobile:.....

Email:..... Date.....

New Report: YES/NO

Additional Information YES/NO

Disclosure Type: Crime/Drugs/Terrorism
(In most cases this will be selected as Crime)

DETAILS OF SUSPECTED OFFENCE:

Person(s) suspected:

Title:

Full Name(s)

DOB:

Address(es)

Contact Number:

Email Address:

<p><u>Person(s) suspected:</u> (Please complete with the information currently held on record)</p> <p><u>Passport:</u> Country of Origin:..... Date of Issue:..... Place of Issue: Colour Copy Held on file: YES/NO</p> <p><u>Driving Licence:</u> Country of Origin:..... Date of Issue:..... Type of Licence:..... Colour Copy Held on file: YES/NO</p> <p><u>Birth Certificate:</u> Country of Origin:..... Birth Name:..... Place of Birth:..... Fathers Name:..... Colour Copy Held on file: YES/NO</p> <p><u>Proof of Address:</u> Tenancy Agreement:..... Council Tax:..... Telecom Bill:..... Copies held on file: YES/NO</p>	<p><u>Identity Check:</u> Name:..... Passport Number:..... Date of Expiry:..... DOB:.....</p> <p>Name:..... Licence Number:..... Date of Expiry:..... Address on Licence:.....</p> <p>Name:..... Certificate Number:..... Date of Birth:..... Mothers Name:.....</p> <p>Land Registry:..... Register of Electors:..... Utility Bill:.....</p>
--	--

Person(s) suspected:

Employer:

Address:

Contact Number:

Person(s) suspected:

(Please provide all known bank account details)

Bank Account Details:

Bank Name:

Sort Code:

Account Number:

Bank Statements held on file: YES/NO

Person(s) suspected:

Company Name:

Company Number:

Type of Business:

VAT No:

Country of Registration:

Business Address:

Tel No:

Email Address:

Nature, Value and Timing of activity involved:

Date(s) of Transaction(s):

Amount(s) of Transaction(s):

Currency: Sterling/Euro/Other (please specify)

CREDIT/DEBIT

Method of Payment:

CASH / CHEQUE /ELECTRONIC TRANSFER/ CREDIT CARD/ DEBIT CARD

Nature of suspicions regarding such activity:

Please give full details e.g. what, when, why, where, how.

Has any investigation been undertaken (as far as you are aware)?

Yes/No

If yes, please include details below:

Have you discussed your suspicions with anyone else?

Yes/No

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)

Yes/No

If yes, please detail below:

For Lawyers/Solicitors ONLY - Do you feel you have a reasonable excuse for not disclosing the matter to the NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?)

Yes/No

If yes, please set out full details below:

For ALL - Are you involved in a transaction which might be a prohibited act?

Yes/No

If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:

Signed..... Dated.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledge:

Reference Number for any Existing SAR:.....

Reference Number Given to this Report:

CONSIDERATION OF DISCLOSURE:

Action Plan :

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

(Please set out any reasonable excuse for non-disclosure)

Date consent given by you to employee for any prohibited act transactions to proceed:

.....

Other relevant information:

Signed:

Dated:

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS.

This page is intentionally left blank

To: Audit & Governance Committee

Date: 27th Feb 2014

Item No:

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:

Report Approved by:

Finance: Jacqueline Yates – Executive Director, Organisational Development and Corporate Services

Legal: Jeremy Thomas – Head of Law and Governance

Recommendation(s):

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

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. However, if there are any recommendations that are less than 50% complete but have not yet

exceeded their expected completion date these are also marked as green or amber if they are within one month of their completion date.

3. Any recommendations that were noted as 100% complete at the last meeting have been removed from the tracker.

External Audit Recommendation

4. There are no red recommendations on the external audit tracker and therefore no outstanding recommendations which would give cause for concern.
5. There is one remaining external audit recommendation:
 - The Council should obtain a record of the laptop allocations and confirm their location: All service areas have been upgraded to Windows 7, alongside which an up-to-date list of asset numbers and their owners and locations has been consolidated. Only 1% of the organisation remains to be upgraded to Windows 7.
6. There are no external audit recommendations that have exceeded their completion date, and there were no additional recommendations made following the audit of the annual statement of accounts.

