

Agenda

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Audit and Governance Committee

Date: **Tuesday 15 September 2015**

Time: **6.00 pm**

Place: **Town Hall**

For any further information please contact:

**Jennifer Thompson, Committee and Members Services
Officer**

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Audit and Governance Committee

Membership

Chair	Councillor James Fry
Vice-Chair	Councillor Jean Fooks
	Councillor Van Coulter
	Councillor Roy Darke
	Councillor Chewe Munkonge
	Councillor Michele Paule
	Councillor David Thomas

The quorum for this meeting is three members. Substitutes are permitted.

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AGENDA

Pages

1 **APOLOGIES FOR ABSENCE**

2 **DECLARATIONS OF INTEREST**

3 **AUDIT RESULTS REPORT 2014/15**

Annual Audit Results report for the year ending 31 March 2015 submitted by the external auditors Ernst & Young **(to follow)**.

Recommendations: that the Committee note the report and comments from the external auditors and the Head of Financial Services.

4 **STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2015**

Report of the Head of Financial Services **(to follow)**.

Purpose: This sets out the audited Council's Statement of Accounts for approval. The Letter of Representation is also attached.

Recommendations: that the Committee resolve to

1. approve the audited Statement of Accounts and authorise the Head of Finance and Chair of the Committee to sign the Statement of Accounts; and
2. approve the Letter of Representation to enable the opinion to be issued

5 **INTERNAL AUDIT PROGRESS REPORT: QUARTER 1 2015/16**

7 - 18

Report of the Internal Auditor.

Purpose: The report sets out progress in Quarters 1 and 2 against the approved 2015/16 Audit Plan. Progress against the reviews scheduled for completion in Quarters 1 and 2 is shown in Appendix One. The remainder of the audit plan will be addressed by the Council's new internal auditors.

Summaries of reports issued since the last meeting are included.

Full reports on:

- Health and safety: Housing stock and corporate assets
- Managing capital projects
- Planning applications

are attached to this agenda.

Recommendation: the Committee is asked to discuss and note the progress report and the internal audit reports attached.

a	INTERNAL AUDIT REPORT - HEALTH AND SAFETY: HOUSING STOCK AND CORPORATE ASSETS	19 - 36
b	INTERNAL AUDIT REPORT - MANAGING CAPITAL PROJECTS	37 - 48
c	INTERNAL AUDIT REPORT - PLANNING APPLICATIONS	49 - 64
 6	 PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS: QUARTER 1 2015/16 Report of the Head of Financial Services. Purpose of report: to report progress on the implementation of internal and external audit recommendations. Recommendation: The Committee is asked to note progress on the recommendations listed in Appendix A.	 65 - 72
 7	 BUSINESS RATES COLLECTION AND RETENTION REPORT Report of the Head of Financial Services. Purpose of report: to update members on business rates collection and retention and associated risks. The Committee is asked to discuss this report.	 73 - 80
 8	 RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 1 2015/16 Report of the Head of Financial Services. Purpose of report: to update the Committee on both corporate and service risks as at the end of Quarter 1, 30 June 2015. Recommendation: that the Committee notes the contents of this report, in particular the new Corporate Risk around the Medium Term Financial Plan and the impact of the temporary moratorium on the Capital Programme as set out in paragraph 8.	 81 - 86
 9	 INVESTIGATION TEAM PERFORMANCE AND ACTIVITY BRIEFING Report of the Head of Financial Services. Purpose: to appraise Members of the activity and performance of the Corporate Investigation Team for the period 1 April 2015 to 31st July 2015 Recommendation: that the Committee notes the report.	 87 - 96
 10	 MINUTES OF THE PREVIOUS MEETING Minutes of the meeting held on 29 June 2015 for approval.	 97 - 100

11 DATES AND TIMES OF MEETINGS

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

16 December 2015

1 March 2016

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; licenses 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.

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

Oxford City Council

Internal Audit Progress Report

September 2015

7

September 2015

pwc

Agenda Item 5

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

Plan outturn





2015/16 Audit Plan (Q1 & Q2)

We have undertaken work in accordance with the 2015/16 Internal Audit Plan that was approved by the Audit and Governance Committee at its meeting in April 2015.

A statement tracking progress against the reviews scheduled for completion in Quarters 1 and 2 is shown in Appendix One. The remainder of the audit plan will be addressed by the Council's new internal auditors.

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
2015/16 Reviews							
B5	Investment Properties	Low Risk	27/8/15	0	0	1	0
B2	Housing Allocations	Low Risk	26/8/15	0	0	1	3
2014/15 Reviews							
	Managing Capital Projects	n/a	26/8/15				

We summarise the findings from these reviews below:

Investment Properties

We highlighted one medium risk issue relating to the processes for managing rent arrears. There has been a lack of clarity of roles and responsibilities and inadequate communication between the teams involved, resulting in a number of tenancy management issues.

Housing Allocations

We raised one medium risk finding relating to the timeliness and monitoring of housing application processing. The current systems do not allow performance to be accurately measured against the published target for processing complete applications within 10 working days of receipt. The team are aware of a backlog in the assessing of applications, although are unable to accurately quantify this. The backlog has arisen due to factors including:

- a reduced number of staff in the Assessment and Support team; from 6 to 4.2. Staffing reductions were based on the understanding that online applications would have been introduced but they have not yet been;
- there have only been 2 members of staff in the support team recently both part time, and reliance on temporary staff which involves a lot of training; and
- the large volume of manual processes and data input. Paper application forms are often handed in incomplete or with missing information which must be requested before the form can be assessed.

We also identified three low risk issues:

- Re-registration - Applicants on the housing register are required to re-register periodically (normally each year). We noted 1237 (of 2966) records that had a re-registration date that had passed, and in 727 cases the re-registration date was over a year old. There is no regular monitoring report flagging the number of applicants that have re-registration dates that have passed.
- Reporting on appeals - The Information@work system does not allow separate identification or reporting of appeals made for different reasons. The number of appeals and the time taken to resolve appeals is also not monitored.
- Assessment process - For 1 of 11 applications tested the letter confirming movement from a Band 4 to a Band 2 was missing.

Managing Capital Projects

We reviewed the governance processes over the capital programme and performed a high level review of the project management documentation for a sample of 20 projects with total budget expenditure of £13.4m. We noted areas of good practice programme governance and saw evidence that controls were operating effectively. We raised a number of advisory recommendations, summarised as follows:

- greater clarity over whether a Project Initiation Document (PID) is required for each project, and whether it has been prepared
- consideration of whether the £100k threshold for the gateway process is appropriate; other factors may result in the project being considered higher risk such as public profile
- regarding budget slippage, further support and training may be needed to improve budget profiling, and challenge at the outset to ensure phasing is correct
- consideration of a corporate level risk around major capital projects given the increased activity in this area and the high profile nature of the projects
- future audits to deep dive into major projects, and/or hot reviews on a rolling sample basis going forward.

Our detailed report has been presented to the Audit & Governance Committee in full.

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Fieldwork and draft reports

As at the date of preparing this report, field work has been completed and draft reports are being prepared for the following reviews:

- Housing rents
- Housing Benefits
- Collection Fund
- Procurement
- Post implementation review: Recovery team restructure

These reviews are scheduled to be finalised by 30 September 2015.

Appendix 1 - Internal audit detailed progress tracker

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<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</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>
2015/16 Reviews planned for Q1 and Q2							
A.3	Collection Fund	12	12	11/9/15	18/9/15	25/9/15	December 2015
A.4	Housing Benefits	10	10	11/9/15	18/9/15	25/9/15	December 2015
A.5	Housing Rents	10	10	11/9/15	18/9/15	25/9/15	December 2015
B.2	Housing Allocations	12	12		Completed		September 2015
B.5	Investment Properties	10	10		Completed		September 2015
VE.1	Year-end financial reporting timetable	-	-		Agreed with management to defer review to Q3/Q4		
VE.2	Trading Services	-	-		Agreed with management to defer review to Q3/Q4		
VE.4	Procurement	12	12	7/9/15	10/9/15	18/9/15	December 2015
2014/15 Reviews							
	Managing Capital Projects	-	-		Completed		September 2015
	Post implementation review: Recovery team restructure	-	-	7/9/15	10/9/15	18/9/15	December 2015

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Actual audit days to date</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>
	Follow up & audit management	20	20	n/a	n/a	n/a	n/a
	Total days	86	86				

Appendix 2 - Thought leadership publications

As part of our regular reporting to you we plan to keep you up to date with the emerging thought leadership we publish. The PwC Public Sector Research Centre produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector. All publications can be read in full at www.psrc.pwc.com/

You can also read our blogs on Public Sector Matters Globally http://pwc.blogs.com/psm_globally/

Towards a new era in government accounting and reporting – July 2015

The second edition of the PwC global survey analyses key aspects of government accounting and reporting around four themes:

1. Accounting practices - To establish a baseline understanding of current government accounting and reporting rules, and show the trends in terms of reform initiatives that are currently in progress around the world.
2. Budgeting practices - To develop a general understanding of current budgeting practices, and identify possible developments and budgeting reforms launched or envisaged by governments in the next five years.
3. IT environment - To understand the IT capacity within governments to implement accrual accounting and support good public finance management, and learn more about the resulting challenges.
4. Finance function - To put government accounting in the context of the wider finance function and evaluate governments' performance in various aspects of financial management, and get insight into how governments envision moving forward.



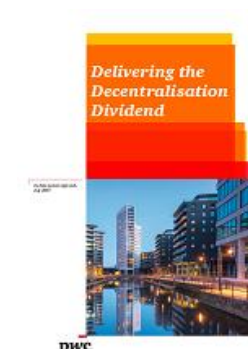
Delivering the decentralisation dividend – July 2015

With decentralisation high on the agenda in the UK our report, Delivering the Decentralisation Dividend, sets out the potential prize of decentralisation - good growth, public service reform and public engagement - and the barriers to be overcome if local places are truly to deliver the decentralisation dividend.

Our local government polling has found growing confidence behind decentralisation following the 2015 General Election, with a third of council chief executives and leaders now agreeing their council will have significantly more powers and responsibilities by 2020, up from 22% in March 2015.

Key barriers to decentralisation identified by local authorities include the sustained and growing financial pressures on councils, difficulty in establishing effective collaborative relationships with local government partners, and the requirement for a directly elected mayor. To deliver on decentralisation, localities need to take a whole system approach and keep a keen focus on the outcomes that collaborative working can achieve, embracing 'decentralisation by design' to rethink public services and investment for growth across a place.

Key local institutions - local authorities, combined authorities and LEPS - need to ensure they have the leadership, capability, capacity and accountability in place to make their case to central government and to then deliver on their plans.



Delivering growth: Where next for Local Enterprise Partnerships? – June 2015

Local Enterprise Partnerships (LEPs) in England have come a long way since their inception in 2010. The LEPs may all have started out from different points and evolved at different speeds, but as a group they are now firmly established as the lead agencies for promoting local growth. LEPs can't solve all the problems facing local economies but as a group, they have demonstrated they can make a difference.

The challenge ahead will be to see through their plans and programmes and deliver their economic strategies. Some of the LEPs, however, are arguably under-powered and under-resourced for the tasks they face and their immediate. Despite their varying capabilities and limited core funding they will all have to ensure that public and private funds are spent effectively and deliver results in terms of improved productivity and local economic growth.

Our Talking Points with the Smith Institute draws on interviews with 22 LEP leaders (mainly chairs and chief Executives) and a briefing event hosted at the LEP Annual Conference in March 2015 to explore 'where next' for Local Enterprise Partnerships.

City-business interaction: current trends and future outlook – June 2015

Cities are centres of society, commerce and politics, home to more than half of the world's population, and key drivers of economic growth, generating more than 80 percent of the world's GDP.

Global economic activity is predominantly centred on those business capitals with strong international links, with at least 5 million inhabitants and GDP of more than \$200 billion. These cities are leading hubs for creativity, talent and innovation, opening up opportunities for business and city leaders to work together to help increase their commercial competitiveness as well as ensuring they are good places to live and work.

Whitehall Matters: A collection of articles on the Spending Review – June 2015

The public sector is still under pressure and will be for the next few years. But there are practical changes that this government can make through the Spending Review process, and to its future operating model, that we believe would help to deliver its manifesto commitments and policies while bringing the public finances into balance.

Our latest issue of Whitehall Matters includes five key tests for government ahead of the Spending Review, private sector perspectives on priorities for Whitehall, opportunities for digital transformation and efficiencies - and our ideas for how the Spending Review process itself could be changed.