Internal Audit recommendations

7. There have been five new internal audit reports finalised since the last meeting, they are:
 - Risk and Performance – Low risk rating – Performance in these areas has improved since the last review. Five low risk recommendations were raised relating to the updating of service and corporate risks for the reporting process, no recommendations were raised relating to Performance.
 - General Ledger and Fixed Assets – Low risk rating – Performance in this area is consistent with the last review – Only one low risk recommendation was raised, this related to ensuring that the payroll reconciliation review process is documented.
 - Housing Benefit – Low risk rating – Performance in this area has improved since the last review. Four low risk recommendations were raised relating to quality checking, the level of overpayments and the target for processing new claims and changes of circumstance not being met.
 - Cash and Card Payments — One medium risk recommendation, relating to the balances held in cash suspense and two low risk recommendations, relating to the removal of leavers from the Cash System and monitoring of cash taken were made. No rating was provided as this was a value enhancement review.
 - Asset Management Strategy Review – This review focused on the Council's existing Asset Management Strategy to identify areas of strength, weakness and key areas of risk, and provide suggested

areas of improvement for future iterations of the Asset Management Strategy. No rating was provided as this was a value enhancement review.

8. Of the existing recommendations there are 7 on the internal audit recommendation tracker that are not 100% complete as follows:
 - a. Reviewing HR policies – the first draft was expected by Sept 2013 for consultation with trade unions. There has been a delay due to other priorities, a first draft will go to Trade Unions in early March.
 - b. The recommendation relating to user access rights to network shared drives is being reviewed as part of the Windows 7 roll out. 99% of this project is now complete.
 - c. Health & Safety - updating of information within Uniform – All information is now up to date on Uniform and further work is being done to report and communicate the repairs data so that it can be update into Uniform in a timely manner.
 - d. Business Continuity Planning (BCP) – work is ongoing and all Heads of Service are updating and reviewing their BCP's these are expected to be finalised by the end of March.

9. The recommendation relating to Housing Benefit quality checks is a follow up from prior years, and has now been replaced by IA 532 as a follow up in this years audit. A target of 10% of work processed should be checked daily, this is carried out every day, although some days through November were not completed and therefore the cumulative to date result is 9.2%. The team are committed to meeting the 10% target, and are expected to achieve this by the end of March.

10. There are eight internal audit recommendations that are being reported as 100% complete and will be removed from the next report.

11. As previously reported there has been an overall improvement in the outcome of our internal audit reviews over the last two years, with the number of low risk audits increasing significantly, this is an encouraging direction of travel. The table below details the percentage of reports and their risk ratings.

Risk Rating	13/14		12/13		11/12		10/11	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	1	17%	1	10%	1	7%	2	15%
Medium		0%	3	30%	9	60%	8	62%
Low	5	83%	6	60%	5	33%	3	23%
	6		10		15		13	

12. Alongside the reduction in risk rating the number of recommendations has also reduced and any recommendations made are now being dealt with in a much timelier manner. The use of the audit tracker and reporting to the

Audit & Governance Committee has increased the focus placed on recommendations and ensured they are dealt with more swiftly.

Financial Implications

13. 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 processed and procedures highlight areas of risk.

Legal Implications

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

Equalities Impact

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

Climate change/environmental impact

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

Name and contact details of author:

Anna Winship
Financial Accounting Manager
Telephone: (01865) 252517
awinship@oxford.gov.uk

Background papers: None

Audit Tracker

Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	% Complete	Comments
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	Fiona Colcutt	Jane Lubbock	31-Jan-2011		99	#####
IA506	BCP	1-Aug-2013	Unless the information in BCPs is reviewed and kept up-to-date, the risk is that the plans will be ineffective during a disruption, leading to inability to deliver critical business services.	High	#####	LDS Support	Jeremy Thomas	30-Nov-2013		50	Service heads asked to update plans in November 2013 taking account of audit findings and recommendations (email to service heads 29th November 2013). This is in progress and should be complete by the end of March
IA507	BCP	1-Aug-2013	Failure to identify all dependencies of Service Area critical activities could result in unforeseen	High	#####	LDS Support	Jeremy Thomas	31-Dec-2013		50	Recovery requirements to be reviewed by service heads as part of the respective BCP reviews, this is in progress and should be complete by the end of March
IA509	BCP	1-Aug-2013	Inconsistent plans could result in key information required for successfully service recovery being omitted.	Medium	#####	LDS Support	Jeremy Thomas	31-Mar-2014		50	Customer Services BCP circulated to all services as an example of good practice (November 2013). This has been used as part of the update process recommendation agreed
IA510	Asset Management	1-Dec-2013	Some areas were unclear with regard to the linkage between actions and objectives and to the Corporate Plan.	Medium	Future iterations should ensure that objectives are linked to those in the Corporate Plan, and that objectives, actions, targets and measures are linked together. With an executive summary included for the key messages and conclusions.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA511	Asset Management	1-Dec-2013	The strategy includes a risk register, however this should include the the key risks to the individual objectives, and include details of the actions and assurance sources to address the risks.	Medium	Risk register to include the the key risks to the individual objectives, and include details of the actions and assurance sources to address the risks.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA512	Asset Management	1-Dec-2013	#####	Medium	Plan to include reference to how the Council manages assets on a day to day basis.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA513	Asset Management	1-Dec-2013	A section should be included on the review process which is undertaken on completion of key projects and the capital programmes.	Medium	A section should be included on the review process which is undertaken on completion of key projects and the capital programmes.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA514	Asset Management	1-Dec-2013	#####	Medium	#####	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA515	Asset Management	1-Dec-2013	Within the General Fund Assets, an investment fund strategy should be included which details objectives, commentary on the portfolio and any assets which are identified as problems/low return.	Medium	Within the General Fund Assets, an investment fund strategy should be included which details objectives, commentary on the portfolio and any assets which are identified as problems/low return.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA516	Asset Management	1-Dec-2013	There needs to be a definition included of the levels of the strategy, sub-geographics and assets, with details of how these are layered and refreshed in the Housing Revenue Account assets list.	Medium	There needs to be a definition included of the levels of the strategy, sub-geographics and assets, with details of how these are layered and refreshed in the Housing Revenue Account assets list.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA517	Asset Management	1-Dec-2013	There needs to be challenge on the current use of assets and an assessment included of the benefit and suitability within the Housing Revenue Account Asset list.	Medium	There needs to be challenge on the current use of assets and an assessment included of the benefit and suitability within the Housing Revenue Account Asset list.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA518	Asset Management	1-Dec-2013	Details are required over the source of finance and/or consideration to other models of financing within the Housing Revenue Account Asset list.	Medium	Details are required over the source of finance and/or consideration to other models of financing within the Housing Revenue Account Asset list.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA519	Asset Management	1-Dec-2013	A summary should be included of tenant satisfaction within the Housing Revenue Account Asset list.	Medium	A summary should be included of tenant satisfaction within the Housing Revenue Account Asset list.	Richard Hawkes	Richard Hawkes	31-Mar-2014		0	recommendation agreed
IA521	Cash and Card Receipts Review	7-Feb-2014	#####	Medium	Items are not cleared on a timely basis, and failure to allocate payments to an account can lead to errors in customer accounts.	Pete Johnson	Pete Johnson	28/2/14		75	#####
IA508	BCP	1-Aug-2013	A lack of information contained within BCPs which is necessary for recovery could result in unforeseen delays and ineffective co-ordination of recovery activities.	Medium	#####	LDS Support	Jeremy Thomas	31-Dec-2013		50	Critical activities list reviewed at CMT January 2014 (6th January) and links made to system disaster recovery arrangements. Service area BCP reviews to reflect audit requirements.
IA396	HR Policy Review	1-Mar-2013	Performance Improvement Policy- The staff expectations section within the policy is limited and there is little information on how staff can maintain or improve performance.	Medium	A section is added in the policy for staff on how they can maintain or improve their own performance	Simon Howick	Simon Howick	1-Apr-2013		70	First draft was expected by 30/09/13 for consultation with trade unions thereafter. Delay in producing paper due to other priorities. First draft now seen and revisions being made, going to TU's early 2014