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Oxford City Council

Health and Safety: Housing Stock and Corporate Assets

Internal Audit Report
2014/2015
April 2015

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Distribution List

For action

Stephen Clarke (Head of Housing and Property Services)
Steve Stansfield (Property Health and Safety Surveyor)
Martin Shaw (Property Services Manager)
Jonathan Gould (Programme and Planning Manager)


For information

David Edwards (Executive Director – City Regeneration & Housing)
Nigel Kennedy (Head of Finance)
Jackie Yates (Executive Director – Organisational Development & Corporate Services)
Peter Sloman (Chief Executive)

This report has been prepared by PwC in accordance with our engagement letter dated 1 July 2013.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. Executive summary

Report classification	Total number of findings					
	Critical	High	Medium	Low	Advisory	
 Medium risk (11 points)	Control design	0	0	0	1	0
	Operating effectiveness	0	0	3	1	1
	Open prior year findings	0	0	0	0	0
	Total	0	0	3	2	1

Summary of findings:

We reviewed the design and operating effectiveness of controls and processes in place relating to Health and Safety across housing stock and corporate assets.

We found three medium risk issues relating to the following:

- Corporate property health and safety checks: Asbestos – a number of issues were found as part of our testing of 25 corporate assets, including failure to perform the required asbestos checks for one property and some instances of inaccurate data.
- Housing stock health and safety checks: Electrical inspections – our testing of 25 properties found 7 cases where electric checks were not carried out within the required timescales. There were 2 properties for which the Council was unable to locate electrical inspection certificates.
- Work required following checks – for 1 out of 25 corporate assets tested we found that the health and safety checks performed highlighted the need for repair work (non-urgent) to be performed in July 2013, but there was no evidence to show that this had been addressed at the time of the audit.

We found two low risk issues relating to the following:

- For leased properties the Council requests written confirmation from the leaseholders that they have fulfilled their responsibility with regards to health and safety compliance. In our sample of 25 corporate assets we identified 8 leased properties and found that requests to confirm compliance had not been sent out for 2 properties.
- Identifying required/overdue checks – procedures for identifying required or overdue checks are not robust.

An advisory point to review the consistency of monitoring tools, action plans and progress reports has also been raised.


The Council is currently in the middle of a systems review. Some records are kept on a shared drive pending the results of the systems review. This needs to be completed so that data can be stored in an organised, consistent, sustainable and secure way.

We searched the Health and Safety Executive website and found that the last notice served on the Council was in May 2013. This was an 'Immediate prohibition notice', served on the Direct Services division for poor site practices. A number of staff were retrained and Council's policy was reviewed and revised to ensure there was no recurrence.

The overall risk has been assessed as medium.

2. Detailed current year findings

1. Corporate property health and safety checks: Asbestos – Operating effectiveness

Finding		
<p>We reviewed the evidence of health and safety checks for sample of 25 corporate assets and found the following:</p> <ul style="list-style-type: none"> An asbestos survey should have been carried out by the Council but was not done for 1 property. <p>We also found issues with the accuracy of data in relation to asbestos checks:</p> <ul style="list-style-type: none"> For 5 properties the system showed the results of the asbestos survey as ‘high risk’; this was because the Council was unable to obtain access to all or part of the property, so to be prudent risk was set to high, but it does not necessarily mean there is a high risk of asbestos on site. The risk level is set to ‘high risk’ if a property is not fully accessible or if asbestos has been found which needs to be managed; the system does not distinguish between the two. For 1 of the properties the asbestos survey found the risk to be medium, this had been followed up by the Council and should have been marked as low, but the status on the system had not been updated. <p>23 The asbestos survey was showing as overdue for one property. The original survey carried out did not identify any asbestos therefore another check was not required. The frequency should have been entered as N/A.</p>		
Risks		
<p>The safety of Council staff or the public may be compromised as a result of failure to carry out the appropriate checks. Management may be using incorrect information to monitor and manage health and safety risk and planned works.</p>		
Action plan		
Finding rating	Agreed action	Responsible person / title
<p>Medium</p> 	<p>There were a number of data errors discovered as part of the audit but none of these would have led to a risk on site. As a backup to the data base and in line with good practice we always ensure a survey is done before carrying our capital works and operatives are trained in the recognition of asbestos. We are in the process of redesigning our asbestos data base which will address these issues.</p> <p>All properties for which the asbestos survey result is set to high or medium risk will be reviewed and actioned. Any properties for which an asbestos survey has not been carried out will be prioritised as part of the checking processes.</p>	<p>Property Services Manager</p> <p>Target date: End June</p> <p>31 August 2015</p>

Where the Council is satisfied that there is no asbestos at the property, the due date for the next survey will be set to not applicable.

The Council are in the process of introducing an improved asbestos management system (AMS) which will provide a 'gap analysis' and flag any properties which have been missed.

2. Housing stock health and safety checks: Electrical inspections - Operating effectiveness

Finding

We reviewed evidence to confirm gas and electricity checks were carried out for a sample of 25 housing properties and found the following issues:


- In February 2015 the Council adopted a policy of 5-yearly domestic electrical system inspection. This is not a mandatory requirement and the Council had previously been working to a 7 year inspection frequency. We found that electric checks had not been carried out within the past 5 years for 6 properties; of these 4 had not been inspected in the past 7 years.
- For 2 properties there was no evidence to confirm that any electrical inspections had been performed.

For all properties in our sample which had gas we were able to agree back to gas inspection certificates issued within the last year.


Risks

The safety of tenants may be compromised as a result of failure to carry out the appropriate checks.

Action plan

Finding rating	Agreed action	Responsible person / title
Medium 	<p>Property data will be reviewed to ensure that the required electric checks are carried out for all properties.</p> <p>A plan will be put in place for how the council intends on meeting the target of 5 yearly inspections.</p> <p>Where the Council is unable to obtain access this will be followed up and tenants will be contacted to arrange the checks as a matter of urgency.</p> <p>Procedures for storing documentation will be reviewed.</p>	<p>Property Services Manager</p> <hr/> <p>Target date:</p> <p>31 July 2015</p>

3. Work required on properties – Operating effectiveness

Finding		
<p>For 1 out of the 25 corporate assets tested, we found that the health and safety condition survey highlighted the need for work to be carried out on a children’s play area. The work was not urgent; it was to replace the protective cap on a bolt which was missing. The survey was performed on 14/07/2013 but the Council’s system shows no record that the work had been carried out.</p> <p>In this case the work was not urgent; however there is a risk works may be left un-actioned as there is no clear process in place for monitoring such cases.</p>		
Risks		
<p>The safety of users can be compromised as a result of failure to complete the necessary work.</p>		
Action plan		
Finding rating	Agreed action	Responsible person / title
26 Medium 	<p>A system report will be incorporated into regular reporting, this will highlighted cases where the checks found that work is required.</p> <p>Procedures for recording condition surveys will be reviewed to ensure a clear trail is kept of the survey date, work required and the date work is performed.</p> <p><i>Note - In the case identified above, there is a weekly inspection regime and the required work had been done, but we did not have the evidence to show this.</i></p>	Parks Manager Target date: <hr/> 31 August 2015

4. Leased property checks – Operating effectiveness

Finding

Responsibility for performing health and safety checks on properties which the Council has leased out lies with leaseholders. Whilst there is no legal requirement to do so, as a responsible landlord the Council decided to carry out an exercise whereby they write to leaseholders requesting confirmation that they have fulfilled their responsibility with regards to health and safety compliance.

During our testing of 25 corporate assets we identified 8 leased properties and found that requests for information had not been sent out for 2.

Risks

Checks may not be carried out by tenants, this will compromise the safety of occupants and there is a reputational risk for the Council.

Action plan

Finding rating

Low



Agreed action

All leased properties where the Council has no direct responsibility for carrying out checks will be identified and requests for confirmation of the checks will be sent to leaseholders. Responses will be clearly monitored and chased as required.

Responsible person / title

Property Services Manager

Target date:

30 June 2015

5. Identifying required/overdue checks - Control design

Finding

For corporate assets we found a system report is currently produced on an ad hoc basis which highlights properties for which inspections are overdue. However, the report is not currently part of regular reporting. There is no similar report produced for housing stock.


The required compliance dates are not built into the system, for example if an electric check is due every 5 years, the next due date is manually entered.

We also noted that gas and electric check records for housing properties are only in paper copy.

Risks

There is a risk that checks are not carried out or are delayed which will compromise the safety of occupants. There is a risk of manual error in the due date for checks.

Action plan

Finding rating	Agreed action	Responsible person / title
28 Low 	<p>For corporate properties meetings are held with contractors on a regular basis. Reports will be produced showing overdue checks and discussed as part of these meetings.</p> <p>A similar report will be incorporated into regular reporting for housing properties</p> <p>Consideration will be given to keeping gas and electric record electronically to help avoid loss of data.</p>	<p>Martin Shaw</p> <hr/> <p>Target date:</p> <hr/> <p>31 July 2015</p>

6. Action plan - Advisory

Finding

The Council has an action plan against which a progress report is produced to monitor the status of checks.

When we reviewed the progress report we noted that there were omissions in the number of cemeteries recorded for which the Council has responsibility for health and safety checks. We understand that this progress report is not part of the Health & Safety monitoring tools and whilst the number cemeteries was incorrect on the plan this did not affect the actions that were carried out.

Recommendation

The systems review and proposed new database will provide an opportunity to review monitor tools, action plans and progress reports to ensure that complete and consistent data is used across all property types.

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Appendix 1: Basis of our classifications





Individual finding ratings

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • <i>Critical</i> impact on operational performance (quantify if possible); or • <i>Critical</i> monetary or financial statement impact (quantify if possible = materiality); or • <i>Critical</i> breach in laws and regulations that could result in material fines or consequences (quantify if possible); or • <i>Critical</i> impact on the reputation or brand of the organisation which could threaten its future viability (quantify if possible).
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • <i>Significant</i> impact on operational performance (quantify if possible); or • <i>Significant</i> monetary or financial statement impact (quantify if possible); or • <i>Significant</i> breach in laws and regulations resulting in significant fines and consequences (quantify if possible); or • <i>Significant</i> impact on the reputation or brand of the organisation (quantify if possible).
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • <i>Moderate</i> impact on operational performance (quantify if possible); or • <i>Moderate</i> monetary or financial statement impact (quantify if possible); or • <i>Moderate</i> breach in laws and regulations resulting in fines and consequences (quantify if possible); or • <i>Moderate</i> impact on the reputation or brand of the organisation (quantify if possible).
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • <i>Minor</i> impact on the organisation's operational performance (quantify if possible); or • <i>Minor</i> monetary or financial statement impact (quantify if possible); or • <i>Minor</i> breach in laws and regulations with limited consequences (quantify if possible); or • <i>Minor</i> impact on the reputation of the organisation (quantify if possible).
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

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Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

Appendix 2: Terms of Reference

Oxford City Council

Terms of reference – Health and Safety: Housing Stock and Corporate Assets

To: *Stephen Clarke, Head of Housing and Property Services*
From: *Kate Mulhearn, Internal Audit Manager*

This review is being undertaken as part of the 2014/15 internal audit plan approved by the Audit and Governance Committee.

Background

Housing Stock and Corporate Asset health and safety is managed centrally by the Housing and Property Services team at the Council. The team have an action plan that lays out the various tasks which are undertaken to maintain and monitor health and safety of housing stock and corporate assets.

Data on housing stock and corporate assets was previously maintained by separate teams at the Council. However, operations have been combined under the remit of a single team who are responsible for keeping data up to date, accurate and complete and reporting issues to ensure appropriate action can be taken.

Health and safety inspection works are carried out by the Council's Direct Services Organisation (DSO) and external contractors. Where work is performed by the DSO, all data is retained on the DSO database to which the Council has access. For works performed by external contractors, documentation is provided to the Council and directly input on the Council's database. Health and safety data is therefore held on mixture of spreadsheets, contractor systems, Uniform (internal system used for corporate assets) and manual shared drive folders.

A review of business applications is currently being undertaken by the National Computer Centre (NCC), the outcome of which will assist the department in determining a single system to store and maintain data on both housing stock and corporate assets (in total approximately 5,000 properties).

Our last health and safety review was carried out in 2012/13, this noted a number of issues with the completeness, accuracy and reporting of data.

This review will follow up on the recommendations raised and focus primarily on data quality.

Scope

This review will cover the following scope:

- A review of the latest Health and Safety Action Plan and progress against this.
- A high-level review of the process followed to update health and safety information relating to housing stock and corporate assets. This will include:
 - Reviewing the process followed to ensure completeness and accuracy of information.
 - An assessment of the ongoing management processes to ensure the Council is compliant with Health & Safety legislation.
 - An assessment of the working arrangements; including whether roles, responsibilities and reporting requirements are clearly defined.
- Assess the accuracy and completeness of health and safety data by testing a sample of properties;

- A review of management information to assess the robustness of monitoring arrangements and whether reports produced are based on complete information and fit-for-purpose.
- A follow up of the issues and recommendations we raised as part of the review performed in 2012/13.