IA172	ICT	27-Apr-2010	#####	Medium	#####	Fiona Colcutt	Jane Lubbock	30-Apr-2010		99	#####
IA523	Cash and Card Receipts Review	7-Feb-2014	Whilst the Council are moving towards becoming cash free there is no regular monitoring of the cash payments which are being received.	Low	#####	Pete Johnson	Pete Johnson	31/4/14		30	A report is being generated within PARIS to facilitate further investigation.
IA401	Health and Safety:Housing Stock and Corporate Assets	1/8/13	The data on Uniform system is not upto date	Low	The electrical inspections data is uploaded to ensure the Uniform system is upto date and a key performance indicator is introduced that all repairs data is communicated to the Corporate Property Team within 14 days	Steve Stansfield	Steve Stansfield	31/12/2013		100	Information is now upto date on Uniform
IA402	Health and Safety:Housing Stock and Corporate Assets	1/8/13	The reports currently being run for monitoring purposes are not as effective as they could be due to the electrical data on Uniform not being up to date	Low	The electrical inspections data is uploaded to ensure the Uniform system is up to date	Steve Stansfield	Steve Stansfield	31/12/2013		75	Further work is being carried out on the reporting and communication of the repair data to ensure Uniform is updated timely
IA520	General Ledger	1-Jan-2014	Reconciliations for Accounts Receivable and Housing Benefits are reviewed but no date is added so unable to tell if review was timely. =- No evidence of review of Payroll Reconciliations.	Low	Reconciliations are not reviewed in a timely manner	Anna Winship	Anna Winship	31-Jan-2014		100	These reconciliations were reviewed in a timely manner, however were not evidenced, this has now been amended and all reviews are now dated
IA522	Cash and Card Receipts Review	7-Feb-2014	A review of the listing of members of staff with access to Paris system identified a member of staff who had left the Council on the 31 August 2013 who still had access to the system at the time of our review.	Low	Risk of unauthorised access to the system and changes to data.	Pete Johnson	Pete Johnson	31/4/14		100	Review undertaken as part of the PARIS upgrade, and going forward ICT will pick up as part of the leavers process
IA524	Risk Management & Performance Improvement	7-Feb-2014	For two of the five service areas tested, the risk registers were incomplete for one of the months. In both cases the current and residual risk score were not completed.	Low	Risks are not being recorded which means they cannot be monitored.	Anna Winship	Anna Winship	31/4/14		100	Monthly reviews are now carried out to ensure Risks are updated on Corvu in a timely manner.
IA525	Risk Management & Performance Improvement	7-Feb-2014	For one of the five service areas tested, the full summary of the risk portfolio did not contain any controls information for one of the risks.	Low	The risk is not mitigated with controls.	Anna Winship	Anna Winship	31/4/14		85	Training is to be carried out so that all updaters are aware of the information that needs to be provided in Corvu
IA526	Risk Management & Performance Improvement	7-Feb-2014	#####	Low	Risks are not being monitored in a timely manner.	Anna Winship	Anna Winship			100	Monthly reviews are now carried out to ensure Risks are updated on Corvu in a timely manner.
IA527	Risk Management & Performance Improvement	7-Feb-2014	In quarter 1, risk management information was not reported to the Audit and Governance Committee.	Low	Risks are not being reported in a timely manner.	Anna Winship	Anna Winship			100	Risks will be reported to A&G on a quarterly basis.
IA528	Risk Management & Performance Improvement	7-Feb-2014	#####	Low	Staff do not understand fully the requirements of the CorVu system.	Anna Winship	Anna Winship			85	Training is to be carried out so that all updaters are aware of the information that needs to be provided in Corvu
IA529	Housing Benefits	7-Feb-2014	#####	Low	Overpayments from uncorrected errors.	Sharon Warner	Sharon Warner			100	A monthly review is undertaken by the Benefits manager to ensure that these are all picked up at the end of every month
IA530	Housing Benefits	10-Feb-2014	#####	Low	Increase in overpayments leading to losses to the council.	Sharon Warner	Sharon Warner			100	We continue to monitor the level of overpayments and continually consider those for write off where appropriate
IA531	Housing Benefits	31-Mar-2014	#####	Low	#####	Sharon Warner	Sharon Warner			75%	The service provided to customers in 2013/14 is now 54% faster than in 2012/13 and this shows that the performance is improving. This is monitored on a weekly basis by the Revenues Manager
IA532	Housing Benefits	10-Feb-2014	#####	Low	We found that the 10% quality checking target was not met in 1 of the 5 months tested.	Sharon Warner	Sharon Warner			75%	A 10% check is carried out most days. The team are committed to meeting this target and expect to achieve this by the end of March.

To: Audit & Governance Committee
Date: 27th February 2014 **Item No:**
Report of: Head of Finance
Title of Report: Risk Management Quarterly Reporting: Quarter 3
2013/2014

Summary and Recommendations

Purpose of report: To update members on both corporate and service risks as at the end of Quarter 3, 31st December 2013.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: Improving value for money and service performance

Report Approved by:

Finance: Jacqueline Yates – Executive Director, Organisational Development and Corporate Services

Legal: Jeremy Thomas – Head of Law and Governance

Recommendation(s):

The Committee are asked to note the contents of this report

Appendix A Corporate Risk Register

Appendix B Service Area Red Risks

Risk Management Strategy

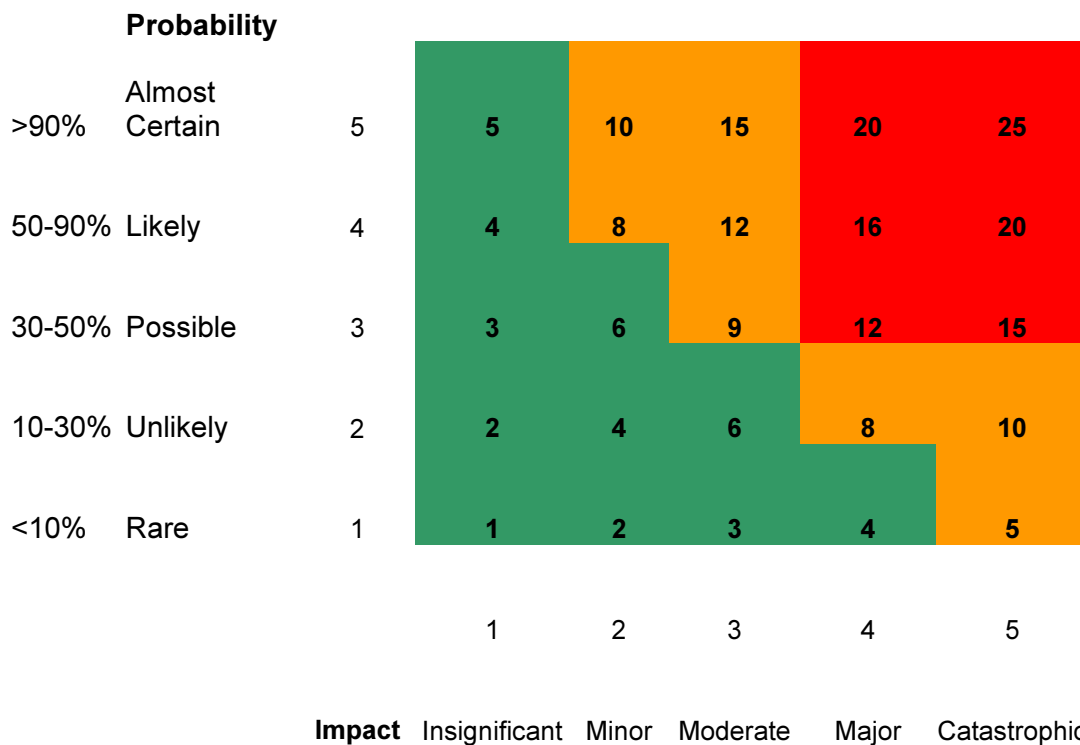
1) The Risk Management Strategy was approved at the City Executive Board on 23rd April 2012 with the stated aims of:

- fully embedding Risk Management into the culture, processes and procedures of the Council, so that threats and opportunities are proactively managed thereby strengthening the Council's ability to deliver its objectives and strategic priorities.

- providing a clear and consistent approach to the management of risk across the organisation and through organisational boundaries.
 - The annual review of the policy took place in September 2013.
- 2) An external review of the Council's Risk Management Strategy is going to take place in the next quarter by our insurers Zurich Municipal. Following this review we will present a revised strategy to CEB for approval .
 - 3) A copy of the Strategy can be found on the intranet:

<http://occweb/intranet/riskmanagementstrategy.cfm>

The current scoring matrix is as follows:



Risks are evaluated to consider the probability of the risk transpiring and the impact if the risk were to transpire.

Impact – What will happen if the risk occurs?

Probability – How likely is it that this risk will occur

Risk Identification

- 4) **Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis, any new

risks are incorporated into a revised version of the CRR. Risk owners for corporate risks are generally held at Director level.

- 5) **Service Risks** – Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine the need for inclusion in the Corporate Risk Register.
- 6) **Project and Programme Risk** – The Council adopts the principles of Prince2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of risk within a project environment. Programme/project risk registers, including risk registers for Procurement Projects, are created for each new project and are reviewed as part of the project life cycle. These are documented on the Project/Programme Risk Register (PRR).