Limitations of scope

We will review the design and operating effectiveness of key controls and policies in place relating to these areas during the period 2014/15. The scope of our work will be limited to those areas outlined above.

This review will not consider the appropriateness of the current systems/software which will be assessed by the Council following the outcome of the NCC review of business applications.

Audit Approach

Our audit approach is as follows:

- Obtain an understanding of the process through discussions with key personnel, review of systems documentation and walkthrough tests;
 - Identify any key risks;
 - Evaluate the design of the controls in place to address the key risks;
 - Test the operating effectiveness of the key controls.
-

Appendix 3: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Housing Stock and Corporate Assets Health and Safety, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to the Health and Safety review is for the 2014/15 year.

Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

This document has been prepared only for Oxford City Council and solely for the purpose and on the terms agreed with Oxford City Council. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else. If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

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Oxford City Council

Managing Capital Projects

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This report has been prepared by PwC in accordance with our engagement letter dated 25 June 2015.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

This document has been prepared only for Oxford City Council and solely for the purpose and on the terms agreed with Oxford City Council. We accept no liability to anyone else in connection with this document, and it may not be provided to anyone else.

1. Executive Summary

In 2014/15, the Council's Capital Programme spend was £48 million, a variance against the original budget (£63 million) of some £14 million. In November 2014, the Council implemented a new Capital Gateway process which is designed to help more closely track the delivery of capital projects and ensure appropriate capital project management. For projects that were already in progress, documentation was updated and the process was retrospectively applied.

In January 2015 we undertook a review of one of the Council's Capital Projects, Rosehill Community Centre, following a number of concerns raised by members. The review was requested by Management as a 'lessons learned' exercise. A number of recommendations were made including, greater clarity of officer project roles and responsibilities, adherence to the capital Gateway process and procurement strategy, the role of external advisors and the use of risk registers. These recommendations are now incorporated into the Gateway training.

In March 2015, we reviewed the governance processes over the capital programme and performed a high level review of the project management documentation for a sample of 20 projects with total budget expenditure of £13.4m.

We found the Gateway process to be robust and sufficient to allow for a structured approach to capital project management. The process documentation clearly sets out the requirements of project initiation, delivery and closure. All key areas such as risk management, procurement, budget monitoring and contract management are covered. The process requires allocation of responsibility for tasks which is key to good governance.

We noted a number of areas of good practice programme governance and saw evidence that controls were operating effectively:

- Capital project performance is monitored and challenged by the Capital Asset Management Group (CAMG), chaired by the Executive Director - Regeneration and Housing. Actions are identified to address variations in expected performance, including budget slippage. There is also a Capital Programme Management Group chaired by the Head of Housing and Property Services which reviews business cases and monitoring information prior to submission to CAMG.
- Escalation processes are in place to enable poor performance to be identified and managed appropriately. Exceptions are reported to Corporate Asset Management and Capital Board (CAMAC), chaired by the Executive Director - Regeneration and Housing. CAMAC is responsible for monitoring progress against the approved capital plan.

- Monthly budget monitoring reports are produced by Finance and sent to all members of the CAMG. These reports flag up variances against costs, timings and other issues. The report has a separate tab for each project and comments are provided by Project Managers in the summary tab explaining any variances or slippage and giving a general update on the status of the project.
- For each project a standard template monthly monitoring report is prepared which uses a cobweb diagram showing where the project is against the different elements of the Gateway processes. The monitoring spreadsheet has a red, amber and green rating system which is based on performance against the gateway process (i.e. completion of the relevant documentation) and actual completion of the project.

We have raised a number of recommendations, summarised as follows:

- greater clarity over whether a Project Initiation Document (PID) is required for each project, and whether it has been prepared
- consideration of whether the £100k threshold for the gateway process is appropriate; other factors may result in the project being considered higher risk such as public profile
- regarding budget slippage, further support and training may be needed to improve budget profiling, and challenge at the outset to ensure phasing is correct
- consideration of a corporate level risk around major capital projects given the increased activity in this area and the high profile nature of the projects
- future audits to deep dive into major projects, and/or hot reviews on a rolling sample basis going forward.

Management comment

Management welcome the report from PWC on the Capital Gateway process and the recommendations and advice contained within it. The embedding of the process was never going to be an immediate fix and the process is ongoing. Training is key to embedding the process and to date 20 project managers have been trained on the process with further training planned for September for Members and officers. As the PWC report highlights, there undoubtedly will be a variance in spend on the capital programme against that originally budgeted, especially given the size of the Councils capital programme and fluctuations in the current building market. The Gateway process should ensure that projects are appropriately approved, managed and monitored in a way that seeks to mitigate variances but where they do occur they are managed and reported accordingly.

2. *Background and scope*

Background

The Council had a capital programme for 2014/15 of £64m comprising around 140 capital projects. Out-turn expenditure in 2014/15 indicated a variance of around £15 million, the majority of which was slippage. The actual variance in the last month was reported as only £14 million giving some evidence that programme spend is monitored and variances, for whatever reason, are predicted. It was noted in the monitoring report that the spend of £48million had been significantly more than in the previous three years, which averaged around £19 million.

In order to improve management and control over the capital programme, in November 2014 the Capital Project Gateway Process (see Appendix 1) was introduced. The process is followed for all capital projects in excess of £100k and sets out the required procedures from the initial project idea through to funding bid, procurement, project monitoring and finally project close and lesson learning. The governance and assurance gateways are designed to ensure that the bids and a project's progress are monitored and assessed through a robust process.

Each governance and assurance gateway requires specific documentation to be completed and submitted for review which ensures that project details and associated business case are recorded so that any scheme can continue with all parties understanding the proposed outcomes. Roles and responsibilities for governing projects are also clearly defined thereby providing a structured approach to project management throughout the project lifecycle. Capital funding bids are submitted by September of any year, and funding is approved, ready for release during the following financial year.

Scope

This review considered the effectiveness of governance arrangements for the capital programme as a whole and the assurance procedures for initiating, delivering and closing capital projects, including response to budget slippage. We considered and, for a sample of projects, evaluated the extent to which the following areas provide assurance over the management of the capital programme:

- Governance of capital programme
- New capital projects are assessed and approved prior to funding approval.
- Projects are scoped in sufficient detail to enable reliable estimates of budget, timescale and other resource requirements.
- Progress of individual capital projects is monitored and risks are managed.
- End of project evaluation.

3. Detailed findings

1. Use of Project Initiation Documents (PIDs)

The Gateway process requires a Project Initiation Document (PID) to be completed prior to approval and commencement of procurement activity. The PID includes a summary of scope, planned timescales, milestones, risk assessment and a profiled budget.

In our sample of 20 projects, 10 were over £100k and on face value we expected these to have a completed PIDs in accordance with the gateway process.

For one project, the Property Acquisitions budget of £500k (M5019), the summary Gateway report indicates that a PID has been prepared. This is a budget to fund the purchase of properties for accommodating homeless persons as such opportunities arise rather than a capital project. As such this is not a project but a “one-off” spend on individual purchases and a PID is not required.

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Two projects selected with budgets in excess of £100k were actually rolling projects and are not required to go through the gateway process:

- Adaptations for disabled (N6385) £463k
- MT Vehicles/Plant Replacement Programme (R0005) £2.3m

Our review highlights some inconsistencies in application of the gateway process for projects that commenced prior to its implementation. There is little value in retrospective application if the projects are being well managed and governance process are operating effectively. However, greater clarity around whether a PID is required and if it has been approved would help going forward to assess whether there are gaps in compliance with the process.

This review did not consider management of individual capital projects in detail. This would provide greater insight into project management strengths and weaknesses and additional assurance over project performance. High value/high risk projects should be subject to independent review to ensure that project management controls are operating effectively and best practice insights shared.

Recommendations

1. Greater clarity over whether a Project Initiation Document (PID) is required for each project, and whether it has been prepared
2. Consideration of whether the £100k threshold for the gateway process is appropriate; other factors may result in the project being considered higher risk such as public profile.
3. There should be ongoing training/support for existing and new project managers to ensure the gateway process is fully embedded.
4. Independent review of high value/high risk projects, and/or hot reviews on a rolling sample basis going forward.

Management Response: Further training on the Capital Gateway Process incorporating the recommendations from within this report and other audit reports is scheduled for September with Members and Project Managers. Consideration to the other recommendations will be given by CAMG.

Responsibility: Nigel Kennedy/ Stephen Clarke

Target Date : 30 September 2015

2. Budget slippage

In 2014/15, the Council's capital programme spend was £14 million below the original budget of £63 million. In 2013/14, total capital budget variance was £20 million of which £5 million related to the competition swimming pool

Processes are in place to identify budget variances early through regular review and reporting, which separately identifies known/forecast slippage and under/overspend. The extent of slippage, although not uncommon in capital programmes of this size, could indicate that sufficient challenge is not being provided to project managers on the amount and phasing of expenditure.

Recurring budget slippage could be indicative of:

- Inadequate budget phasing, reforecasting for known slippage e.g. delayed procurement
- Underlying issues in contract management skills of project managers
- Inflated budgeting leading to poor value for money
- Declining quality of services due to failure to deliver on planned projects

Recommendations

5. Consider the need for further training on project budget profiling and/or additional finance team support in the development of project budgets to ensure budget profiles are based on realistic assumptions.
6. Review the adequacy of finance resource to support project financial management once projects have started. Consider size of project / risk rating as a trigger to identify where additional support may be best used.
7. Reforecast budget profiles regularly to reflect risks and issues, such as a delayed procurement / or judicial review.

Management Response: Finance support is available for all budget managers for all aspects of budget monitoring. Additionally significant capital projects such as Blackbird Leys Swimming Pool are allocated a dedicated Finance support on the project team. As part of service development planning the Finance Team will be looking to improve training around budget management during the year and will incorporate the recommendations within this report around budget profiling as well as incorporating this into Capital Gateway Training specifically for Project Managers.

Responsibility: Anna Winship (Management Accounting Manager)

Target Date : 30 September 2015

3. Risk registers

We considered the capital project risk management procedures in place to ensure risks are identified, communicated and managed.

Risk registers are maintained for individual projects but the overall risk associated with the capital programme is not captured at a corporate level. With high profile, high value projects such as Barton, Westgate and Rosehill the Council is facing increased financial and reputational risk. This should be reflected on the corporate risk register.

Recommendations

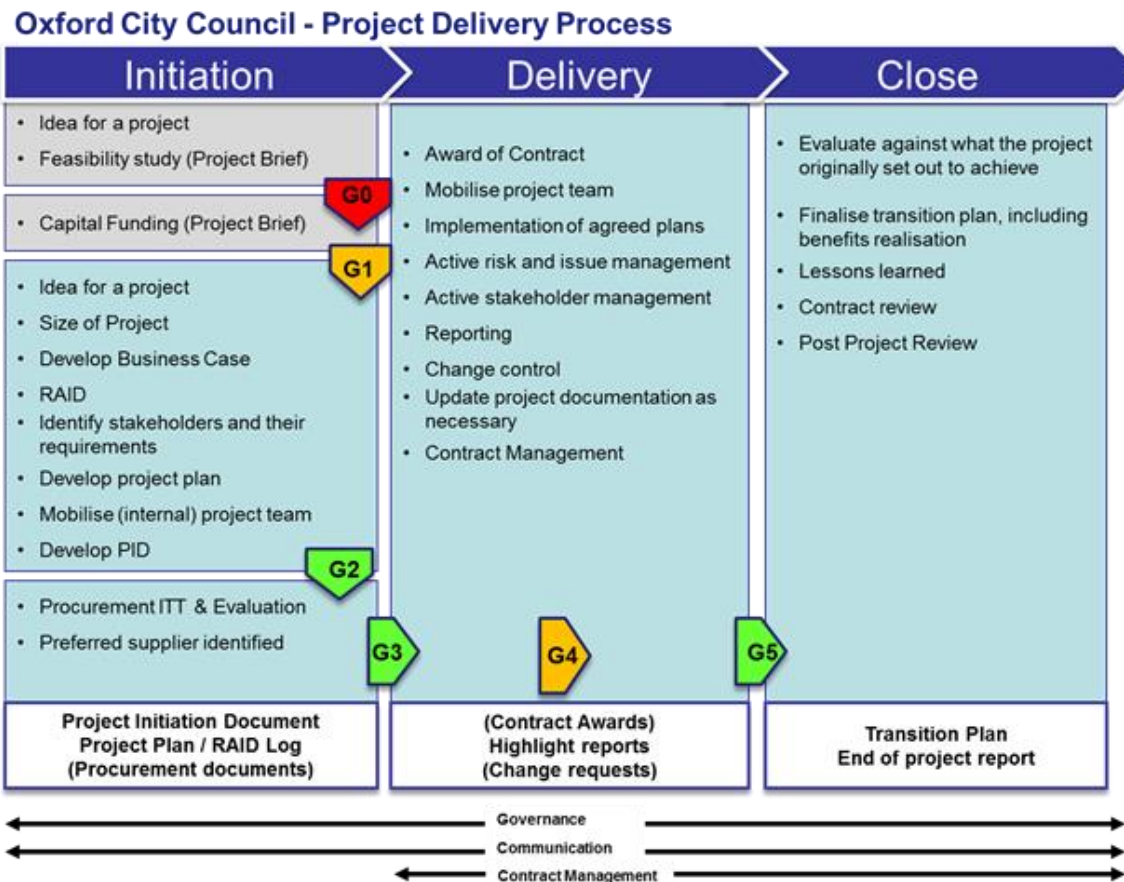
8. Consideration should be given to a corporate level risk around major capital projects given the increased activity in this area and the high profile nature of the projects.