Corporate Risk Register

- 7) The Corporate Management Team carried out a 'blank paper' review of the Corporate risks for 2013/14 in May 2013. As a consequence a number of new risks were identified including regular review of Business Continuity Plans, Resilience of ICT, and managing capital projects. There has been a positive direction of travel of the red risks profile since this exercise was carried out in Quarter 1 as shown below:

Current Risk	Q3 2012/13	Q4 2012/13	Q1 2013/14	Q2 2013/14	Q3 2013/14
Red	1	1	4	3	0
Amber	3	3	7	8	9
Green	1	1	0	0	2
Total risks	5	5	11	11	11

- 8) The current Corporate Risk Register (Appendix A) shows no red risks.
- 9) Three risks which were recorded as red in the previous quarter have been reduced, two of them to amber and one to green.
- 10) One of the risks previously showing as red that has been reduced to Amber, relates to the Resilience of the ICT function, in particular the managing of projects and improvements alongside business as usual, which leads to capacity issues and the inability to provide good quality and consistent service. This has now been mitigated by cross skilling of staff and ensuring all key posts are filled within ICT.
- 11) In addition, the transfer of the helpdesk to Oxfordshire County Council has helped with capacity.

- 12) The second red risk that has been downgraded to amber relates to the Managing of Capital Projects and Contract Management. This has been achieved by ensuring the application of robust project management techniques in particular the use of PID's (Project Implementation Documents) for all projects identifying realistic time scheduling and resourcing to ensure delivery.
- 13) The final red risk that has been downgraded to green, relates to changes to legislation regarding welfare reforms and the potential impact, directly and indirectly, to the Council. This has been achieved, in part, by engaging with the third sector and other partners to ensure a coordinated approach to service delivery. Also by learning from pilot projects, taking lessons learnt, acting upon them and communicating them across the organisation.
- 14) The Council's processes have been tested in relation to the recent adverse weather conditions and flooding. The role of the emergency planning team and early warning processes have helped in mitigating the damage and disruption to residents and the financial exposure to the Council.

Quarter 3 Service Risk Register

- 15) Each year as part of the service planning process, all current service risks are reviewed, those no longer relevant are deleted, and any new ones are added. These refreshed service risk registers are then loaded into CorVu for monitoring purposes during the year.
- 16) The table below shows the number of current risks for Q3 and Q4 2012/13 compared with Q1, Q2 and Q4 2013/14.

Current Risk	Q3 2012/13	Q4 2012/13	Q1 2013/14	Q2 2013/14	Q3 2013/14
Red	6	4	9	0	2
Amber	38	34	54	56	48
Green	42	36	30	31	36
Total risks	86	74	93	87	86
New risks in quarter	0	0	19	0	0
Closed	3	12	0	6	3

- 17) There are two red risks in Q3, an increase of two from the previous quarter.
- 18) The first red risk relates to a recruitment issue within the Regeneration and Major projects team. The team have however subsequently recruited a new member of staff who started in January, so we would expect this scoring to change in the next quarter. The recruitment and retention of

staff within other service areas is no longer considered to be a significant business risk and does not therefore require escalation to the Corporate Risk Register.

- 19) The second red risk is within Direct Services and relates to ICT. A new ICT Business Partner has recently been recruited to assist in identifying and addressing any issues that arise. We therefore expect this grading to change again next quarter.

Financial Implications

- 20) The Robust management of risk should assist in mitigating the financial impact to the Council should the event occur

Legal Implications

- 21) There are no legal implications directly relevant to this report

Name and contact details of author:-

Name: Shaun Vinnicombe

Job title: Risk and Insurance Officer

Service Area / Department: Finance

Tel: 01865 252048 e-mail: svinnicombe@oxford.gov.uk

List of background papers:

Version number:

This page is intentionally left blank

Formal Risk Summary

(Oxford)

As at: Dec-2013

77

Ref.	Title	Risk Description	Risk	Opp/Inact	Cause	Consequence	Date Raised	Owner	Group	Current	Residual	Comments	Control description	Due date	Status	Progress	Action Owner
										I	P	I	P				
CRR-019	ICT Resilience	Resilience of ICT function - managing projects and programmes as usual		T	Numerous projects running concurrently across the Council and current savings not being met	Inability to provide good quality ICT consistent service	1-Apr-2013	Jacqui Yates	4	4	3	3	2	30-Jun-2014	In Progress	80%	Jane Lubbock
CRR-020	Resilience of Medium Term Financial Plan	Medium Term Financial Plan savings to be delivered and not accurately recorded		T	Ongoing Central Government cuts and current savings not being met	Inability to produce a balanced budget, or further saving being made in the future	1-Apr-2013	Jacqui Yates	4	4	3	3	2	31-Mar-2014	In Progress	90%	Jane Lubbock
CRR-021	Adverse Weather	The impact of adverse weather on service delivery and adverse financial impact on Council		T	Increase risk of flooding and other adverse weather conditions	Affecting service delivery throughout	1-Apr-2013	Tim Sular	4	3	4	2	4	31-Mar-2014	In Progress	100%	Nigel Kennedy
CRR-023	Managing Capital Projects and Contract Management	The need to ensure efficient management of capital projects and contracts		T	Poor Governance on major projects	Cost overruns; non delivery of projects; spillage of projects; cost to the authority	1-Apr-2013	David Edwards	4	3	3	3	3	30-Sep-2013	Completed	100%	Nigel Kennedy
CRR-025	Health & Safety of People	Health & Safety of People		T	Not maintaining a robust health and safety programme in all service areas	Increase cost; potential reputational damage; potential insurance claims	1-Apr-2013	Jacqui Yates	4	3	3	3	3	31-Mar-2014	In Progress	50%	Nigel Kennedy
CRR-026	Health & Safety of Property	Health & Safety of Property		T	Not maintaining a robust health and safety programme in all service areas	Increase cost; potential reputational damage; potential insurance claims	1-Apr-2013	David Edwards	4	3	3	3	3	31-Mar-2014	In Progress	50%	Nigel Kennedy
CRR-027	Fraud	Risk of fraud against the council		T	Internal fraud by staff; cyber attacks on Council ICT systems for council tax and housing benefits and council tax reduction claims for payment	Reputation; Cost	1-Apr-2013	Jacqui Yates	4	3	3	3	2	31-Mar-2014	Completed	100%	Nigel Kennedy
CRR-028	Anti-Fraud	Risk of breaching the Data Protection Act		T	Staff not being aware of the policy; being careless with data	Reputation; financial penalties	1-Apr-2013	Jacqui Yates	4	3	3	3	2	30-Jun-2013	Completed	100%	Jane Lubbock
CRR-029	Managerial Capacity	Managers become overextended; loss of sight and focus on service delivery and performance issues		T	Too many competing priorities; lack of capacity to deliver	Services are not delivered or not delivered effectively by the council; customer unrest with service delivery; higher complaints	1-Apr-2013	Peter Sloman	4	3	4	2	3	31-Mar-2014	In Progress	80%	Simon Hewick
CRR-032	Welfare Reform	Changes to legislation regarding Welfare Reform will impact financially, directly and indirectly on the Council		T	Changes in Legislation	Increased homelessness; increased costs; increased payments	1-Apr-2013	Jacqui Yates	4	4	3	2	4	1-May-2014	In Progress	75%	Helen Bishop
CRR-034	Business Continuity	Failure to ensure Emergency Planning and Business Continuity procedures are in place, tested and robust		T	Inadequate plans; not tested; not kept up to date; System failures; failure of partners to deliver services	Civil unrest; impact on service delivery	1-Apr-2013	Jacqui Yates	4	3	3	2	4	31-Dec-2013	Completed	100%	Helen Bishop

Current Risk Score
The current risk score is tracked to ensure the same as the prior risk score.

Residual Risk Score
The residual risk score shows how effective your action plans are at managing the risk.

This page is intentionally left blank

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

Thursday 28 November 2013

COUNCILLORS PRESENT: Councillors Brett, Darke, Rowley, Seamons and Hollick.

OFFICERS PRESENT: Mathew Metcalfe (Democratic and Electoral Services), Jackie Yates (Executive Director Organisational Development and Corporate Services), Jeremy Thomas (Head of Law and Governance), Anna Winship (Financial Accounting Manager), Alan Witty (Ernst & Young) and Richard Vialard (Pricewaterhousecoopers (PWC))

24. ELECTION OF CHAIR FOR THE MEETING

In the absence of both the Chair (Councillor James Fry) and the Vice-Chair (Councillor Craig Simmons), the Committee agreed to elect Councillor Tony Brett as Chair for the meeting.

25. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors James Fry, Craig Simmons (Councillor Sam Hollick attended as a substitute) and David Rundle.

26. DECLARATIONS OF INTEREST

None declared.

27. EXTERNAL AUDIT PROGRESS REPORT 2013/14 - ERNST AND YOUNG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's External Auditors, Ernst and Young, which detailed the progress made in delivering the work set out in the 2013/14 audit plan.

Alan Witty from Ernst and Young introduced the report. He commented on the close working with the Finance Team and that this would continue. He said that the Housing Benefit Claim had been signed-off and planning would start shortly for the audit of the 2013/14 accounts.