Management Response: It is agreed that given the size of the Council's capital programme that a risk should be identified at a corporate level

Responsibility: David Edwards, Executive Director Housing and Regeneration

Target Date : 30 September 2015

Appendix 1: Overview of project management process



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Appendix 2: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Capital Project Management, in accordance with the scope outlined within the Terms of Reference, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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Oxford City Council

Planning Applications

Internal Audit Report
2014/2015
May 2015

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Distribution List

For action	Niko Grigoropoulos (Development Performance Manager)
	Liz Godin (Technical Support Manager)
	Michael Crofton-Briggs (Head of City Development)
For information	Nigel Kennedy (Head of Finance)
	David Edwards (Executive Director - City Regeneration and Housing)
	Jackie Yates (Executive Director - Organisational Development & Corporate Services)
	Peter Sloman (Chief Executive)

This report has been prepared by PwC in accordance with our engagement letter dated 1 July 2013.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. Executive summary

Report classification	Total number of findings					
 <p data-bbox="219 421 533 453">Medium risk (7 points)</p>	Critical	High	Medium	Low	Advisory	
	Control design	0	0	0	0	0
	Operating effectiveness	0	0	1	4	0
	Total	0	0	1	4	0

Summary of findings:

We reviewed the design and operating effectiveness of controls and processes in place relating to Planning Applications. At the time of the audit a total of 1,402 decisions had been made in 2014/15 comprising Major (36 applications), Minor (343 applications) and Other (1,023 applications).

We raised **one medium risk** issue relating to Senior Officer sign-off of applications. In our sample of 25 applications evidence confirming sign-off had not been retained for 7 applications. A check should be performed to ensure that all required documentation has been stored electronically before hard copy case files are destroyed.

We also identified **four low risk issues** relating to:


- System data – fields on the planning applications systems were incomplete or inaccurate in 3 of the 25 applications tested.
- Decision making target – the Council is currently not achieving the decision making target for Minor and Other applications. In 6 of the 25 samples tested the target was not being met.
- Banking cheques – in 3 out of 5 cases tested the cheques held by the planning department had not been passed on to the Finance department for banking for 2 weeks or more. This led to a large build-up of cheques, in one case more than £50k worth.
- Appeals - the decision document for 1 out of 7 appeals tested had not been uploaded on the system.

Our review of decisions made in the year highlighted one case that had been repealed by court order. The approval decision for an application was delegated but should have been made by committee. Our testing of 25 applications highlighted no similar cases.

The overall risk has been assessed as medium.

2. Detailed current year findings

1. Senior Officer sign-off of applications - Operating effectiveness

Finding		
<p>A procedure is in place for all planning applications to be checked and cleared by a Senior Officer before a final decision is made. The Officer signs a “recommendation preview” sheet and reflects this on the planning application system, Uniform.</p> <p>We tested a sample of 25 planning applications and found the following:</p> <ul style="list-style-type: none"> For 7 cases (4 Major, 2 Minor and 1 Other) there was no evidence of sign-off by Senior Officer. For 1 additional Major application, we were able to locate the sign-off on the hard copy file but no evidence of Senior Officer sign-off had been scanned and held on the system. <p>Once a decision has been made and documents scanned electronically, the physical evidence of sign-off for Minor and Other cases is destroyed. Manual case files are only retained for Major and listed building cases. Documentation for all cases that have been refused is retained for a period of 6 months before being destroyed.</p>		
Risks		
<p>A lack of evidence to confirm that applications have gone through the Council’s appropriate decision making process could lead to inappropriate decisions being made and leave the Council open to greater challenge.</p>		
Action plan		
Finding rating	Agreed action	Responsible person / title
<p>Medium</p> 	<p>The Council will ensure that all cases have a signed “preview recommendation” form or equivalent (for committee decisions) completed and uploaded on the IDOX document storage system.</p> <p>Documents will only be destroyed once they have been confirmed as uploaded.</p>	<p>Liz Godin and Niko Grigoropoulos</p> <p>Target date:</p> <p>30 June 2015</p>

2. System data - Operating effectiveness

Finding

Planning application data is maintained on the Uniform system. We tested a sample of 25 applications and found the following:


- For 2 Major applications the system showed that the decision had been delegated to an officer; this was inaccurate as the decision had actually been made by committee.
- For 1 Major application the field showing who had made the decision was left blank; it should have said “Committee”.

For the cases above we have seen the Committee reports which evidence the decisions made.

Risks

Inaccurate and incomplete system data leading to a lack of evidence on compliance with Council procedures.

Action plan

Finding rating	Agreed action	Responsible person / title
Low 	Officers will be reminded of the need to accurately complete all fields on the system and upload all required documentation. This requirement will also to be included in the new “officers’ working charter” currently being prepared, and which will be reflected in individual appraisals.	Niko Grigoropoulos Target date: 30 June 2015

3. Decision making target - Operating effectiveness

Finding

Central governments set targets for local planning authorities (LPAs) to deal with planning in a timely manner. A timely manner is defined as within 13 weeks for Major applications and within 8 weeks for Minor and Other applications. Councils failing to determine fewer than 30 per cent of major applications within 13 weeks over a two year period may be placed in special measures. The Council's targets are:

- Major - 70% of applications within 13 weeks
- Minor - 72% of applications within 8 weeks
- Other - 85% of applications within 8 weeks

Where a Planning Performance Agreement (PPA) is in place with the applicant the length of time will vary on a case by case basis. A total of 6 out of 10 Major applications in our sample had a PPA in place, a decision was made for all of these within the time frame agreed.

In our sample of 25 applications taken from across 2014/15 we found that:

- 2 out of 10 Major applications had not met the 13 week target and no PPA was in place
- 3 out of 10 Minor applications had not met the 8 week target
- 1 out of 5 Other applications had not met the 8 week target

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We reviewed management information reports and found that as at March 2015, the target for Major applications with a decision made within 13 weeks was achieved for 73.7% cases. The target was not being met for Minor and Other applications; the number of applications with a decision within 8 weeks was 65.7% and 78.5% respectively.

Risks

Decisions not made within timescales defined in legislation.

Action plan

Finding rating

Low



Agreed action

The Council will continue to monitor progress against the target, should they continue to miss the target consideration will be given to increasing resources.

Responsible person / title

Niko Grigoropoulos

Target date:

30 June 2015

4. Banking cheques - Operating effectiveness

Finding


Cheques received by the planning department are included in a weekly banking report and passed to the Finance department to be banked.

We tested 5 banking reports and found that in 3 cases the banking period was 2 weeks or more. This led to a large build-up of cheques, in one case more than £50k worth. Only one staff member is currently responsible for managing this process.

Risks

Risk of losing cheques resulting in a loss of or delay in receiving income.

Action plan

Finding rating	Agreed action	Responsible person / title
55 Low 	The Council will ensure that cheques are banked every week. Alternative arrangements will be put in place to allow the process to continue when the responsible officer is away.	Liz Godin Target date: 30 June 2015

5. Appeals - Operating effectiveness

Finding


The Council had a total of 63 appeals against decisions made as at the time of our audit. A total of 5 were withdrawn by the applicant and 20 (32%) allowed by the planning inspectorate.

We looked at a sample of 7 appeals received and found that the decision document had not been uploaded on the system in 1 case.

Risks

Clear audit trail not maintained and a lack of evidence on compliance with Council procedures.

Action plan

Finding rating	Agreed action	Responsible person / title
56 Low 	The Council will ensure that all documentation is uploaded on the system in a timely manner going forward.	Liz Godin Target date: 30 June 2015

Appendix 1: Basis of our classifications





Individual finding ratings

Finding rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> • <i>Critical</i> impact on operational performance (quantify if possible); or • <i>Critical</i> monetary or financial statement impact (quantify if possible = materiality); or • <i>Critical</i> breach in laws and regulations that could result in material fines or consequences (quantify if possible); or • <i>Critical</i> impact on the reputation or brand of the organisation which could threaten its future viability (quantify if possible).
High 57	A finding that could have a: <ul style="list-style-type: none"> • <i>Significant</i> impact on operational performance (quantify if possible); or • <i>Significant</i> monetary or financial statement impact (quantify if possible); or • <i>Significant</i> breach in laws and regulations resulting in significant fines and consequences (quantify if possible); or • <i>Significant</i> impact on the reputation or brand of the organisation (quantify if possible).
Medium	A finding that could have a: <ul style="list-style-type: none"> • <i>Moderate</i> impact on operational performance (quantify if possible); or • <i>Moderate</i> monetary or financial statement impact (quantify if possible); or • <i>Moderate</i> breach in laws and regulations resulting in fines and consequences (quantify if possible); or • <i>Moderate</i> impact on the reputation or brand of the organisation (quantify if possible).
Low	A finding that could have a: <ul style="list-style-type: none"> • <i>Minor</i> impact on the organisation's operational performance (quantify if possible); or • <i>Minor</i> monetary or financial statement impact (quantify if possible); or • <i>Minor</i> breach in laws and regulations with limited consequences (quantify if possible); or • <i>Minor</i> impact on the reputation of the organisation (quantify if possible).
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

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Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

Appendix 2: Terms of reference

Oxford City Council

Terms of reference – Planning Applications

To: *David Edwards, Executive Director - City Regeneration & Housing*

From: *Kate Mulhearn, Internal Audit Manager*

This review is being undertaken as part of the 2014/15 internal audit plan approved by the Audit and Governance Committee.

5 **Background**

The City Development team are responsible for processing planning applications received by Oxford City Council (the 'Council'). All applications for planning are subject the following 5 stage process:

- Receipt
- Validation
- Registration
- Consideration
- Decision and Appeals

Applications may be submitted electronically via the Planning Portal or in hard copy to the Customer Service Centre. The outcome of applications will be decided under delegated powers unless councillors request that the application is heard by a committee. The following applications will always be heard by a committee: major applications, an application submitted by the Council or by councillors or officers, applications for significant amendments to approved plans subsequent to the grant of planning permission or listed building consent, listed building applications for total or substantial demolition of listed buildings, and applications for phone masts where there are objectors.

In February 2012 Oxford City Council approved a proposal by the University of Oxford for post-graduate student accommodation at Castle Mill, Roger Dudman Way (RDW). In December 2012 a Petition was submitted to the Council expressing the widespread concern about the environmental impacts of the development. As a result the Council set up a

Working Party to consider whether the planning processes associated with the RDW application complied with statutory and national policy requirements, and how they related to best practice. An independent review was performed of the processes involved and a report issued in December 2013 including recommendations and an action plan. Key issues identified focused on 1) the adequacy of consultations pre and during application; and 2) the adequacy of information presented to members to inform the decisions.

High profile planning cases such as these attract much scrutiny from the media and public. The Council is keen to rebuild public trust in the planning processes and confidence that planning decisions taken systematically and supported by a transparent audit trail.

This review will consider the controls and processes in place over planning applications and assess the rigour in which they are applied. Focus will be given to compliance with the established policy and the adequacy of evidence retained to support planning decisions. A sample of both household and major planning applications will be considered across approved, rejected and refused decisions.

Scope

This review will cover the following scope:

Sub-process	Control objectives
Pre-application advice requests	<ul style="list-style-type: none"> • Pre – application advice requests are responded to appropriately. • Stakeholders are engaged and appropriate consultations take place, in pre-application discussions, including members and not just officers;
Processing applications	<ul style="list-style-type: none"> • Planning applications are processed on receipt of complete and accurate information from the applicant. • Appropriate Council departments, government bodies, groups and other relevant people are notified of applications. • Applications are processed following approved Council procedures and policies. • Applications are processed within agreed timescales.
Decision-making process	<ul style="list-style-type: none"> • Applications are formally reviewed and approved by appropriate staff before making a decision. • Approved applications are in-line with Council plans. • Repealed decisions are documented.

Appeals process	<ul style="list-style-type: none"> • Complete and accurate information is supplied to the Planning Inspectorate for appeals in line with agreed timescales. • Outcomes of appeals are monitored and reviewed on a regular basis.
Legislation	<ul style="list-style-type: none"> • Documented planning procedures are up-to-date and consistent with prevailing legislation.
Income	<ul style="list-style-type: none"> • Planning fees are correctly charged. • Income received from planning applications is completely and accurately recorded on financial systems.
Management information	<ul style="list-style-type: none"> • Management information is produced, reviewed and used to form management decisions.
Process improvement	<ul style="list-style-type: none"> • Recommendations and actions identified in the RDW review have been addressed and implemented. • Customer feedback and challenges are responded to and internal processes reviewed.

6.1 Limitations of scope

The scope of our work will be limited to those areas outlined above.

Audit approach

Our audit approach is as follows:

Obtain an understanding of the planning application process through discussions with key personnel, review of systems documentation and walkthrough tests;

Identify the key risks relating to planning applications;

Evaluate the design of the controls in place to address the key risks;

For a sample of planning applications, including household and major planning applications across approved, rejected and refused decisions, test the operating effectiveness of the key controls;

For the sample selected, consider the adequacy of evidence retained to support decisions made; and

Provide insight into best practice operating processes and controls and any opportunities for improvement.

Appendix 3: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Planning Applications, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to the Planning Applications review is for the 2014/15 year.

Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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To: Audit & Governance Committee

Date: 15 September 2015

Item No:

Report of: Head of Financial Services

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.

Key decision: No

Executive Lead Member: Councillor Ed Turner

Policy Framework: Corporate Plan – Efficient, Effective Council

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 recommendations which remain outstanding together with updated management responses is provided in Appendix A.
2. Each recommendation is marked with a % complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 25% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have exceeded their original expected completion date are also marked red. Those recommendations that will be completed up to one month later than their original expected completion date are also marked as amber.

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

External Audit Recommendations

4. There are no external audit recommendations to report to Committee.

Internal Audit recommendations

5. There have been three new Internal Audit reports finalised since the last meeting of the Audit and Governance Committee:
 - a. **Managing Capital Projects – Advisory Report** –a review of the governance processes over the Capital Programme and a high level review of the project management documentation was also sampled, a number of recommendations came out of this review including clarity of the Project Initiation Documentation (PID) requirements; review of £100k threshold; improvement of budget profiling and future deep dive audits for major projects. A copy of this report can be found elsewhere on this agenda.
 - b. **Investment Properties – Low risk rating** – One medium risk was identified during this audit and relates to the communication between the teams which has led to rent arrears in some cases.
 - c. **Housing Allocations – Low risk rating** – One medium risk and three low risk recommendations were made. The medium risk recommendation relates to the timeliness and monitoring of the application process and the low risk recommendations relate to monitoring of re-registration on the housing register; information held for reporting appeals is not sufficient and missing information in the assessment documentation.
6. There is one recommendation relating to Community Centres that is not 100% complete and has passed its forecast completion date, the status of this is that the review of the process for repairs and maintenance is in progress and regular meetings are held to review the division of responsibility.
7. There is also one recommendation which is not yet 100% but has passed its original forecast completion date relating to recording fraud cases onto a system. The new system is being rolled out to replace the existing case management system and will be complete over the coming weeks.
8. There are 11 Internal Audit recommendations that are being reported as 100% complete and will be removed from the next report.
9. In 2014/15 there were no high risk reports but a larger proportion of medium risk reports, this was due to new areas of the business being audited and capturing risks that had not previously been identified. Many of these have now been addressed. Quarter 1 is ordinarily a quiet quarter for reviews and therefore only two audits have been completed so far.

Risk Rating	15/16		14/15		13/14		12/13	
	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports	No of reports	% of reports
High	0	0%	0	0%	1	8%	1	10%
Medium	2	100%	6	46%	0	0%	3	30%
Low	0	0%	7	54%	12	92%	6	60%
	2		13		13		10	

10. Alongside the reduction in risk rating all 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 will ensure these recommendations are dealt with more swiftly.

Internal Audit contract

11. The contract with PWC expires at the end of September 2015 and new auditors have been appointed to carry out the Council's Internal Audit provision from the 1st October 2015.

12. PWC are still finalising five audit reviews of which fieldwork has been completed and the reports are being drafted. These reports will be finalised by PWC and reported in a final report to A&G in December.

13. The Council's new auditors will start discussions with senior officers and the Chair of the A&G Committee about commencing work on the residual elements of the audit plan.

Financial Implications

14. Whilst this report is primarily for noting there is the potential that financial implications could arise for the Council if recommendations are not implemented and audit have highlighted areas of risk or areas for improvement.

Legal Implications

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

Equalities Impact

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

Climate change/environmental impact

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

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Background papers: None

Audit Tracker

Ref	Review	Review Date	Issue Noted	Risk Rating	Recommendation	Updater	Owner	Due Date	Forecast Completion Date	% Complete	Comments
IA631	Sports pitch and facility bookings	1-Mar-2015	A sample of 25 bookings were tested and the findings were: 5 samples had a small difference (less than £10) in the price charged to that published; in 4 samples the VAT charged was incorrect; 2 invoices marked as paid were unable to be proved as being paid; 2 bookings were not actually made but were assumed bookings	Medium	Loss of council income and customers are invoiced inaccurately with errors in both price and VAT	Ed Bonn	Ed Bonn	30-Apr-2015		100	All invoice are being raised in Agresso, and the team are ensuring the fee sheet for sports bookings includes all relevant detail
IA632	Sports pitch and facility bookings	1-Mar-2015	One member of staff is responsible for many tasks and there is a lack of segregation of duties in the booking, invoicing and payments process	Medium	There is a risk of fraud or error which could lead to a loss of income. Operational issues may arise as a result of loss of key members of staff	Ed Bonn	Ed Bonn	30-Apr-2015		100	Invoices are being raised in Agresso
IA633	Sports pitch and facility bookings	1-Mar-2015	A sample of 5 banking sheets were tested and agreed to the bank statements and the following was found: 1 of the sample had an amount on the banking sheet which did not agree to the bank statement; in one sample the banking sheet showed a value of approx £1,800 in cash which had not been collected by Jade (rectified a few days later)	Medium	The banking form is not accurately completed leading to variances in cash received compared to what is expected. A build up of cash at sports booking office increasing the risk of loss due to theft	Ed Bonn	Ed Bonn	30-Apr-2015		100	Invoices are being raised in Agresso and a second responsible officer is being trained to ensure there is segregation of duties
IA634	Sports pitch and facility bookings	1-Mar-2015	The sports bookings team do not use Agresso for invoicing, the alternative procedure being used has not been agreed by the Head of Finance	Medium	Non-compliance with the Council's financial regulations	Emma Burson	Emma Burson	30-Apr-2015		100	Agresso is being used to raise invoices for sports bookings.
IA638	Health & Safety	1-Apr-2015	We reviewed the evidence of health & Safety checks for a sample of 25 corporate assets and found that an asbestos survey should have been carried out by the Council but was not done for 1 property. Issues of accuracy of data were also found relating to asbestos checks	Medium	The safety of Council staff or the public may be compromised as a result of failure to carry out the appropriate checks. Management may be using incorrect information to monitor and manage health & safety risk and planned works	Martin Shaw	Martin Shaw	31-Aug-2015		100	We are redesigning the asbestos database which will address these issues. All properties for which the asbestos survey result is set to high or medium risk will be reviewed and actioned. Any properties for which an asbestos survey has not been carried out will be prioritised as part of the checking process.
IA639	Health & Safety	1-Apr-2015	We reviewed evidence to confirm gas and electric checks were carried out for 25 housing properties and found: a)electric checks had not been carried out within the past 5 years for 6 properties; b) 2 properties had no evidence to confirm electrical inspections had been performed.	Medium	The safety of tenants may be compromised as a result of failure to carry out the appropriate checks	Martin Shaw	Martin Shaw	30-Jul-2015		100	Property data will be reviewed to ensure that the required electric checks are carried out for all properties. A plan is in place for meeting the 5 year inspections target.

IA640	Health and Safety	1-Apr-2015	For one of the 25 Corporate assets tested we found that the health & safety condition survey highlighted the need for work to be carried out on a children's play area, the work was not urgent, the survey was performed but not recorded on the system	Medium	The safety of users can be compromised as a result of failure to complete the necessary work	Stuart Fitzsimmons	Stuart Fitzsimmons	31-Aug-2015	100	a system report is included into regular reporting, this will highlight cases where the checks found that work is required.
	Investment Properties	July 2015	Issues had arisen due to a lack of clarity of responsibilities and poor communication between the teams involved in the rent arrears process.	Medium	Relationships with tenants may be damaged, collection of arrears may be further delayed and increase the risk of write offs. Strategic plans for properties may be overlooked	Diane Phillips	Diane Phillips	30/9/15		Ownership, roles and responsibilities for rent arrears management will be defined and agreed between Property, Finance and Legal teams. Monthly meetings will take place to review rental arrears and agree actions.
	Housing Allocations	July 2015	the number of incomplete applications is not able to be ascertained due to system limitations, however the team are aware that there is a backlog in the assessment of applications.	Medium	Applicants that are in need of housing may miss out on a possible offer of housing because their application is held up. The assessments team are not able to monitor performance, and there is potential they are operating well outside of published targets, resulting in poor customer service.	Mary Cox	Mary Cox	31/11/15		An action plan has been put in place to include; performance reporting - better management information on the nature of incomplete/incorrect forms will help inform training; online forms - the project to implement this will be re-considered and given appropriate priority with the overall ICT work programme; Customer Services Officers - ensure full training is given to ensure completeness of applications
IA635	Sports pitch and facility bookings	1-Mar-2015	Debt collection procedures are not robust, and not detail of action taken to recover debts is logged. A sample of 5 outstanding debts were tested and all were over 150 days old	Low	Appropriate action required for debt recovery is not taken, or documented leading to a loss of income	Ed Bonn	Ed Bonn	30-Apr-2015	100	Invoices now raised in Agresso and debts collected centrally . Training has been undertaken
IA636	Sports pitch and facility bookings	1-Mar-2015	There is no way of confirming that all bookings have been invoiced. All bookings are logged in the bookings spreadsheet which is in a calendar format and there is nothing to indicate that these have been invoiced	Low	Booking are not invoiced which could lead to a loss of income	Ed Bonn	Ed Bonn	30-Apr-2015	100	The use of online booking software will be reviewed as part of the ICT work programme. Invoices are being raised timely using Agresso
IA637	Sports pitch and facility bookings	1-Mar-2015	Sports bookings can be made on line, but because the reference number is not in line with those identified on the system it is difficult to allocate the funds against the sports booking without confirmation from the customer	Low	Payments by cash and cheque increase risk of loss or theft. Efficiencies available through increase use of electronic online payment options are not achieved.	Ed Bonn	Ed Bonn	30-Apr-2015	100	As invoices are raised in Agresso this will allow online payments to be allocated against invoices
IA641	Treasury Management	1-Jun-2015	All cash payments and receipts greater than £10k should be reviewed however we found that there was a number of items that had not been evidenced as checked	Low	the cash flow forecast may be inaccurate leading to decisions being made without full and accurate information	Anna Winship	Anna Winship	30-Jul-2015	100	Over £10k transactions are reviewed on a regular basis and the information added to the cashflow

IA547	Community Dev, Centres & Associations Audit	1-Mar-2014	Some of the community centres contact the repairs and maintenance team directly and have jobs raised on the Uniform system.	Low	Work in which the Council is not responsible is performed. Repairs and maintenance may not be monitored.	Mark Spriggs	Mark Spriggs	1-May-2014		90	CAN meet with Property regularly to review the division of responsibility and ensure that additional works are paid for from correct budgets/recharged
IA605	Fraud Risk Assessment	1-Jun-2014	Internal fraud cases are not currently recorded on a system unless they relate to housing benefits or council tax. The investigations team are deemed to have sufficient knowledge to perform risk assessments to enable cases to be prioritised. The detail of the cases is maintained locally by the team.	Low	Internal reported cases will be documented on a centralised system. The existing Northgate system has the functionality to perform this. Timeline for delivery will be agreed with the Head of ICT and prioritised within the Council's corporate ICT work plan.	Scott Warner	Scott Warner	31-Dec-2014	31/8/15	90	The Northgate system is being phased out in place of a new case management system which has the ability to record internal investigations with restricted viewing permissions.
	Housing Allocations	July 2015	There is no automated monitoring report flagging the number of applicants that have re-registration dates that have passed	Low	People may bid on houses for which they are no longer eligible/are not able to bid for the properties for which they are eligible as a result of the application details being out of date. All details are checked prior to making an offer but lack of annual review could result in wasted time for the allocations team and a delay in offers being made	Mary Cox	Mary Cox	31/11/15			An exercise will be performed to review all those that have not been updated in the past year and bring them up to date, Re-registration dates will be monitored thereafter.
74	Housing Allocations	July 2015	Although the number of appeals outstanding are monitored and are prioritised based on when they are received, the nature of appeals and the time taken to resolve appeals are not monitored because the Information@Work system does not currently have a report set up to do this	Low	Customer concerns may not be adequately addressed and improvements not implemented	Tom Porter	Tom Porter	31/11/15			The review of Information@Work will include consideration of the adequacy of management information and reporting relating to appeals
	Housing Allocations	July 2015	For 1 of 11 applications tested, the letter confirming movement of Bands was missing.	Low	Applicants may not be informed of decisions and changes in their assessment on the housing register	Tom Porter	Tom Porter	31/11/15			Officer will be reminded of the need to follow procedure and maintain evidence of all correspondence, both send and received. All should be scanned onto the system

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To: Audit and Governance Committee
Date: 15 September 2015
Report of: Head of Financial Services
Title of Report: Business Rates Collection and Retention

Summary and Recommendations

Purpose of report: To update members on Business Rates Collection and Retention and associated risks.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: Efficient and effective Council

Recommendation(s):

That the Committee: Note the report

Appendices

None

Background

1. At their meeting of June 29th 2015, Audit and Governance Committee requested further details about business rates and associated risks.
2. Until 31st March 2013, Business Rates were collected by Councils and paid over to Central Government in their entirety; there was no impact on collecting authorities and all risk was borne by Central Government. The Government redistributed Business Rates revenues on a formulaic basis as part of the Local Government Finance Settlement. From 1 April 2013 this changed.
3. A Council's funding from Business Rates is now directly dependant on the amount of Business Rates collected locally. Business Rates collected, after allowing for appeals and losses on collection are split 50/50 between

the Billing Authority (Oxford City Council) and Central Government. This split is known as the Local and Central Share respectively. The Billing Authority in turn, splits the local share between itself and the upper tier authority (Oxfordshire County Council) on a prescribed 80/20 basis. A tariff payment is paid, in the City Councils Case (in line with other billing authorities), increased in line with inflation each year, to Central Government. The remaining amount is then compared to the 'Baseline Funding Figure (for Oxford City this is £ 5.682 million for 2015/16) and a levy of 50% on any excess is payable to the Government, leaving the balance with the Billing Authority.

4. The calculation of this (based on the 2015/16 budget) is as follows: -

	£000s
A) Net Business Rates Yield (including section 31 grants ¹)	<u>86,466</u>
B) Central / Local Share: -	
Amount to be paid to Central Government (50%xA)	43,233
Local Share (50%xA)	43,233
C) Split between Lower and Upper tier Authorities	
Billing Authority (80% of Local Share) (80%xB)	34,586
County Council (20% of Local Share) (20%xB)	<u>8,647</u>
	<u>43,233</u>
Billing Authority Share (C)	34,586
D) Less Tariff	<u>27,480</u>
E) Amount after tariff (C-D)	7,106
F) Baseline	5,682
G) Additional Income above baseline (E-F)	1,424
H) Levy (50% payable to Central Government)	712
Total income retained by authority (E-H)	<u><u>6,394</u></u>

Business Rates Risks

5. Business Rates yield can vary due to appeals, losses on collection and business closures or start-ups. Risk is compounded where there is a predominance of a particular type of business in an area or where there are one or two very large business failures of which would have a significant impact on the total rateable value for the area. Hence the resulting amount of income derived from Retained Business Rates can

¹ Section 31 grants are paid by Government to local authorities to recompense local authorities for the costs incurred by them as a result of Government policy. In respect of Business Rates, these are paid to recompense Councils for the additional Business Rates reliefs announced by Government in budget statements.

also vary. This risk is now shared between central government, and local government. In the City Council's case the base risk is shared between the Government, the City and County Council broadly in the percentages 50% / 40% / 10% respectively.

6. The Government have set a "safety net" which applies if Business Rates income falls by more than 7.5% compared to the Baseline Funding Level. This limits a Billing Authority's exposure to risk and increases the Government's. In the City's case the maximum loss below the baseline is £426,116 for 2015/16.
7. However, if a Council budgets for income to be above the baseline and then falls into a safety net position, the loss will be the amount budgeted above the baseline PLUS the 7.5% explained above. For Oxford City the level of risk in the 2015/16 budget is approximately £1.138 million, (£712k plus 7.5% of £5.682 m).

Accounting for Business Rates

8. Normal accounting practice would mean that the Council would receive income in its General Fund for amounts due in the financial year in question. However, legislation was introduced to over-ride normal accounting practice. The result is that, Business Rates income operates in a similar way to Council Tax. To use the example of Council Tax, the amount the Council receives in its General Fund in any financial year is the amount included in the budget as its precept plus / minus the Council Tax Collection Fund surplus / deficit from the year preceding last financial year. For Business Rates, the position is broadly similar in that the income is based on the Council's first business rates return for the year (the NNDR1) and the surplus / deficit on the Business Rates Collection Fund from the year preceding the last financial year.
9. There is an exception to this which is that any levies due to the Government or safety net payments payable by the Government are accounted for in the year in which they become due.
10. The amounts charged to the Council's Income and Expenditure account have to agree with normal accounting practice. Hence the adjustments relating to the statutory over-ride are managed through the Movement in Reserves Statement to the Collection Fund Adjustment Account. This means that the amount recorded in the accounts for a particular year is the amount calculated from the first business rates return for that year (called the NNDR1) adjusted by any levies or payments of safety net due.
11. This has the perverse effect of meaning that if a Council falls into a safety net position in a particular year but hadn't expected to on its NNDR1, the Council will receive additional income in that year. Also if a Council has more growth than it was originally anticipating on its NNDR1, a levy will be payable on that additional growth which will be charged to the General Fund in that year meaning that the additional growth will lead to lower income received for that particular year.

The compensating adjustments are made to the General Fund in subsequent financial years. For this reason it is prudent to create an earmarked reserve to deal with these timing issues. This is the approach that has been taken in Oxford.

Business Rates Appeals in 2014/15 and their impact

12. The budget for 2014/15 was calculated in the same way as that for 2015/16 as follows: -

	£000s
A) Net Business Rates Yield (including section 31 grants)	<u>84,046</u>
B) Central / Local Share: -	
Amount to be paid to Central Government (50%xA)	42,023
Local Share (50%xA)	42,023
C) Split between Lower and Upper tier Authorities	
Billing Authority (80% of Local Share) (80%xB)	33,618
County Council (20% of Local Share) (20%xB)	<u>8,405</u>
	<u>42,023</u>
Billing Authority Share (C)	33,618
D) Less Tariff	<u>26,965</u>
E) Amount after tariff (C-D)	6,653
F) Baseline	5,575
G) Additional Income above baseline (E-F)	1,078
H) Levy (50% payable to Central Government)	539
	<u>6,114</u>
Total income retained by authority (E-H)	<u><u>6,114</u></u>

13. A deadline of 31st March 2015 was imposed for most backdated appeals by the Government; the draft statutory instrument was published on 27th February 2015 and became law on 28th March 2015. Consequently, the Council experienced a far higher level of appeals activity than anticipated. The value of appeals submitted by businesses at 31st March 2015 that are anticipated to be upheld is approximately £12.9 million. The Collection Funds provision for appeals was subsequently increased at year end by £12.8 million. This pushed the Council into a safety net position for 2014/15.
14. The Government will pay the Council the difference (£2.090 million) between the calculated amount and the safety net so that the Council receives an amount equal to the safety net figure.

15. For 2014/15 the Council received the amount calculated on the NNDR1 Form submitted to Government in January 2014, adjusted by any accrued safety net payments.
16. The National Non Domestic Rates (NNDR) Collection Fund balance for the year is the difference between the estimated amount of NNDR calculated on the NNDR1 form and the actual in year activity. This is distributed in the following financial year between the main preceptors in line with their precepts. There is a deficit on the NNDR Collection Fund for 2014/15 of £10.5 million due to the level of appeals. The City Council's share is £4.2 million. The Collection Fund deficit will be charged to the General Fund in 2016/17, after it has been included on the NNDR1 for that year.
17. The Council set aside an additional £2.7m in the Business Rates Reserve in 2014/15 (shown below) thereby bringing the balance to £3.328 million as at 31st March 2015.

	2014-15
	£000's
Amount Credited to the General Fund	8,843
Budget for 2014/15	(6,114)
Amount transferred to Earmarked Reserves	2,729

18. This will be used to offset the deficit in 2016/17. Looking at this in isolation, the net impact on the Council's General Fund Medium Term Financial Plan is therefore £0.874 million as shown below : -

	2016-17
	£000's
Share of Deficit for 2014/15	4,202
Earmarked Reserves b/f	3,328
Loss incurred in 2016/17	874

This will be factored into the refresh of the Council's Medium Term Financial Planning process.

Budgeting Uncertainties

19. As indicated above there is a high level of uncertainty around budgeting for business rates income and for forecasting a year end position. This is down to three key factors:

Appeals

20. The level of appeals submitted in a given financial year is impossible to accurately predict. Appeals can affect just the current financial year or be backdated into previous financial years, leading to a cumulative impact in the year the appeal is settled. .

Business closure or start-up

21. New rateable premises can be predicted to an extent using planning information and monitoring new development, although precise timing is uncertain and rateable values are still reliant on the judgement of the local Valuation Office. Business closures are almost entirely unpredictable in the medium term and even in the short term could only be predicted with detailed and time-consuming market analysis which is beyond the capacity of Council's Revenues Team.

Changes to rateable values

22. There are a number of reasons why rateable values can be changed, most of which are unpredictable and subject to the rulings of the local Valuation Office and national assessments. An example would be :
- A general reduction in rateable values applied by the local valuation office to City Centre businesses due to the closure of the Westgate Centre
 - A national ruling around doctor's surgeries to award business rates reductions

Potential Business Rates loss from 2015/16

23. There is an on-going pressure in 2015/16 arising from the appeals in 2014/15 which is currently estimated at £0.230 million. Again, this will not be charged to the General Fund until after it is included in the NNDR1 return for 2016/17.
24. Appeals calculations included in the 2014/15 accounts are estimates based on information provided by the Valuation Office at the year end and subsequently assessed by a specialist company (Analyse Local) to determine the probability of success. The Council reviewed the list to identify whether any of the appeals were on premises in receipt of discounts (for instance charitable relief) and adjusted the impact accordingly. Regardless, given the volume of appeals received it is inevitable the actual impact will vary from the estimate.
25. There is also the potential for new appeals to be reported in 2015/16 which would also have an impact on the Council's Business Rates income over and above the £0.230 million already predicted.

Climate Change / Environmental Impact

26. There are no issues arising directly from this report

Equalities impact

27. There are no equalities impacts arising directly from this report

Financial Implications

28. All financial implications are covered in the body of this report.

Legal Implications

29. There are no legal implications directly relevant to this report.

Name and contact details of author:-

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List of background papers: None.

Version number:

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To: Audit and Governance Committee
Date: 15 September 2015
Report of: Head of Financial Services
Title of Report: Risk Management Quarterly Reporting: Quarter 1 2015/16

Summary and Recommendations

Purpose of report: To update the Committee on both corporate and service risks as at the end of Quarter 1, 30th June 2015.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: Efficient and effective Council

Recommendation(s): That the Committee note the contents of this report, in particular the new Corporate Risk around the Medium Term Financial Plan and the impact of the temporary moratorium on the Capital Programme as set out in paragraph 8.

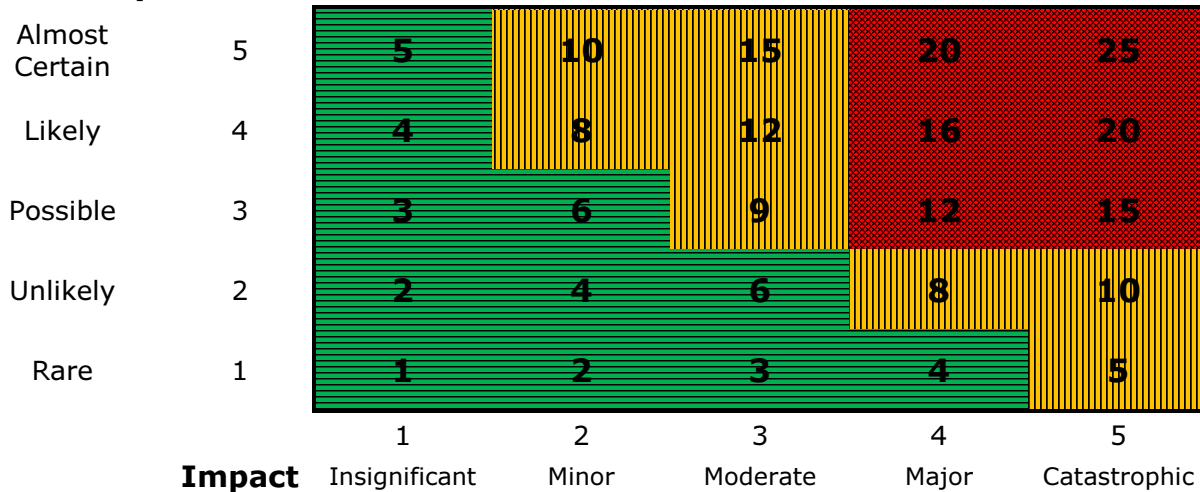
Appendices:

Appendix A Corporate Risk Register

Risk Scoring Matrix

1. The Council operates a 'five by five' scoring matrix. The methodology for scoring risks is set out below along with a copy of the scoring matrix or 'heat map'.
2. It is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower rating on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.

Probability



Key:



Risk Identification

3. **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 at Director level.
4. **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 whether they should be considered for inclusion in the Corporate Risk Register.
5. **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. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

Quarter 1 Corporate Risk Register

6. The Corporate Risk Register (Appendix A) shows that there were no red risks as at Quarter 1 and the number of red risks have remained at zero throughout 2014/15 and into 2015/16. The table below shows the movement of risks over the last 15 months.

Current Risk	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16
Red	0	0	0	0	0
Amber	5	5	6	5	4
Green	6	6	5	6	2
Total risks	11	11	11	11	6

7. There has been a full desktop review of all of the corporate risks undertaken by Directors and Heads of Service which has resulted in the number of risks reducing from 11 to 6.
8. Although there were no red Corporate Risks identified within Quarter 1, following the Chancellor's Budget Statement in July 2015 there is a new red risk which will appear on the risk register for Quarter 2.
9. The Chancellor's July Budget Statement included a number of proposals which have significant ramifications for the Council's Medium Term Financial Plan, and in particular the Housing Revenue Account, which under current proposals is projected to have to find savings of around £36 million over the next 4 years. Changes to the HRA Business Plan to mitigate the pressures will be reviewed through the autumn as part of the annual budget setting process.
10. In the short term, to help mitigate the pressure and enable all options to be considered a temporary moratorium has been imposed on all non-essential or invest to save capital works over £100k that are not already contractually committed. This will inevitably lead to slippage on some schemes and the reappraisal of others

Quarter 1 Service Risk Register

11. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added. In quarter 1 of 2015/16, the management of Council services was restructured and risks have been moved between services areas as appropriate. These refreshed Service Risk Registers will be used for monitoring purposes for the remainder of the year.
12. The table below shows the number of service risks in Q1 2015/16 compared with the last 15 months. Four risks have been closed since the last quarter and there is one new red risk.

Current Risk	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16
Red	3	0	0	0	1
Amber	36	41	38	39	32
Green	42	36	39	35	38
Total risks	81	77	77	74	71
New risks in quarter	0	0	0		1
Closed	3	4	0	3	4

13. There was one red risk at the end of June '15 as follows: -
 - Direct Services - relating to the delay and the issues that have been caused with the recent Servitor upgrade and the introduction of handheld devices.

Service Area Risk Summary

14. The table below shows the how the service area risks have been scored in accordance to the risk matrix.

Current Impact	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Current Probability					
Almost Certain (5)					
Likely (4)		4	3		
Possible (3)		5	18	1	
Unlikely (2)	1	14	14	7	
Rare (1)	3	1			

Climate Change / Environmental Impact

15. There are no issues arising directly from this report

Equalities impact

16. There are no equalities impacts arising directly from this report

Financial Implications

17. The Robust management of risk should assist in mitigating the financial impact to the Council should the event occur.

Legal Implications

18. There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of corporate governance.

Name and contact details of author:-

Name: Bill Lewis
 Job title: Financial Accounting Manager
 Service Area / Department: Financial Services
 Tel: 01865 252607 e-mail: blewis@oxford.gov.uk

List of background papers: None.

Version number:

Formal Risk Summary

(Oxford)

As at: Jun-2015

Ref	Title	Risk			Date Raised	Owner	Gross		Current		Residual		Comments	Controls					
		Risk description	Opp/ threat	Cause			Consequence	I	P	I	P	I		P	Control description	Due date	Status	Progress	Action Owner
CRR-001-15/16	ICT	Resilience of ICT function - managing projects and improvements alongside business as usual	T	Numerous projects running concurrently across the Council all needing ICT support; limited resources with the correct level of skill, and some vacant posts within ICT	Inability to provide good quality and consistent service	1-Apr-2015	Helen Bishop	4	4	3	3	3	2		Agree new ICT strategy including principles for ICT projects and investment	1-Jun-2015	In Progress	100%	Paul Fleming
															Managing business as usual and developments as a single programme	31-Mar-2016	In Progress	60%	Helen Bishop
															Objective to embed ITIL processes	31-Mar-2016	In Progress	10%	Paul Fleming
															Objective to multi-skill	1-Dec-2015	In Progress	25%	Paul Fleming
															Procurement of ICT strategic partner will improve stability of service	31-Mar-2016	In Progress	60%	Helen Bishop
															Procurement of new ICT helpdesk, with potential for customers to self-service will ensure more efficient management of business as	31-Mar-2016	In Progress	10%	Paul Fleming
															Restructure will ensure resources aligned to requirements and that key posts are filled in ICT	1-Sep-2015	In Progress	40%	Helen Bishop
CRR-002-15/16	Budget and Income	Medium Term Financial Plan savings not delivered and pressures not anticipated or accurately recorded. Inability to accurately and timeline collect income	T	Ongoing Central Government cuts and current savings targets not being consistently met	Inability to produce a balanced budget, or further savings needing to be made in the future	1-Apr-2015	Nigel Kennedy	4	2	2	4	2	4		Annual review of the Medium Term Financial plan to confirm savings are deliverable and pressures recorded	1-Sep-2015	In Progress	20%	Nigel Kennedy
															Ensure action plans in place for delivery of savings	1-Sep-2015	In Progress	20%	Nigel Kennedy
															Ensure key stakeholders are kept upto date on progress of plan and monitoring	1-Sep-2015	In Progress	20%	Nigel Kennedy
															Produce accurate, timely monitoring reports	1-Sep-2015	In Progress	20%	Nigel Kennedy
CRR-004-15/16	Partnership Risk	Financial reduction in funding and impact on our partners	T	Reduction of the availability of funding for our partners to maintain their level of activity	reduced work with key partners to provide the Councils services	1-Apr-2015	David Edwards	3	5	3	5	2	4		Working with partners to mitigate impacts, seeking alternative capital funding through Government LGF support	31-Mar-2016	In Progress	30%	David Edwards

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Formal Risk Summary

(Oxford)

As at: Jun-2015

Ref	Title	Risk description	Risk			Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat	Cause	Consequence			I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-005-15/16	Recruitment and Retention	The risk of losing good quality staff and the inability to recruit into key posts with good quality staff	T	The inability to attract high calibre staff into key vacancies across the Council.	Key posts are left vacant or filled with temporary resources	1-Apr-2015	Simon Howick	3	4	3	3	2	2	Discussion paper written and under consideration which addresses issues related to key posts. Residual impact yet to be determined re this. Recruitment action plan being delivered	Agree retention measures & implement them	30-Sep-2015	In Progress	20%	Simon Howick
															Deliver recruitment action plan which aims to widen and diversify the pool of potential applicants and increase the chances of appointing the best candidate	3-Jul-2018	In Progress	25%	Simon Howick
															Identify key posts and agree action to recruit / retain appropriate to the market, including looking at different	30-Jun-2016	In Progress	20%	Simon Howick
CRR-003-15/16	Partnership Risk	Ability to engage with Partners	T	Difficulty in managing the relationships with key partners across the organisation to ensure smooth delivery of all Council services	Council services suffer due to a breakdown in the partnership	1-Apr-2015	Tim Sadler	2	3	2	2	1	2		Careful selection and management of key service delivery partners	31-Mar-2016	In Progress	80%	Tim Sadler
															Clarify position re: leases and funding for community	30-Jun-2015	In Progress	70%	Ian Brooke
															On going dialogue with key statutory partners	31-Mar-2016	In Progress	80%	Tim Sadler
CRR-006-15/16	Environmental	The impact of adverse environmental episodes on service delivery and the subsequent	T	Increase risk of flooding and other adverse weather conditions	Affecting service delivery, increased cost, resource shortfall	1-Apr-2015	Tim Sadler	1	1	2	3	2	1		Maintain early warning, training and cover arrangements	30-Mar-2016	In Progress	95%	Graham Bourton
															Support progress of Oxford Flood Alleviation Channel	31-Mar-2020	Not Started	40%	Tim Sadler

Current Risk Score

This is the risk score at the time that the risk is reviewed. When the risk is first identified it will be the same as the gross risk score. The current risk score is tracked to ensure that progress is being made to manage the risk and reduce the Council's exposure.

Residual Risk Score

This is the risk score after mitigating actions have taken place. The residual risk score shows how effective your action plans are at managing the risk.

To: Audit & Governance Committee

Date: 15 September 2015

Report of: Head of Financial Services

Title of Report: Investigation Team Performance and Activity Briefing

Summary and Recommendations

Purpose of report:

1. To appraise Members of the activity and performance of the Corporate Investigation Team for the period 1 April 2015 to 31st July 2015

Key decision No

Executive lead member: Councillor Ed Turner

Policy Framework: Corporate Plan Priority – Efficient & Effective Council

Recommendation(s): That the report be noted

Appendices

Appendix 1- Customer Satisfaction Survey

Background

1. Following the introduction of the Single Fraud Investigation Service SFIS, the remit of the Investigation Team has moved away from tackling Housing Benefit fraud to a corporate orientated approach aligned to our services' fraud risks and the priorities identified by the Audit Commission.

The aims and objectives of the team are to provide high quality professional corporate fraud investigation services to the Council to prevent and detect fraud and error within the Council and partner organisations, and to assist cross border agencies where possible.

Performance

2. There are three Service Performance Indicators which are used to track performance on a monthly basis. Performance against these targets is shown in the table below.

Table 1 - Investigations Team Performance from April 2015 to July 2015			
Measure	Annual Target	Total to date	Comment
Number of properties returned to housing stock	20	11	55% of the target achieved as at the end of July. Annual target is likely to be achieved by end of 2015
Income raised and payments prevented from non welfare benefit fraud	£200,000	£1,641,313 through £482,806 Income Recovered & £1,158,507 losses prevented	821% of annual target achieved. See Table 2 for breakdown
Users Satisfied with Investigation Service	95%	100%	*100% satisfaction feedback. (see explanatory note below)

*By the very nature of the activity of the team, customers are rarely likely to be satisfied about the outcome of an investigation, or that an investigation was even conducted. Customer satisfaction is measured through surveys that are issued to customers after an Interview Under Caution is conducted.

The survey pro-forma is attached at Appendix 1. If the form feedback contains 80% or more "Agree" or "Strongly Agree" answers, the customer is deemed satisfied.

From the 14 responses received of the 19 issued in the period, 100% of the questionnaires were at least 80% satisfied with the service.

3. Table 2 below provides an analysis of the income recovered and loss avoided by the Team.

Table 2 – Breakdown of Income & Savings achieved 1 April to 31 July 2015			
	Income	Loss	
	Recovered	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	46,378	13,607	Achieved through investigation of benefit claims, 19 of which were closed in the period The loss avoided is based on a standard 32 week entitlement which is the average number of weeks a claim may have continued without intervention
Right to Buy		856,900	11 Right To Buy applications withdrawn following intervention / investigation. 11 x £77,900 (maximum discount)
Council Tax Discount / Exemption adjustments	11,916		Investigation has determined that a discount or exemption entitlement is inaccurate in 11 cases.
Non Domestic Rates	379,816		7 accounts where investigation work has resulted in the discovery of unregistered business premises and the identification of reductions where no entitlement exists
Properties Recovered		198,000	The cost of keeping a family in temporary accommodation for one year as determined by the Audit Commission - £18,000 per property for each of the 11 social properties recovered
Housing Application		90,000	5 General Register Housing Applications stopped through investigation activity preventing temporary accommodation costs or property allocation - £18,000 per instance
Compensation from Proceeds of Crime Investigations	44,696		From capital identified during the course of a criminal investigation, bank accounts frozen and funds confiscated after successful prosecution
Totals	482,806	1,158,507	1,641,313

4. Activity from 1 April to 31 July 2015 included:
- a. 2 cautions administered in respect of Council Tax Reduction Scheme offences
 - b. 6 successful prosecutions relating to Housing Benefit and Council Tax Reduction Scheme cases. Press releases prepared and issued for all prosecutions. Sentences administered:
 - i. 3 cases with 12 month community orders
 - ii. 1 case with a 2 year custodial sentence
 - iii. 1 case with a 1 year custodial sentence
 - iv. 1 case with 26 weeks custodial sentence
 - c. In April, recommendations for improvements were made in the Housing Application process where a potential vulnerability was identified.
 - d. In May, Procurement revised the new creditor set-up process and the Investigation team devised a secure approach for ensuring information provided by suppliers is accurate.
 - e. The team appeared on “Council House Crackdown” in July, a 5 part BBC television documentary detailing the work of Housing Investigators around the country. It was felt that the programme was positive and helped to further raise the profile and awareness of tenancy fraud issues.

Department for Communities and Local Government Grant (DCLG) Funding / Fraud Hub

5. The development of hub working arrangements are now firmly underway. A number of key actions have occurred which are connected to the aims and objectives of the funding award.
- Fixed Term part-time Legal Officer appointed within Legal Services
 - 18 month fixed term Intelligence Officer recruited within the Investigation Team
 - Training delivered to enhance the generic skill sets of the Investigation Team and refresh criminal interviewing skills.
 - Business Agreement developed and issued to South Oxfordshire District Council and Vale of White Horse District Council for provision of corporate investigation services.
 - Meetings with Oxfordshire County Council held to agree service standards for the provision of investigation services. Business Agreement and Data Sharing Protocols developed and issued to Oxfordshire County Council. Expected to commence work late September 2015.
 - New Case Management system installed and now live. Administrator and User training delivered to staff by supplier. Transfer of cases from old to new case management system underway.

- Recruitment of an 18 month fixed term Senior Investigation Officer / Project Manager now approved, anticipated start date November 2015.
- A number of data sets have been extracted from City Council systems in preparation for data matching with the Data Warehouse software.

Fraud and Error Reduction Incentive Scheme (FERIS)

6. The Council were successful in bidding to the Department for Work and Pensions for funds connected to start-up activity in relation to the FERIS scheme, and received £14,190. Specifically, this relates to engaging the services of a visiting officer and a benefit processing resource to review Housing Benefit claims. In June, a further application was submitted for maintenance funding, (to maintain the start-up activities previously bid for) which was also successful, and a further £19,752 was awarded
7. The aim of the FERIS scheme is to reduce the overall level of Housing Benefit spend by identifying errors and unreported changes in customer circumstances.
8. A recruitment campaign for a 12 month fixed term Visiting Officer post has concluded and shortlisting about to commence.
9. South and Vale District Councils were also successful with their FERIS funding applications. Oxford City Council Investigation Team will be managing and delivering the FERIS visiting activity on behalf of South and Vale District Councils. A Business Agreement to cover this chargeable activity has been developed, issued and signed by the necessary parties to commence this work.

Legal Implications

10. The continuing work of the Investigation Team, coupled with the Council's Avoiding Bribery, Fraud and Corruption, Whistle Blowing and Money Laundering policies and procedures give assurance that the Authority is compliant with 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.
11. All data sharing both internally and externally is covered by Data Sharing Protocols and is conducted in the interests of prevention and detection of fraud, crime and other financial irregularity, as per the provisions of section 29 of the Data Protection Act 1998.
12. Business Agreements devised for joint working with other organisations have been reviewed and approved by Legal Services.

Financial Implications

13. The budgeted net cost of the team excluding income from the Housing Revenue Account is £220,370 for 2015/16 and the team are charged with identifying error and loss to recover these costs as an indication of value for money. The Team were able to achieve this objective in the first month of the financial year.

Risk Implications

14. The risk of fraud both from within the Council's business and impacting on the Council's business may be significant. The maintaining of a fraud investigation resource acts as a deterrent to fraudulent activity and the saving; both cashable and non-cashable has already more than offset the cost of running the Investigating Team.

Environmental Impact

15. The majority of visits undertaken by staff in the Team are done using the Council pool vehicles. All staff are conscious of the environmental implications of service delivery and will always seek the lowest impact route where possible.

Name and contact details of author:-

Scott Warner

Investigations Manager

Financial Services / Corporate Investigation Team

Tel: 01865 252158 e-mail: swarner2@oxford.gov.uk

Financial Services

www.oxford.gov.uk



Please spend a few minutes to help us improve by completing this survey.

You have recently been interviewed by the Investigation Team. We are interested in hearing your views about your experience. Any comments made will help us improve the service we provide to our customers.

Your personal information is protected under the Data Protection Act 1998.

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How would you prefer the Council to contact you?	<input type="checkbox"/> Email	<input type="checkbox"/> Phone	<input type="checkbox"/> Letter	<input type="checkbox"/> In Person	<input type="checkbox"/> Text	<input type="checkbox"/> None
<i>Please supply email address, mobile and/or landline numbers here to ensure we have the correct information</i>						
Are you aware of the Council's mobile app?	<input type="checkbox"/> Yes	<input type="checkbox"/> No				

PLEASE TELL US HOW MUCH YOU AGREE OR DISAGREE WITH THE STATEMENTS BY TICKING ONE BOX IN EACH ROW (unless options are given)

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neither Agree Nor Disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>It doesn't apply/ Don't know</i>
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Appointment Arrangements

The appointment letter gave me enough notice of the interview.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Comments

The details in the appointment letter were easy to understand.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Comments

The information sheet attached to the letter fully explained the interview procedure.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Comments

I was interviewed at the appointed time.

<input type="checkbox"/>	<input type="checkbox"/>
Yes	No

The length of time I had to wait after my appointed time

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
0-5 mins	6-10	11-20	Over 20

Strongly Agree *Agree* *Neither Agree Nor Disagree* *Disagree* *Strongly Disagree* *It doesn't apply/ Don't know*

The Interview

The Interview Room was appropriate for the type of interview.

Comments

The Interview Room offered enough privacy.

Comments

The Officers introduced themselves.

Comments

The procedure was explained fully.

Comments

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neither Agree Nor Disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>	<i>It doesn't apply/ Don't know</i>
I understood the procedure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Comments</i>	<input type="text"/>					
The Officers explained what would happen after the interview.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Comments</i>	<input type="text"/>					
I was dealt with respectfully and courteously at all times.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Comments</i>	<input type="text"/>					

Any additional Comments?

**Please return this form immediately in the freepost envelope provided to:
Investigation Team, Oxford City Council**

For Office Use Only:

Interviewing Officer _____ *Date* / /

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE

Monday 29 June 2015

www.oxford.gov.uk



COUNCILLORS PRESENT: Councillors Fry, Fooks, Coulter, Darke and Munkonge.

OFFICERS PRESENT: Nigel Kennedy (Head of Financial Services), Jeremy Thomas (Head of Law and Governance), Jennifer Thompson (Law and Governance), Scott Warner (Investigations Manager), Niko Grigoropoulos (City Development), Martin Shaw (Housing and Property) and Jackie Yates (Executive Director Organisational Development and Corporate Services)

65. ELECTION OF CHAIR FOR THE COUNCIL YEAR 2015/16

The Committee elected Councillor James Fry as Chair for the Council year 2015/16.

66. ELECTION OF VICE-CHAIR FOR THE COUNCIL YEAR 2015/16

The Committee elected Councillor Jean Fooks as Vice-Chair for the Council year 2015/16.

67. APOLOGIES FOR ABSENCE

Councillor Paule submitted apologies.
Alan Witty, Ernst & Young, sent apologies on behalf of the external audit team.

68. DECLARATIONS OF INTEREST

None.

69. STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2015

The Committee considered the report of the Head of Financial Services setting out the Council's Statement of Accounts for the year ending 31 March 2015.

Nigel Kennedy circulated a paper setting out the calculation of business rates income to the council and explained the risks to the medium term financial strategy from the unpredictability of appeals costs; a proposed reassessment of

the rates in 2017; potential change to assessment for national companies in 2016; and the changes as a result of large developments. He highlighted other key points for the committee. He thanked the accounts team for their work in preparing the statement of accounts.

The Committee agreed to note the contents of the Statement of Accounts certified by the Head of Financial Services (Section 151 Officer) prior to their submission to the external auditors.

The Chair certified the Statement of Accounts at the meeting.

70. ANNUAL GOVERNANCE STATEMENT 2014/2015

The Committee considered the report of the Head of Law and Governance setting out the 2014/15 Annual Governance Statement.

Jeremy Thomas introduced the Statement. Councillors were assured regular updates to contacts for areas of responsibility would be provided under agreed new service standards. Councillors asked if the statement could show all internal and external assessments to give a coherent view of the Council's performance over the year.

The Committee agreed to approve the 2014/15 Annual Governance Statement; and asked for the 2015/16 statement to contain an appendix listing accreditations, awards, and performance assessments.

71. AUDIT FOR YEAR ENDING 31 MARCH 2015 - PROGRESS REPORT

The Committee considered the report of the external auditors, Ernst and Young, providing an overview of the timetable proposed for the 2014/15 audit.

The Committee agreed to note the report.

72. INTERNAL AUDIT ANNUAL REPORT 2014/15

The Committee considered the report of the internal auditor, PricewaterhouseCoopers (PwC) outlining the internal audit work carried out for the year ending 31 March 2015.

Richard Bacon and Kate Mulhearn introduced the report and, with officers, answered questions. They explained the derivation of the final opinion and noted that a rating of 'improvement required' was a reflection of generally good performance across the council.

The Committee noted the report.

73. INTERNAL AUDIT PROGRESS MONITORING REPORT JUNE 2015

The Committee considered the report of the internal auditor, PwC, providing a progress update on the agreed 2014/15 internal audit plan

Kate Mulhearn introduced the report and answered questions. PwC had completed several reports showing only low risks, were completing others, and had started on the 2015/16 audit plan. A report on the capital gateway process would be presented to the September meeting.

The Committee noted the report.

74. PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Committee considered the report of the Head of Financial Services setting out progress on the implementation of internal and external audit recommendations, including recommendations from three recent medium term reports.

Nigel Kennedy, Niko Grigoropoulos, and Martin Shaw answered questions about progress against the recommendations as follows:

Planning

Processes were in place to enable national and local performance targets to be met despite increased workloads and staff shortages. Electronic case files were now up to date. All hard copy documents were scanned to the application files before the decision was issued. New procedures for banking cheques ensured that this was not reliant on one staff member. Councillors noted concerns over potential recruitment and retention of senior planners.

Major projects management

Officers across the council were being trained in the new programme management system.

Councillors noted that the increase in the cost of the tower blocks refurbishment was, as with Rosehill community centre, largely because additional works were included after public consultation. They noted that the new process should produce better control of costs and feasibility as each stage.

They commented that these consultations should set out the options and costs clearly for residents.

The Committee noted the comments and answers above, and progress against the recommendations listed in Appendix A of the report.

75. RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 4 2014/2015

The Committee considered the report of the Head of Financial Services reporting corporate and service risks as at the end of Quarter 4, 31 March 2105.

The Committee noted the report and asked for confirmation of the nature of the service area risk rated 'catastrophic/unlikely'.

76. INVESTIGATION TEAM'S PERFORMANCE AND ACTIVITY BRIEFING

The Committee considered the report of the Head of Financial Services reporting the activity and performance of the Corporate Investigation Team for the period 1 April 2015 to 30 May 2015.

Scott Warner, the Investigations Manager, introduced the report. He said that implementation of the case management system was delayed by a month. Finding unregistered business premises was the result of officers checking the status of properties registered as empty and the business rates recovered were apportioned according to the normal formula. The income generated was the result of a few high value cases and not likely to be repeated. There were a high number of cases of social housing fraud under investigation and legal action was progressing in some cases.

Councillors commented that there may be value in working with those investigating 'beds in sheds'.

The Committee noted the report and recorded their praise for the work of the team.

77. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Committee noted the briefing paper.

78. MINUTES OF THE PREVIOUS MEETING

The Committee agreed to approve the minutes of the meeting held on 23 April 2015 as a true and accurate record.

79. DATES AND TIMES OF MEETINGS

The Committee noted the next meeting would be on 15 September 2015.

The meeting started at 6.00 pm and ended at 7.50 pm