In response to questions, Jackie Yates, (Executive Director of Organisational Development and Corporate Services) and Anna Winship (Finance) saw no issues of concern on the preparations for the 2013/14 closedown. Jackie Yates added that there would be some additional complexity to the accounts with work on the Barton Project gearing up and the transfer of assets from the Housing Revenue Account (HRA) to the General Fund.

Alan Witty, added that Ernst and Young would be undertaking an audit of the transfer of assets from the HRA to the General Fund.

The Committee agreed to note the report.

28. ANNUAL AUDIT LETTER - YEAR ENDING 31ST MARCH 2013 - ERNST AND YOUNG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's External Auditors, Ernst and Young, the purpose of which was to communicate to the Committee the key issues that arose from the work of Ernst and Young.

Alan Witty from Ernst and Young introduced the report and raised no issues of concern.

The Committee agreed:

- (a) To note the report;
- (b) To congratulate Officers from the Finance Team for their work.

29. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's External Auditors, Ernst and Young which provided a briefing on the issues which could have an impact on the City Council.

Alan Witty from Ernst and Young introduced the item.

Councillor Tony Brett commented that he liked the way the papers were laid out as this helped to understand the issues.

Councillor Sam Hollick commented on the Minimum Revenue Provision and the different approaches to it. In response Anna Winship said that this was part of the Council's Treasury Management Strategy and that the Council had previously chosen option 3 as the most prudent approach. Jackie Yates added that the approach allowed for an alignment of debt with the life of the asset so that the Council was not paying debt when the asset had ceased to be viable.

30. INTERNAL AUDIT PROGRESS REPORT 2013/14 - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which detailed the progress made in delivering the work set out in the 2013/14 audit plan.

Richard Vialard from Pricewaterhousecoopers (PWC) introduced the report. He informed the Committee that there were a number of audits coming to completion and the audits with high risk would be submitted to the Audit and Governance Committee at its February 2014 meeting.

In response to comments on high risk reports, Jackie Yates said that she would try and circulate high risk reports in advance where we had them

The Committee agreed to note the report.

31. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Head of Finance submitted a report (previously circulated, now appended) which detailed the progress made on the implementation of internal and external audit recommendations.

Anna Winship from Finance introduced the report.

In response to questions concerning the Windows 7 project, Jackie Yates said that the Council was very close to signing-off the project with regard to the rollout to officers. She said that the rollout to Members PC's and laptops etc. would commence in early 2014. Jackie Yates further added that the Windows 7 rollout had taken longer than expected, in part due to the number of systems found on peoples computers that were not previously known about and not supported centrally by ICT. A project to rationalise the number of systems in use across the Council is planned.

Councillor Scott Seamons asked questions concerning the Uniform System which was marked as 50% completed. In response Anna Winship said that this reflected that agreement had been made on how the project was to be implemented.

The Committee agreed to note the report.

32. RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 2 2013/14

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on both corporate and service risks as at the end of quarter 2, 30th September 2013.

Anna Winship from Finance introduced the report and highlighted that there were no high risks (red) for Service Areas and that the overall number of Corporate risks had remained the same at eight.

In response to comments on Corporate Risk CRR 023 (Managing Capital Projects and Contract Management), Jackie Yates said that there had been concerns on project slippage and this risk highlighted that further work was required. She added the Council needed to look at the skills required, capacity available and highlight any gaps re the overall deliverability of the programme.

In response to questions from Councillor Roy Darke on salaries, Jackie Yates said that the current pay agreement gave certainty to the Council and employees over the next five years, however there were some specialist posts that did require a market supplement to be able to recruit, but this was only used were absolutely necessary.

Councillor Tony Brett asked questions concerning data protection and the use of USB sticks and laptops. In response Jackie Yates said that policies were in place and highlighted that only encrypted USB sticks could be used, that if an ipad was lost or stolen, information on it could be wiped remotely and that nothing was to be stored on the hard drive of laptops. Laptops also required a password and fob.

The Committee agreed to note the report.

33. MINUTES

The Committee agreed to approve the minutes of the meeting held on 26th September 2013.

34. DATES AND TIMES OF MEETINGS

The Committee agreed to note that it would meet in the Town Hall on the following dates at 6.00 pm:

Thursday 27th February 2014

Thursday 24th April 2014

The meeting started at 6.00 pm and ended at 6.45 pm

By virtue of paragraph(s) 2, 3, 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 2, 3, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank