

# Agenda

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## Audit and Governance Committee

Date: **Wednesday 14 December 2016**

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Time: **6.00 pm**

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Place: **St Aldate's Room, Town Hall**

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For any further information please contact:

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# Audit and Governance Committee

## Membership

<b>Chair</b>	Councillor James Fry
<b>Vice-Chair</b>	Councillor Chewe Munkonge
	Councillor Van Coulter
	Councillor Jean Fooks
	Councillor Michele Paule
	Councillor David Thomas
	Councillor Marie Tidball

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

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# AGENDA

		Pages										
1	<b>TRAINING SESSION FOR MEMBERS OF THE AUDIT &amp; GOVERNANCE COMMITTEE</b>  Members of the Audit & Governance Committee are reminded that there will be a private training session immediately before the Committee meeting – starting at 4pm.											
2	<b>APOLOGIES FOR ABSENCE</b>											
3	<b>DECLARATIONS OF INTEREST</b>											
4	<b>MINUTES OF THE PREVIOUS MEETING</b>  Minutes of the meeting held on 28 September 2016.	9 - 14										
5	<b>REVIEW OF THE ICT SERVICE TRANSITION PROJECT IN APRIL 2016</b>  <b>Report of:</b> Head of Business Improvement  <b>Purpose:</b> To update members on progress with the ICT Improvement Plan  <b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report.	15 - 20										
6	<b>SETTING OF THE COUNCIL TAX BASE 2017/18</b>  <b>Report of:</b> Head of Financial Services  <b>Purpose:</b> To set the “Council Tax Base” for 2017/18 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations  <b>Recommendation:</b> The Audit and Governance Committee are recommended to agree: a) that the 2017/18 Council Tax Base for the City Council’s area as a whole is set at 44,623.4 (as shown in Appendix 1) b) that the projected level of collection is set at 98% c) that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows:  <table><tr><td>Unparished Area of the City</td><td>37,300.3</td></tr><tr><td>Littlemore Parish</td><td>1,754.0</td></tr><tr><td>Old Marston Parish</td><td>1,269.1</td></tr><tr><td>Risinghurst &amp; Sandhills Parish</td><td>1,444.1</td></tr><tr><td>Blackbird Leys Parish</td><td>2,855.9</td></tr></table>	Unparished Area of the City	37,300.3	Littlemore Parish	1,754.0	Old Marston Parish	1,269.1	Risinghurst & Sandhills Parish	1,444.1	Blackbird Leys Parish	2,855.9	21 - 40
Unparished Area of the City	37,300.3											
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Risinghurst & Sandhills Parish	1,444.1											
Blackbird Leys Parish	2,855.9											

7	<b>INTERNAL AUDIT: PROGRESS REPORT TO DECEMBER 2016</b> <b>Report of:</b> the internal auditor: BDO  <b>Purpose:</b> to inform the Committee of progress made against the 2016/17 internal audit plan.  <b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report.	41 - 54
8	<b>INTERNAL AUDIT: FOLLOW UP OF RECOMMENDATIONS TO DECEMBER 2016</b> <b>Report of:</b> the internal auditor: BDO  <b>Purpose:</b> to inform the Committee of progress on those recommendations raised by Internal Audit which are due for implementation.  <b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report.	55 - 68
9	<b>INTERNAL AUDIT: AUDIT REPORTS TO COMMITTEE DECEMBER 2016</b> <b>Report(s) of:</b> the internal auditor: BDO  <b>Purpose:</b> to inform the Committee of the reports and recommendations from audits identifying medium-level risks.  <b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report(s).	
a	<b>ACCOUNTS RECEIVABLE</b>  Report attached.	69 - 92
b	<b>PAYROLL</b>  Report to follow.	
10	<b>ANNUAL AUDIT LETTER FOR YEAR ENDED MARCH 2016</b> The Annual Audit letter presented by the Council's external auditors Ernst & Young.  <b>Purpose:</b>	93 - 118

To set out the key issues arising from the work of the external auditors.

**Recommendation:**

The Committee is asked to note the Annual Audit letter.

<b>11</b>	<b>EXTERNAL AUDIT - PROGRESS REPORT</b>	<b>119 - 126</b>
	<b>Report of:</b> the External Auditor: Ernst & Young	
	<b>Purpose:</b> to inform the Committee of progress of the work of the external auditors.	
	<b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report.	
<b>12</b>	<b>RISK MANAGEMENT REPORT: QUARTER 2 2016/17</b>	<b>127 - 134</b>
	<b>Report of:</b> Head of Financial Services	
	<b>Purpose of report:</b> To update the Committee on both corporate and service risks as at the end of Quarter 2, 30 September 2016.	
	<b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report.	
<b>13</b>	<b>OFFICER EXECUTIVE DECISIONS: QUARTERLY TO DECEMBER 2016</b>	<b>135 - 138</b>
	<b>Report of:</b> interim Head of Law and Governance	
	<b>Purpose:</b> to inform the Committee of the Officer Executive Decisions taken in this municipal year.	
	<b>Recommendation:</b> That the Audit & Governance Committee considers and notes the report.	
<b>14</b>	<b>IRRV PERFORMANCE AWARDS 2016 - EXCELLENCE IN CORPORATE FRAUD</b>	<b>139 - 140</b>
	Briefing note on the success of the Oxford City Council Investigations Team as winners of the Excellence in Corporate Fraud award – 2016.	
<b>15</b>	<b>DATES AND TIMES OF MEETINGS</b>	
	The Committee will meet at 6.00pm in the Town Hall on 1 March 2017.	

## **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.

- a)
- b)

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## MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE

**Wednesday 28 September 2016**

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**COUNCILLORS PRESENT:** Councillors Fry (Chair), Munkonge (Vice-Chair), Fooks, Azad, Price, Upton and Brandt.

**OFFICERS PRESENT:** Jackie Yates (Executive Director Organisational Development and Corporate Services), Nigel Kennedy (Head of Financial Services), Paul Fleming (Chief Technology & Information Manager), Jan Heath (Business Improvement & Performance Manager), Scott Warner (Investigation Manager) and Catherine Phythian (Committee Services Officer)

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

The following apologies for absence were received:

Councillor Coulter (substitute Cllr Price)  
Councillor Paule (substitute Cllr Azad)  
Councillor Tidball (substitute Cllr Upton)  
Councillor Thomas (substitute Cllr Brandt)

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

There were no declarations of interest.

Cllr Price and Cllr Upton arrived at the end of this item.

### **21. INVESTIGATION TEAM PERFORMANCE UPDATE 2016/17**

*The Chair took this item first.*

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 to 31 July 2016.

The Investigations Manager introduced the report and highlighted the continuing success of the team in meeting, or exceeding, its performance targets. In particular he commented on the success of the Fraud Prevention Open Day which had taken place earlier that day and which had been very well attended. He said that he was optimistic that there would be external work for the team as

a result of some of the business leads identified. Members of the Committee who had attended the Open Day paid complement to the success of the event.

The Committee thanked the Investigations Manager for the report and congratulated him and his team on being selected as a finalist for the Institute of Revenues, Ratings and Valuations (IRRV) performance awards.

The Committee agreed that in future the Corporate Investigation Team should submit a report twice a year, to cover performance for the half and full year. They suggested that the fraud data should in future be included in the CEB performance reports and should show the net financial benefits.

*The Committee resolved to exclude the press and public from the meeting during consideration of the item in the exempt from publication part of the agenda in accordance with the provisions in Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972 and that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.*

The Investigations Manager answered the Committee's questions on the individual cases listed in the confidential appendix.

The Committee noted the report and the confidential appendix.

*The meeting then resumed in public session.*

## **22. REVIEW OF THE ICT SERVICE TRANSITION PROJECT IN APRIL 2016**

*The Chair took this item next.*

The Chief Technology and Information Manager and the Business Development & Support Manager presented the report detailing the lessons learnt from the ICT transition to the new service provider, SCC, on expiration of the contract with Oxfordshire County Council.

In discussion the Committee noted the following points:

- Dialogue with Oxfordshire County Council and National Computing Council about future options for the ICT service structure and delivery began in April 2014 and informed the contract tender process
- Detailed planning for the transition began with SCC in the summer of 2015
- All bidders had indicated that a 6 – 9 month timescale was reasonable for a transition of this size

- SCC maintain a discrete client environment which means that the OCC assets/servers/applications are quite clearly distinguishable and readily extracted – this had not been the case with the County Council where the City Council assets had become closely meshed and integrated with those of the County Council
- There has been no new capital expenditure on equipment as a result of the transition as the SCC service is on a “pay as you go basis”
- A detailed ICT Service Improvement Plan was in place and subject to regular review
- Officers were confident that the SCC contract offered greater flexibility and control for the Council

In response to questions the Head of Financial Services advised that there was an £150k per annum saving arising from the project and a one off implementation cost of around £900k. Both costs and income are accounted for immediately in the Councils accounts.

The Committee noted the report and requested that a further progress report should be submitted to the meetings on 14 December 2016 and again on 1 March 2017.

The Chair observed that the Chief Technology and Information Manager was leaving the Council and on behalf of the Committee wished him well in his future endeavours.

## **23. INTERNAL AUDIT REPORT - ICT SERVICE DESK**

*The Chair took this item next.*

The Committee considered the report from the Council’s internal auditor, BDO, detailing the findings and recommendations of the audit review of the ICT Service Desk undertaken in August 2016.

Gurpreet Dulay, BDO, presented the report. He said that given that it was only a short time since the service desk was brought in house following the ICT transition it was not surprising that the assessment was at level 1 (Ad hoc – processes and activities are ad hoc or undefined). He said that in view of the management response to the review findings BDO expected the Council to meet the target level 3 assessment in early 2017.

In response to questions the Business Development and Support Manager assured the Committee that the ICT Improvement Plan contained priority targets to ensure that the target assessment level 3 would be achievable by the end of March 2017. The Executive Director for Organisational Development and Customer Services said that the Improvement Plan had been developed in discussion with the ICT team members and was subject to regular monitoring.

The Committee noted the report.

## **24. EXTERNAL AUDIT - ANNUAL AUDIT RESULTS 2015-16**

The Committee considered the report of the Council's external auditors, Ernst & Young, which presented the conclusions of the 2015/16 Annual Audit.

Paul King, Ernst & Young, introduced the report and thanked the Head of Financial Services and his team for their help and support. He confirmed that the outstanding actions in relation to the Pension Liability Valuation and the Whole of Government Accounts had been completed. He drew the Committee's attention to the corrected audit differences as detailed in Appendix A and advised that these were not material considerations.

The Committee noted the report.

## **25. STATEMENT OF ACCOUNTS FOR 2015/16**

The Committee considered the report of the Head of Financial Services setting out the Council's final audited Statement of Accounts for the year ending 31 March 2016 and the Council's letter of representation to the external auditors.

The Head of Financial Services presented the report. He highlighted the main changes affecting the Statement of Accounts (as detailed in the report) and commented on the favourable variance on the General Fund and the Housing Revenue Account. He thanked the finance and accounts team for their work in preparing the statement of accounts.

He briefed the Committee on the options available for the appointment of external auditors for the 2018/19 Accounts, explaining the reasons for his recommendation that the Council should opt in to the contractual process being led by the PSAA (Public Sector Audit Appointments Ltd).

*Cllr Price left the meeting at this point.*

The Committee resolved to:

1. **approve** the audited 2015/16 Statement of Accounts as certified by the Head of Financial Services and authorise the Chair of the Committee to sign the Statement of Accounts; and
2. **approve** the Letter of Representation to enable the opinion to be issued.

The Chair signed the Statement of Accounts and Letter of Representation.

The Committee then agreed to:

3. **recommend** to Council that the Council opt in to the national procurement contract for the appointment of external auditors commencing with the 2018-19 accounts.

## **26. INTERNAL AUDIT: PROGRESS REPORT TO SEPTEMBER 2016**

The Committee discussed the report from the Council's internal auditor, BDO, setting out the progress made against the 2015/16 and 2016/17 internal audit plans.

Gurpreet Dulay, BDO, presented the report. He said that the 2015/16 reviews were all complete and that the majority of the 2016/17 scheduled audits would be completed and reported to the December meeting of the Committee.

In relation to the completed review of "Budgetary Control and Performance Management" the Head of Financial Services explained that the focus was on encouraging and supporting service area managers to take greater ownership of their budgets and performance management. A clear action plan had been developed to deliver this culture and process change.

The Committee noted the report and thanked Gurpreet Dulay and his colleagues at BDO for their contribution to, and engagement with, the work of the Council over the past year.

## **27. INTERNAL AUDIT: FOLLOW UP OF RECOMMENDATIONS TO SEPTEMBER 2016**

The Committee considered the report of the Council's internal auditors, BDO, setting out progress on implementing the recommendations arising from the completed internal audit reviews.

Gurpreet Dulay, BDO, presented the report and informed the Committee that the number of recommendations that had been implemented had increased, in part as a result of the revised monitoring processes introduced following the last Audit and Governance meeting.

The Committee noted that the two outstanding recommendations would be completed by the end of the calendar year.

The Committee noted the report and welcomed the overall improvement in the number of recommendations implemented in a timely manner.

## **28. RISK MANAGEMENT REPORT: QUARTER 1 2016/17**

The Committee considered the report submitted by the Head of Financial Services setting out both the corporate and the service risks as at the end of Quarter 1, 30 June 2016.

In discussion the Committee noted that several of the red service area risks related to problems with the ICT services. They agreed that as many of the corporate risks were related to wider national or policy issues that were outside

the Council's direct control they should focus on reviewing the mitigation strategies in place to address these risks.

In response to questions the Head of Financial Services agreed to investigate whether the impact of climate change on the Council's buildings in extreme hot weather was a significant risk factor.

The Committee resolved to:

1. **note** the content of the report and the revised corporate risk register (Appendix A)
2. **agree** the proposed change to the risk prioritisation matrix (paragraph 3 and Appendix B)

## **29. OFFICER EXECUTIVE DECISIONS: QUARTERLY TO SEPTEMBER 2016**

The Committee considered the report of the Head of Law and Governance setting out the Officer Executive Decisions taken in the period 15 June to 16 September 2016.

The Executive Director for Organisational Development and Corporate Services briefed the Committee on the background to the decision to allocate £20,000 to the Oxfordshire Community Work Association (OCWA).

The Committee noted the report and the decisions taken.

## **30. MINUTES OF THE PREVIOUS MEETING**

The Committee resolved to **approve** the minutes of the meeting held on 29 June 2016 as a true and accurate record subject to the following amendment:

Minute 15: Internal Audit: Follow up of recommendations to June 2016

Insert new paragraph after "slippage":

*The Committee asked the Head of Financial Services to arrange a training session to support them in their role as members of the Audit and Governance Committee.*

## **31. DATES AND TIMES OF MEETINGS**

The Committee noted the dates and times of future meetings:

14 December 2016

1 March 2017

**The meeting started at 6.00 pm and ended at 8.30 pm**

**To:** Audit & Governance Committee  
**Date:** 14 December 2016  
**Report of:** Helen Bishop, Head of Business Improvement  
**Title of Report:** Update on ICT Improvement Plan

Summary and recommendations	
<b>Purpose of report:</b>	To update members on progress with the ICT Improvement Plan
<b>Recommendation:</b>	That the Audit & Governance Committee note the report

Appendices	
Appendix 1	ICT Improvement Plan

## Introduction and background

1. At the last Audit and Governance Committee held on 28<sup>th</sup> September 2016, an update was provided on the lessons learnt following the ICT transition to the City Council's new infrastructure provider SCC. An ICT Operations Improvement Plan was also shared. This report provides a progress update on the delivery of that plan.
2. As the transition to SCC has stabilised, the major priority is now the continuous improvement of the ICT Operations Team, including its organisation and structure; the development of the team's technical skills to ensure resilience in the required functions; and a particular focus on improving the customer experience.

## ICT Management Changes

3. Since the last report, Paul Fleming the City Council's Chief Technology and Information Manager and Paul Collins the ICT Operations Manager have both left. Vic Frewin started work as the Interim Chief Technology Information Manager on 10 October. There was a thorough hand over between Vic and Paul over a two week period. Vic has met with each member of the ICT Service and key stakeholders. Vic has used this information to review the ICT Improvement Plan and additional activities have been added to the Plan as a consequence. The updated plan is at Appendix 1.
4. The interim replacement for Paul Collins, Jon Petre started work on 28 November.

## **Performance Monitoring**

5. All aspects of the service are being formally monitored. The Improvement Plan is reviewed weekly by managers, it is a working document and will flex as priorities change.
6. The ICT Work Plan is the agreed list of ICT system and applications developments required during the year. It is monitored weekly by managers and is overseen by the Director for Organisational Development & Corporate Services. As of the 31 October there are 34 projects listed, 20 are on target, 5 on hold, 7 “amber at risk” and 2 approved but not yet scheduled
7. An ICT portfolio service update is issued each week to service heads, and delivered by ICT Business Partners.
8. The open call total at the end of October was 460. The volume of calls logged has remained consistent at 400 – 500 calls a week.
9. We have also set up a customer feedback form for users to complete when a case is resolved. These comments will be used to plan improvements to products and services.
10. The Public Services Network (PSN) has issued the Council’s 2016 -2017 connection compliance certificate. This means that the Cabinet Office is confident that our ICT infrastructure and security is robust and meets security requirements expected of local government and a public service provider.

## **Skills Improvement**

11. A training matrix has been developed using the Skills Framework for the Information Age” (SFIA) tool. The initial generic training plan is 50% complete, with more strategic training plans being developed as a result of the detailed skills assessment, and consideration of future roles.
12. Customer service training has been undertaken for the team, and this will be embedded within the team through the development of a customer charter and individual appraisal targets.
13. Coaching training has also been delivered to the ICT Managers, to improve their skill set in supporting staff through their planned development and as matters arise during business as usual activities.

## **Resources**

14. Rotas are now in place with a duty officer appointed each day.
15. Contractor resources have been extended to 31<sup>st</sup> December to enable both a skills transfer within the team and to provide capacity whilst training and development is in progress.
16. The ICT Operational team has now been organised into technology streams for greater efficiency and transparency in call resolution. These are: end user; networks; systems; telephony; and help desk. This means we now have technology dedicated teams, with greater focus, to enable specific skills and



technical development within the team, and to enable more effective call resolution as we route only relevant calls to the appropriate teams.

## **Tools**

17. The re-design of the service desk platform (vFire) is under way. This is partly to ensure that self-service users are guided to provide better call detail, so that calls can be more easily allocated first time to the staff best skilled to resolve them, and also to take advantage of some automatic processing of calls which will improve efficiency. This is expected to be completed by the end of January 2017.
18. Network performance is now being independently monitored by our own Solarwinds system, which was implemented in October. The ICINGA system provides applications and database level monitoring, and is largely implemented with the server installed, training needs identified and core scripts installed. We begin testing this over the coming weeks.
19. Both these systems provide real-time monitoring and alerting of key aspects of our infrastructure, and the ability to challenge performance and reliability reports from our service providers. We will shortly be implementing real-time dashboards to provide an “at-a-glance” picture of current status.
20. The process to ensure the efficient build and deployment of laptops is still in progress. We are awaiting third party supplier assistance to support delivery in the short term, and also to advise on improvements to the build and deployment process.

## **Processes**

21. The Information Technology Infrastructure Library (ITIL) is a globally recognised methodology for managing IT as a service. In accordance with ITIL, a review of the current operating model and gap analysis is complete. A new Service Catalogue and SLA that will include amongst other things the service definitions, service level agreement and key performance indicators for the ICT Operation, will be implemented initially drawing on the original County SLA, and further developed when it is operational.

## **Communications**

22. A revised communications plan is presently being drafted, which will outline a more streamlined set of processes to both inform and solicit feedback from the Council. Currently communications from ICT to the business is unstructured. A set of communications templates covering notifications for Major Incidents, Planned Maintenance, Change Control, Third-Party outages etc. have been developed and will shortly be adopted to make important ICT communications more recognisable. The current user feed-back form will be phased out, and replaced by an automated offering from vFire, with direct feed into customer-service reports and dashboard, that can be displayed in real-time.

## **Financial Implications**

23. There are sufficient financial resources within the 2016-17 budget and within the Medium Term Financial Plan to accommodate the costs of resourcing, training and transitioning the team and for the purchase of software and hardware.

## **Legal Issues**

24. There are no legal implications arising from this report

<b>Report author</b>	Helen Bishop
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Service area or department	Business Improvement
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**Background Papers:** None

## ICT Improvement Plan

Ref.	Description	Due Date	Status	Update
Status: C=Complete P=In Progress, H-On Hold, N-Not started				
<b>WS1A</b>	<b>Skills Improvement (Technical) – Joe Unia leading</b>			
	Produce Skills Matrix for initial training requirements.	30/09/16	C	Matrix completed with initial training requirements.
	Produce a SFIA based Skills Matrix to benchmark current skill levels	30/11/16	P	Follow up staff assessment against SFIA standard is under way, gap analysis to be performed to inform training plan (new initiative)
	Identify and deploy a Training Plan to address skills shortages identified by Skills Matrix	31/12/16	P	Original plan 50% complete, further training and additions to plan being progressed.
	Knowledge based consisting of 'How-to' technical guides to be populated on vFire to aid deployment and troubleshooting	31/12/16	P	Significant progress has been made, documents identified and uploaded are being validated
	Devise a number of task based training sprints, to address fundamental skill gaps	31/12/16	P	A number have been held, with respect to technology and customer service
	Skills Transfer Seminars leveraging senior technical resources who have worked on infrastructure transition	30/11/16	H	Pending skills assessment and a switch from blanket training to targeted training to re-focussed teams
	Re-organise Operations team into technology focussed sub-teams to improve call triage and resolution	9/12/16	P	Plan shared with team. Awaiting new Operation Manager to implement. (new initiative)
<b>WS1B</b>	<b>Skills Improvement (Culture &amp; Customer Service) – Michael Ngero leading</b>			
	Customer Services Training 1	13/09/16	C	First session completed on 13/09/13
	Customer Services Training 2	23/09/16	C	Additional follow up sessions to be arranged
	Embedding changed behaviour session	31/01/17	N	Currently scoping, and identifying outcomes ( new requirement)
<b>WS2</b>	<b>Resources – Vic Frewin/Jan Heath leading</b>			
	Contractor resource plan	16/09/16	C	Contractor resource extended to 31/12
	Set Performance Framework	31/12/16	H	Scope, SLAs and KPIs to be determined
	Coaching & Training	01/09/16	C	Sessions have been held, benefit is questionable
<b>WS3</b>	<b>Tools – Simon Park leading</b>			
	vFire Enhancements	19/01/17	P	Re-design and amendments under way
	vFire New Version – live system	19/01/17	P	Scoping and design under way, built in test
	ICINGA implementation	31/12/16	P	Will provide applications and dbase level monitoring
	SCCM	27/02/17	P	PC deployment and management framework to be deployed
	SCCM Audit and base-lining	16/12/16	N	Scoping and identifying resource (new task)
	Solar Winds	1/11/16	C	In use monitoring network performance (new task)
	End-User device builds	31/12/16	P	County inherited builds under review & update
	Citrix Environment technical assessment	02/12/16	P	Specialist assessment of current Citrix environment to identify and resolve performance issues (new task)
<b>WS4</b>	<b>Processes – Vic Frewin leading</b>			
	Draft ITIL service desk processes	30/11/16	P	Some processes complete, others in development

	Service Catalogue	16/12/16	P	Scoping requirement and benchmarking
WS6	<b>Communications Improvement – Vic Frewin leading</b>			
	Development of ICT Comms Plan	08/12/16	P	Currently being addressed with teams

Note 1: Additions to original ICT Improvement plan are highlighted in yellow

Note 2: Target dates that have expired while still in progress have been re-set to acknowledge these are now unreachable, and to provide a more meaningful expectation date for realistic completion of the task. Flag status has also been reset.

**To:** Audit and Governance Committee

**Date:** December 14 2016

**Report of:** Head of Financial Services

**Title of Report:** Setting of the Council Tax Base 2017-18

## Summary and Recommendations

**Purpose of report:** To set the "Council Tax Base" for 2017/18 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

**Key decision:** No

**Executive lead member:** Cllr Ed Turner

**Policy Framework:** No

**Recommendations:** The Audit and Governance Committee are recommended to agree:

- a) that the 2017/18 Council Tax Base for the City Council's area as a whole is set at **44,623.4** (as shown in Appendix 1)
- b) that the projected level of collection is set at 98%
- c) that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows:

Unparished Area of the City	37,300.3
Littlemore Parish	1,754.0
Old Marston Parish	1,269.1
Risinghurst & Sandhills Parish	1,444.1
Blackbird Leys Parish	2,855.9
<b>City Council Total</b>	<b>44,623.4</b>

Appendix 1	Oxford City Council Tax Base 2017-18
Appendix 2	Parish Councils' Tax Base 2017-18
Appendix 3	Dwellings by valuation band at 30 <sup>th</sup> Nov 2016
Appendix 4	Growth in dwellings
Appendix 5	Risk Register

## Background

- 1 Responsibility for setting the Council Tax Base for the City Council's area as a whole and for the individual parishes is delegated to the Audit and Governance Committee.
- 2 The Tax Base is the estimate of the taxable capacity of the area for the period. The numbers of dwellings in each valuation band are converted to Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at Nov 30th 2016 and projections are then made for expected movements over the period December 1 2016 – March 31 2018. Separate calculations are required for a) the whole of the Authority's area and b) the individual Parishes and the Unparished area of the City. The Tax Base is used by the Council to calculate the yield from Council Tax for 2017/18, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2017.

## Council Tax Reduction Scheme

- 3 The Council Tax Reduction Scheme which replaced Council Tax Benefit from April 1 2013 has the effect of reducing the Tax Base. To assist the Local Authority (and the Parishes) with the resulting loss of income, grant funding is paid by the Government. In 2013/14 this represented 90% of the grant the Council previously received for Council Tax Benefit. However, the grant has subsequently been absorbed into Formula Grant and is not separately identifiable. By 1 April 2019 the Councils formula grant will reduce to zero as will the Council Tax Benefit Grant. At this point it is estimated that the scheme will cost the Council £1 million per annum

## Factors taken into account in the calculation of the Tax Base

- 4 The following factors are taken into account when calculating the tax base:
  - **Dwellings:** The number of dwellings in each valuation band as at 30 November 2016 (see Appendix 3 attached).
  - **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax charge, some are exempt. Others can attract a discount, either at 25%, 50% or 100% dependant on the number of adults who are resident. The level of exemptions and discounts reduces the Tax Base.
    - The estimate of the number of dwellings that will be eligible for a 25% discount in 2017/18 (recently built or uninhabitable dwellings) is 75. This figure is shown in line 8 of Appendix 1 and is based on data as at Nov 30<sup>th</sup> 2016.
    - The estimate of the number of dwellings that will be eligible for a 100% discount (applicable for one month only) (empty

and unfurnished dwellings) is 63. This is included within line 2 of Appendix 1 and is based on the average of the monthly numbers from Dec 2015 - Nov 2016.

- **Disability Reductions:** Where there is a disabled occupant and adaptations have been undertaken for their benefit, the dwelling is treated as being in the band below the one in which it was actually valued.
- **Council Tax Reduction Scheme:** The estimate of the total number of dwellings that will be eligible for discounts under the Council Tax Reduction Scheme in 2017/18 is 6,442 compared to 6,744 in 2016/17. The breakdown per band is detailed in line 3 of Appendix 1.
- **Long Term Empty Premium:** The estimate of the number of dwellings that will be subject to 150% Council Tax after being empty for two years is 74 (Line 12 of Appendix 1).
- **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:
  - (i) **Number of new properties built:** Appendix 4 shows the net annual increase in the total numbers of dwellings banded for Council Tax going back to 1997/98. The graph shows the 'boom' years of 2004/05, 2005/06 and 2006/07, followed by a considerable drop thereafter. The net increase in 2016/17 to date is 194. There are a number of building projects nearing completion and a figure of 100 new builds has been included for the remainder of 2016/17 (line 1a of Appendix 1).

For 2017/18 an estimate of 504 new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been given to these dwellings to reflect that some will have discounts or exemptions, and most will not be in the Valuation List for the entire period. This number includes the first phase of the Barton Park development.
  - (ii) **Allowance for non-collection** - The Council is required to make an allowance for non-collection of Council Tax. The Head of Financial Services has recommended that the allowance for 2017/18 remains at 2%.

## Calculation method

- 5 The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914). The basic calculation is as follows:
- Number of dwellings in each of the valuation bands
  - Less Exempt dwellings
    - Dwellings eligible for the Council Tax Reduction Scheme
    - Disabled reductions

- Discounts (25% and 50%)
- Convert to Band D equivalents
- Adjust for projected collection rate.

6 Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well as for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

**Table 1**

<b>Council Tax Bases</b>				
	<b>2017/18</b>	<b>2016/17</b>	<b>Change</b>	
	<b>Nos</b>	<b>Nos</b>	<b>Nos</b>	<b>%</b>
Unparished Area	37,300.3	36,468.2	832.1	2.3
Littlemore	1,754.0	1,730.4	23.6	1.4
Old Marston	1,269.1	1,269.1	0	-
Risinghurst and Sandhills	1,444.1	1,418.6	25.5	1.8
Blackbird Leys	2,855.9	2,778.8	77.1	2.8
<b>City Council Total</b>	<b>44,623.4</b>	<b>43,665.1</b>	<b>958.3</b>	<b>2.2</b>

### **Reasons for increase in Council Tax Base**

- 7 The calculated figure of 44,623.4 for the overall Tax Base for 2017/18 represents an increase of 2.2% on the 2016/17 figure. The main reasons for this are:
- a) a slow, but steady, growth in the overall number of dwellings. As at November 30<sup>th</sup> 2015 dwellings totalled 60,101. Twelve months later this had grown to 60,433 (an increase of 0.55%)
  - b) It is estimated that our increase in dwelling numbers will be greater in 2017/18 than in 2016/17. Information from Planning suggests a potential net increase of around 504 in 2017/18 – this includes the first phase of the Barton Park development. The 2016/17 increase will likely be in the region of 294 dwellings.
  - b) a reduction in the estimate of the number of dwellings entitled to discounts under the Council Tax Reduction Scheme from 6,744 in 2016/17 to 6,442 in 2017/18 ( a reduction of 4.48%).

### **Risk Implications**

- 8 A risk assessment has been undertaken and the risk register is attached at Appendix 5.

### **Equalities Impact Assessment**

- 9 There are no Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.



## **Financial Implications**

10 These are all included within the main body of the report.

## **Legal implications**

11 The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at 30 November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31 January.

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### **Background papers:**

Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 30<sup>th</sup> 2016 (Appendix 3)

**Version number: 2**

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# APPENDIX 1

## SETTING OF THE COUNCIL TAX BASE FOR 2017/2018 TOTAL FOR OXFORD CITY COUNCIL BILLING AUTHORITY

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2016		2,447.0	9,512.0	19,008.0	15,853.0	6,966.0	2,817.0	3,247.0	583.0	60,433.0
1a. Estimated new dwellings for Dec 1st - Mar 31		4.0	16.0	31.0	26.0	12.0	5.0	5.0	1.0	100.0
1b. Estimated new dwellings 2017-18		20.0	79.0	159.0	132.0	58.0	24.0	27.0	5.0	504.0
2. Number of dwellings exempt 2017/18		463.0	845.0	1,099.0	1,572.0	967.0	207.0	242.0	207.0	5,602.0
3. Number of dwellings eligible for Council Tax Support		511.7	2,169.0	2,538.9	952.5	233.2	21.8	15.1	0.0	6,442.1
4. No.of chargeable dwellings for 2017/18(lines 1+1a+1b -2-3)		1,496.4	6,593.0	15,560.1	13,486.5	5,835.9	2,617.2	3,021.9	382.0	48,992.9
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2016		2.0	21.0	76.0	57.0	29.0	12.0	15.0	8.0	220.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	2.0	21.0	76.0	57.0	29.0	12.0	15.0	8.0		220.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	2.0	1,515.4	6,648.0	15,541.1	13,458.5	5,818.9	2,620.2	3,014.9	374.0	48,992.9
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	6.0	21.0	26.0	6.0	8.0	9.0	1.0	77.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2016	0.0	1,230.0	4,598.0	5,599.0	3,987.0	1,573.0	602.0	504.0	29.0	18,122.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2016	0.0	7.0	11.0	39.0	27.0	15.0	16.0	24.0	15.0	154.0
11 Additional 50% discounts for new dwellings	0.0	20.0	79.0	159.0	132.0	58.0	24.0	27.0	5.0	504.0
12. Dwellings subject to Long Term Empty Premium	0.0	5.0	11.0	11.0	20.0	10.0	3.0	12.0	2.0	74.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	2.0	253.4	1,943.0	9,712.1	9,266.5	4,156.9	1,967.2	2,438.9	322.0	30,061.9
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	2.0	1,196.9	5,457.5	14,042.6	12,385.7	5,392.6	2,449.2	2,867.2	357.5	44,151.1
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	1.1	797.9	4,244.7	12,482.4	12,385.7	6,591.0	3,537.7	4,778.6	715.0	45,534.0
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2017/18										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										45,534.04
19. At projected collection rate of 98%										44,623.4

### Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2016

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2016

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2017-18 comes from Planning's Housing Trajectory plan

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2016

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## APPENDIX 2

### SETTING OF THE COUNCIL TAX BASE FOR 2017/2018 TOTAL FOR LITTLEMORE PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2016		260.0	429.0	1,434.0	300.0	135.0	57.0	9.0	1.0	2,625.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2017-18		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2017/18		2.0	16.0	19.0	9.0	2.0	0.0	0.0	0.0	48.0
3. Number of dwellings eligible for Council Tax Support		88.8	111.4	151.3	33.1	6.1	0.0	0.0	0.0	390.7
4. No.of chargeable dwellings for 2017/18(lines 1+1a+1b -2-3)		169.2	301.6	1,263.7	258.0	126.9	57.0	9.0	1.0	2,186.3
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2016		1.0	1.0	9.0	1.0	0.0	1.0	0.0	1.0	14.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	1.0	1.0	9.0	1.0	0.0	1.0	0.0	1.0		14.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	1.0	169.2	309.6	1,255.7	257.0	127.9	56.0	10.0	0.0	2,186.3
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2016	0.0	126.0	221.0	389.0	79.0	26.0	12.0	2.0	0.0	855.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2016	0.0	1.0	3.0	16.0	0.0	0.0	1.0	1.0	0.0	22.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	2.0	1.0	3.0	0.0	0.0	0.0	0.0	0.0	6.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	1.0	40.2	84.6	846.7	178.0	101.9	43.0	7.0	0.0	1,302.3
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	1.0	138.2	253.3	1,151.7	237.2	121.4	52.5	9.0	0.0	1,964.3
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.6	92.2	197.0	1,023.7	237.2	148.4	75.8	15.0	0.0	1,789.8
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2017/18										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,789.84
19. At projected collection rate of 98%										1,754.0

#### Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2016

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2016

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2017-18 comes from Planning's Housing Trajectory plan

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2016

## APPENDIX 2

### SETTING OF THE COUNCIL TAX BASE FOR 2017/2018 TOTAL FOR OLD MARSTON PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2016		84.0	42.0	349.0	778.0	152.0	26.0	72.0	3.0	1,506.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2017-18		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2017/18		0.0	0.0	5.0	12.0	2.0	1.0	1.0	0.0	21.0
3. Number of dwellings eligible for Council Tax Support		6.5	1.8	52.5	43.7	4.1	0.0	0.0	0.0	108.5
4. No.of chargeable dwellings for 2017/18(lines 1+1a+1b -2-3)		77.5	40.2	291.5	722.3	146.0	25.0	71.0	3.0	1,376.6
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2016		1.0	0.0	3.0	3.0	0.0	0.0	2.0	0.0	9.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	1.0	0.0	3.0	3.0	0.0	0.0	2.0	0.0		9.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	1.0	76.5	43.2	291.5	719.3	146.0	27.0	69.0	3.0	1,376.6
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2016	0.0	41.0	22.0	136.0	183.0	38.0	7.0	14.0	0.0	441.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	1.0	35.5	21.2	154.5	536.3	108.0	20.0	54.0	3.0	933.6
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+( lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	1.0	66.3	37.7	258.0	673.6	136.5	25.3	65.3	3.0	1,266.6
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.6	44.2	29.4	229.3	673.6	166.8	36.5	108.8	6.0	1,295.0
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2017/18										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,295.01
19. At projected collection rate of 98%										1,269.1

#### Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2016

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2016

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2017-18 comes from Planning's Housing Trajectory plan

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2016

## APPENDIX 2

### SETTING OF THE COUNCIL TAX BASE FOR 2017/2018 TOTAL FOR RISINGHURST & SANDHILLS PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2016		16.0	283.0	274.0	998.0	104.0	90.0	21.0	0.0	1,786.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2017-18		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2017/18		3.0	10.0	6.0	16.0	2.0	2.0	0.0	0.0	39.0
3. Number of dwellings eligible for Council Tax Support		0.8	68.0	40.1	48.6	1.9	0.9	0.0	0.0	160.3
4. No.of chargeable dwellings for 2017/18(lines 1+1a+1b -2-3)		12.3	205.0	227.9	933.4	100.1	87.1	21.0	0.0	1,586.7
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2016		0.0	0.0	2.0	4.0	0.0	0.0	0.0	0.0	6.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	0.0	0.0	2.0	4.0	0.0	0.0	0.0	0.0		6.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	0.0	12.3	207.0	229.9	929.4	100.1	87.1	21.0	0.0	1,586.7
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2016	0.0	10.0	154.0	87.0	192.0	19.0	15.0	3.0	0.0	480.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2016	0.0	0.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	2.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	0.0	2.3	53.0	141.9	737.4	80.1	72.1	18.0	0.0	1,104.7
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	0.0	9.8	168.5	207.6	881.4	94.8	83.4	20.3	0.0	1,465.7
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.0	6.5	131.1	184.6	881.4	115.9	120.4	33.8	0.0	1,473.6
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2017/18										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										1,473.57
19. At projected collection rate of 98%										1,444.1

#### Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2016

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2016

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2017-18 comes from Planning's Housing Trajectory plan

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2016

## APPENDIX 2

### SETTING OF THE COUNCIL TAX BASE FOR 2017/2018 TOTAL FOR BLACKBIRD LEYS PARISH COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2016		279.0	1,289.0	2,958.0	446.0	46.0	1.0	0.0	2.0	5,021.0
1a. Estimated new dwellings for Dec 1st - Mar 31		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b. Estimated new dwellings 2017-18		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Number of dwellings exempt 2017/18		7.0	16.0	20.0	2.0	0.0	0.0	0.0	0.0	45.0
3. Number of dwellings eligible for Council Tax Support		118.4	437.3	505.9	86.1	16.1	0.8	0.0	0.0	1,164.5
4. No.of chargeable dwellings for 2017/18(lines 1+1a+1b -2-3)		153.6	835.7	2,432.1	358.0	29.9	0.2	0.0	2.0	3,811.5
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2016		0.0	3.0	13.0	4.0	4.0	0.0	0.0	1.0	25.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	0.0	3.0	13.0	4.0	4.0	0.0	0.0	1.0		25.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	0.0	156.6	845.7	2,423.1	358.0	25.9	0.2	1.0	1.0	3,811.5
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2016	0.0	222.0	748.0	800.0	120.0	8.0	0.0	0.0	0.0	1,898.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2016	0.0	0.0	3.0	2.0	0.0	0.0	0.0	1.0	0.0	6.0
11 Additional 50% discounts for new dwellings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Dwellings subject to Long Term Empty Premium	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	0.0	-65.4	94.7	1,618.1	238.0	17.9	0.2	0.0	1.0	1,904.5
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	0.0	101.1	657.2	2,222.1	328.0	23.9	0.2	0.5	1.0	3,334.0
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.0	67.4	511.2	1,975.2	328.0	29.3	0.4	0.8	2.0	2,914.2
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2017/18										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										2,914.15
19. At projected collection rate of 98%										2,855.9

#### Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2016

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2016

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2017-18 comes from Planning's Housing Trajectory plan

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2016



## APPENDIX 2

### SETTING OF THE COUNCIL TAX BASE FOR 2017/2018 TOTAL FOR UNPARISHED AREA OF OXFORD CITY COUNCIL

(A- are Band A dwellings with disabled reduction)	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings as at Nov 30th 2016		1,808.0	7,469.0	13,993.0	13,331.0	6,529.0	2,643.0	3,145.0	577.0	49,495.0
1a. Estimated new dwellings for Dec 1st - Mar 31		4.0	16.0	31.0	26.0	12.0	5.0	5.0	1.0	100.0
1b. Estimated new dwellings 2017-18		20.0	79.0	159.0	132.0	58.0	24.0	27.0	5.0	504.0
2. Number of dwellings exempt 2017/18		451.0	803.0	1,049.0	1,533.0	961.0	204.0	241.0	207.0	5,449.0
3. Number of dwellings eligible for Council Tax Support		297.3	1,550.5	1,789.0	741.1	205.0	20.2	15.1	0.0	4,618.2
4. No.of chargeable dwellings for 2017/18(lines 1+1a+1b -2-3)		1,083.7	5,210.5	11,345.0	11,214.9	5,433.0	2,447.8	2,920.9	376.0	40,031.8
5. Number of chargeable dwellings (line 4) subject to disabled reduction on 30 November 2016		0.0	17.0	49.0	45.0	25.0	11.0	13.0	6.0	166.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	0.0	17.0	49.0	45.0	25.0	11.0	13.0	6.0		166.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	0.0	1,100.7	5,242.5	11,341.0	11,194.9	5,419.0	2,449.8	2,913.9	370.0	40,031.8
8. Est. of number of dwellings in line 7 entitled to a 25% discount (recently built or uninhabitable dwellings)	0.0	0.0	6.0	18.0	26.0	6.0	8.0	8.0	1.0	73.0
9. Number of dwellings in line 7 entitled to a 25% discount on 30 November 2016	0.0	831.0	3,453.0	4,187.0	3,413.0	1,482.0	568.0	485.0	29.0	14,448.0
10. Number of dwellings in line 7 entitled to a 50% discount on 30 November 2016	0.0	6.0	5.0	20.0	27.0	14.0	15.0	22.0	15.0	124.0
11 Additional 50% discounts for new dwellings	0.0	20.0	79.0	159.0	132.0	58.0	24.0	27.0	5.0	504.0
12. Dwellings subject to Long Term Empty Premium	0.0	3.0	10.0	6.0	20.0	10.0	3.0	12.0	2.0	66.0
13. Number of dwellings in line 7 assumed to be entitled to no discounts / premium (lines 7-8-9-10-11-12)	0.0	240.7	1,689.5	6,951.0	7,576.9	3,849.0	1,831.8	2,359.9	318.0	24,816.8
14. Total equivalent number of dwellings after discounts, exemptions and disabled relief [(line 8 x 0.75) +(line 9 x 0.75)+ (lines 10 and 11 x 0.5) + (line 12 x 1.5) + line 13	0.0	881.5	4,340.8	10,203.3	10,265.7	5,016.0	2,287.8	2,772.2	353.5	36,120.6
15. Ratio to band D	5\9	6\9	7\9	8\9	1.0	11\9	13\9	15\9	18\9	
16. Number of band D equivalents (line 14 x line 15)	0.0	587.6	3,376.1	9,069.6	10,265.7	6,130.7	3,304.6	4,620.3	707.0	38,061.5
17. Number of band D equivalents of contributions in lieu (in respect of exempt dwellings) in 2017/18										0.00
18. Tax Base for Oxford City Council Billing Authority (line 16 + line 17)										38,061.50
19. At projected collection rate of 98%										37,300.3

#### Notes

Line 2 - Exempt Dwellings - Data comes from the Academy Council Tax system and includes empty and unfurnished dwellings with 100% discount (one month only)

Line 3 - Dwellings eligible for Council Tax Support - this data comes from the Academy Council Tax system as at November 30th 2016

Line 8 - Recently built or uninhabitable dwellings - this data comes from the Academy Council Tax system as at November 30th 2016

Line 11 - Additional 50% discounts for new dwellings - the estimated number of building completions in 2017-18 comes from Planning's Housing Trajectory plan

Line 12 - Dwellings subject to Long Term Empty Premium - this data comes from the Academy Council Tax system as at November 30th 2016

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# Appendix 3



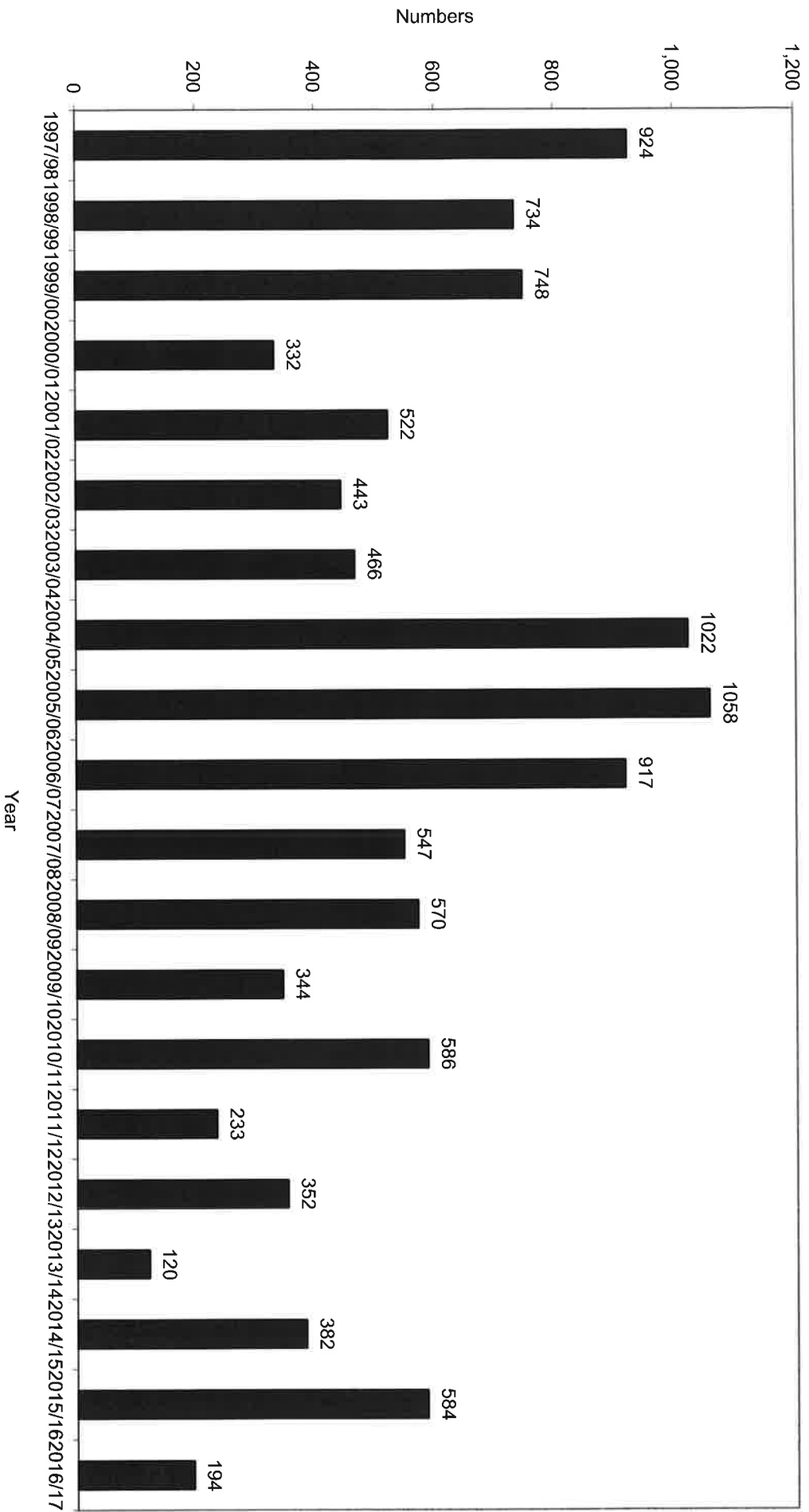
**Statement of Numbers and Bands  
of all Properties shown in the  
1993 Valuation List for the  
Billing Authority Area  
of Oxford  
BA Code 3110  
As at 27-NOV-2016**

<b>Band</b>	<b>Numbers</b>
A	2447
B	9512
C	19008
D	15853
E	6966
F	2817
G	3247
H	583
<b>Grand Total of All Properties In Valuation List</b>	<b>60433</b>

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# Appendix 4

## Net annual growth in Council Tax dwellings totals



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## Appendix 5

## Risk Register

## Council report – Setting of the Council Tax Base 2017-18

Date – Dec 2016

**Author – Adrian Wood (Finance)**

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
Risk Score <b>Impact Score:</b> 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Almost Certain						<b>Probability Score:</b> 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 =									
39		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner:  Mitigating Control: Control Owner:	Outcome required: Milestone Date:	Q 1	Q 2	Q 3	Q4 4	I	P
	<b>COUNCIL TAX DEBIT</b> A reduced debit (and lower tax base) would mean the City Council having to borrow to meet the Precept demands of the County Council and the Police and Crime Commissioner. Also the City Council would have less Council Tax Income to fund services.	4	3	There could be less new builds than estimated in the remainder of 2016/17 and in 2017/18. In addition there could be increased numbers of exemptions/discount cases.	Assumptions used in numbers of new builds are conservative. The estimate is reduced by 50% to allow for possible delays in these new properties being built and occupied in 2017/18. The base for the number of Exemptions is the monthly average from Dec 2015 through to Nov 2016. Council Tax Officers in Financial Services are reviewing existing	3	2	Continuing monitoring of external trends (Adrian Wood). Monthly position on actual tax base is calculated and reported to the Head of Service of Financial Services (Adrian Wood). Significant changes to be reported to CEB (Adrian Wood). Mitigating control owner: Nigel Kennedy	Assumptions remain as accurate as possible to minimise the possibility of shortfall. Monthly reviews.					3	2

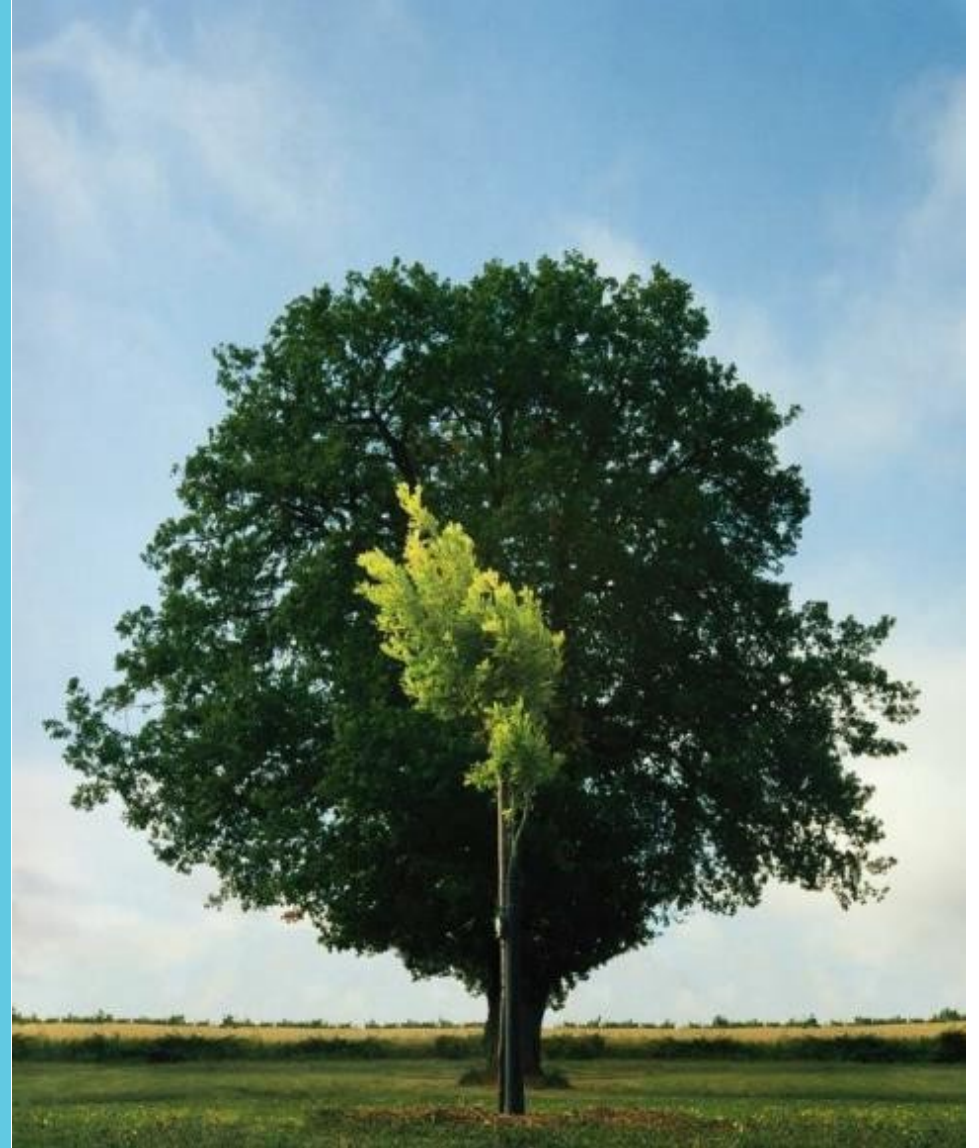
					exemption and discount cases to ensure these should still be granted. Assumptions are based on prior years/historical trends and take account of external impacts.											
	<b>COUNCIL TAX COLLECTION RATE</b> A shortfall in income actually received would mean the City having to borrow to meet the Precept demands (see above).	4	3	Taxpayers withholding some or all of their Council Tax payments	We eventually collect over 99% of the collectable debit for each period. Council Tax officers in Financial Services carry out regular reminder runs in cases of non-payment followed by Magistrates Court proceedings (if necessary).	3	2	Monthly position on collection rate for current year (and arrears) is calculated and reported (Adrian Wood). Significant changes to be reported to CEB (Adrian Wood). Mitigating control owner: Nigel Kennedy	Collection rate remains as on course as possible to minimise the possibility of shortfall. Monthly reviews.						3	2



# Oxford City Council

## INTERNAL AUDIT PROGRESS REPORT

<sup>41</sup>  
December 2016



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# PROGRESS AGAINST 2015/16 AND 2016/17 INTERNAL AUDIT PLAN

## Internal Audit

This report is intended to inform the Audit and Governance Committee of progress made against the 2015/16 and 2016/17 internal audit plans which were approved by the Audit and Governance Committee. A summary of progress made against the 2015/16 and 2016/17 internal audit plans, the work we have done, together with our assessment of the systems reviewed can be seen overleaf.

Please note that our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the Audit Sponsor, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in appendix II of this report, and are based on us giving either "substantial", "moderate", "limited" or "no" assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## Work outside of the Internal Audit Plan

There are no changes in this quarter to the Internal Audit Plan; previous changes have been reported to the Committee.

## Overview of 2016/17 work to date

We have completed and finalised the reports for:

- Audit 7. Project Management
- Audit 8. Benefits Administration
- Audit 10. Accounts Receivable
- Audit 11. Payroll and Overtime
- Audit 12. General Ledger
- Audit 13. Building Control
- HCA Compliance Grant Claim.

For those reports issued with Moderate opinions and above, the Executive Summary is enclosed in this report. For those reports issued with Limited opinions and below, the full report has been issued separately.

The report for Audit 8. Benefits Administration is advisory and therefore these reports are reported in full separately to this Committee.

## Follow-Up of Recommendations

We have issued a separate report for the quarterly follow-up of recommendations.

# PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 April 2016 to 31 March 2017 were agreed at the March 2016 Audit Committee.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
EFFICIENT, EFFECTIVE COUNCIL								
Audit 3. Application Specification Review	Helen Bishop	10	✓	On-going	On-going			
Audit 4. ICT Service Desk	Helen Bishop	13	✓	✓	✓	September 2016	N/A	N/A
Audit 6. Business Continuity and Disaster Recovery	Nigel Kennedy / Helen Bishop	12	✓	✓	✓			
Audit 7. Project Management	Helen Bishop	12	✓	✓	✓	December 2016	TBC	TBC
Audit 8. Benefits Administration	Nigel Kennedy	12	✓	✓	✓	September 2016	N/A	N/A
Audit 9. Procurement	Nigel Kennedy	13	✓	w/c 12/09/16				
Audit 10. Accounts Receivable	Nigel Kennedy	10	✓	✓	✓	December 2016	Limited	Limited
Audit 11. Payroll and Overtime	Nigel Kennedy	18	✓	✓	✓	December 2016	Moderate	Limited
Audit 12. General Ledger	Nigel Kennedy	10	✓	✓	✓	December 2016	Moderate	Moderate
Audit 13. Building Control	Patsy Dell	12	✓	✓	✓	December 2016	Moderate	Moderate
Audit 14. Trading Service - End to End Review	Nigel Kennedy / Graham Bourton	12	✓	[under discussion]				

# PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 April 2016 to 31 March 2017 were agreed at the March 2016 Audit Committee.



Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
EFFICIENT, EFFECTIVE COUNCIL								
Audit 15. Trading Board Effectiveness	Graham Bourton	4	✓	[under discussion]				
Audit 16. Channel Shift	Helen Bishop	15	✓	w/c 07/11/16	✓			
Audit 17. Culture Review	Simon Howick	12	✓	w/c 09/01/17				
Audit 18. Treasury Management	Nigel Kennedy	10	✓	w/c 09/01/17				
CLEANER, GREENER OXFORD								
Audit 1. Energy Purchasing	Graham Bourton	12	Review removed from the Audit Plan.					
STRONG, ACTIVE COMMUNITIES								
Audit 5. Museum Project	Ian Brooke	12	Review removed from the Audit Plan.					
MEETING HOUSING NEEDS								
Audit 2. Empty and Void Property Management	Stephen Clarke	12	✓	✓	✓	June 2016	Moderate	Limited

# PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 April 2016 to 31 March 2017 were agreed at the March 2016 Audit Committee.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
ADDITIONAL REVIEWS TO THE AUDIT PLAN								
Audit 20. Business Plan Review	David Edwards	15	✓	✓	✓	June 2016 – Scrutiny Committee	N/A	N/A
Audit 21. Commercial Property Portfolio	Nigel Kennedy	4	✓	✓	✓	N/A – this review did not result in a report	N/A	N/A
Audit 22. Grant Claim [CFB06]	Nigel Kennedy	8	✓	✓	✓	September 2016	N/A	N/A
Audit 23. Grant Claim [HCA Compliance]	Nigel Kennedy	TBC	✓	✓	✓	December 2016	N/A	N/A

# EXECUTIVE SUMMARY - AUDIT 7. PROJECT MANAGEMENT

OXFORD CITY COUNCIL CORPORATE OBJECTIVE			SUMMARY OF RECOMMENDATIONS	
An Efficient and Effective Council: A customer-focused organisation, delivering efficient, high-quality services that meet people’s needs.			High	 1
			Medium	 2
			Low	0
			Total number of recommendations: 3	

LEVEL OF ASSURANCE		
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

OVERVIEW: PROJECT MANAGEMENT
<p>The purpose of our audit was to assess and review the design of controls and their effectiveness with regards to project management across the Council. The main focus of the review was mainly on the capital projects through the use of the ‘Gateway process’, and understanding the preventative measures/controls in place to manage the risk of capital projects not being delivered on time and budget.</p> <p><b>Good Practices</b></p> <ul style="list-style-type: none"><li>• The Council has a suitable Project Management methodology and framework (including the ‘Gateway’ process to manage capital and non capital projects. The Council has considered best practice such as Prince2 in developing their own methodology.</li><li>• A Business Improvement Toolkit has been developed to support the Council in delivering its ambitious programme of change to deliver an 'efficient, effective council that is a flexible, fit-for-purpose organisation, delivering high quality services and excellent value for money. The toolkit provides a range of tools and approaches to help plan, manage and deliver changes and improvements. It is based on best practice within both the public and private sector as well as experience within the Council.</li></ul> <p><b>Key Findings</b></p> <ul style="list-style-type: none"><li>• Testing of 25 capital projects included in the capital programme revealed that the designed project methodology was not strictly implemented and deployed across all stages in the gateway process (See finding 1- high priority).</li><li>• There was no central administration and repository of the capital project files. Formalised monitoring and tracking of these key documents is not in place. (See finding 1- high priority).</li><li>• The benchmarking exercise indicated an improvement on the preventative measures/controls in place to manage the risk of capital projects not being delivered on time and budget. The Council relies on the Budget vs. Actual method in measuring the performance of a project (See finding 2).</li><li>• There was a delay in implementing the Project Management software, whereby the Council continues to incur cost of maintaining the system without using it functionalities and maximising its benefits (See finding 3).</li></ul> <p><b>Conclusion</b></p> <p>We have issued one high, and two medium recommendations. Our review found that there is room for improving the Council’s project management process where we found reoccurring exceptions in testing of the procedures and controls leading to a final assessment of moderate assurance over the control design and control effectiveness.</p>



# EXECUTIVE SUMMARY - AUDIT. 8 BENEFITS ADMINISTRATION

## OVERVIEW: BENEFITS ADMINISTRATION

We have undertaken a review of Benefits Administration in order to assist the Council in evaluating its processes and procedures in order to offer ways to improve efficiency. Through discussions with other Councils we were also able to assess processes and innovations being undertaken to improve processing rates and if these were something that could be replicated within Oxford City Council. The work has been conducted in accordance with the Terms of Reference at Appendix V and we have provided detail in the following sections regarding issues found and advice and recommendations in addressing these. As this is an added value project no assurance opinion has been given.

Areas of positive assurance were identified as follows:

- Processing rates for new claims is well below the national average according to the DWP national statistics. For 2015-16 Oxford achieved an average processing rate of 14 days for new claims whilst the national average was 23; the target for 2016-17 at Oxford is 13 days
- Innovations such as text messaging have been implemented at the Council to improve efficiencies
- Scanning and indexing is completed in a timely manner with a low error rate and assists the Assessment Officers to undertake their role more effectively
- Governance and Scrutiny of work including quality checks on staff is completed diligently within all areas of the process from Customer Service Team to Contact Centre and the Benefits Team themselves.

Areas of exception and improvement are discussed in more detail in the following section, however, are summarised here:

- At the time of the audit only a basic Service Level Agreement was in place between the Corporate Support Team and the Benefits Team and all parties were not fully aware of it, however, to avoid ongoing issues a formal SLA is since being agreed (page 3)
- Whilst the majority of applications can be completed electronically, change of circumstance forms still require finalisation (page 6)
- Formal procedures in the event of IT downtime have not been established. (page 3)

### Conclusion

From the work undertaken it appears that Benefits Administration within the Council is working well. By benchmarking to other Councils via clients and from published DWP statistics, the Council are better than average in terms of both processing speeds and implementing new services and innovations in order to improve efficiency levels. Through discussions with staff, other Councils and online research we have made a number of recommendations which we believe would improve efficiency further.



# EXECUTIVE SUMMARY - AUDIT 12. GENERAL LEDGER

## OXFORD CITY COUNCIL STRATEGIC OBJECTIVE THIS REVIEW RELATES TO

Efficient, Effective Council: A flexible and accessible organisation, delivering high-quality, value-for-money services

## LEVEL OF ASSURANCE

Design	Moderate	System of internal controls is weakened with system objectives at risk of not being achieved
Effectiveness	Moderate	Non-compliance with key procedures and controls places the system objectives at risk

## SUMMARY OF RECOMMENDATIONS

High

-

Medium



2

Low



1

Total number of recommendations: 3

## OVERVIEW: General Ledger Systems

Oxford City Council's (the Council's) main financial system is Agresso, within which fixed assets, general ledger and payroll transactions are recorded - see appendix II for the agreed scope which provides greater detail on our approach to this review. The purpose of the review was to assess the design and effectiveness of controls in relation to general ledger activity and to provide assurance over the accuracy, completeness and timeliness of transactions undertaken.

During the review we noted the following areas of good practice:

- 15 out of a sample of 15 manual journals from April 2016 to October 2016 were approved, reviewed, maintained supporting documentation and were appropriately processed through the system in a timely manner
- 15 out of a sample of 15 accrual journals from April 2016 to October 2016 were appropriately processed through the Agresso system, monitored and processed within a timely manner
- The Council's accounting system Agresso, has adequate functionality to support the processing of manual journals, accrual journals and suspense account journals whilst maintaining an audit trail for approval
- Monthly reconciliations procedures for council tax refunds, suspense account reconciliations, NNDR Refunds and housing benefit overpayments were effective as reconciliations were reviewed, approved and reconciling items were adequately investigated
- Five out of a sample of five account code changes and creation of new accounts and cost centre codes from April 2016 to October 2016 were appropriately authorised and included within the chart of accounts
- Five out of five suspense account journals from April 2016 to October 2016 were reviewed and approved in a timely manner prior to reversing from the suspense account; furthermore, adequate GL07 reports were in place for all suspense account reconciliations
- The Council have commenced a 12 month contract with Integra to log IT issues and are currently in the process of agreeing further assistance with the Agresso 'milestone 6' upgrade.

However we also found the following areas for improvement:

- Two out of a sample of five requisitioners could not be evidenced as having passed their iLearn course; however, these requisitioners proceeded to be set up as requisitioners on the Agresso system (Detailed Finding 2)
- Appropriate alerts are currently not embedded within the Agresso system that allows management to identify failed run of interfaces (Detailed Finding 3).

## Conclusion

We have issued two medium and one low level recommendation. We identified a good design of controls to manage the daily operations of the Council's General Ledger system. Furthermore, from our testing and observation of the control environments we did not identify any high recommendations or significant instances of non-compliance of controls in place. As a result we conclude moderate assurance on both the design and operational effectiveness of the controls.

# EXECUTIVE SUMMARY - AUDIT 13. BUILDING CONTROL

CLIENT STRATEGIC OBJECTIVE			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Efficient, Effective Council			High	-
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Medium	4
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	-
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 4	

## OVERVIEW

### Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and are operating effectively in relation to the Building Control service.

The Building Control service of Oxford City Council is responsible for ensuring compliance with Building Regulations. Building Regulations are designed to ensure the health, safety, welfare and convenience, of people in and around buildings, the conservation of fuel power and water and the accessibility to and facilities within buildings. It should be noted that the Building Regulations are entirely separate from The Town and Country Planning Act 1990.

### Good Practice

- The Council has recently undertaken a comprehensive review and benchmarking exercise relating to the fees charged by the Building Control service to bring them in line with those charged by other authorities in the area and to remain competitive with the approved inspectors
- Managers and team leaders within the Planning and Regulatory services meet on a fortnightly basis to discuss service related matters such as performance and staffing and to share any concerns and best practice with one another
- The Building Control Service has recently mapped out flowcharts and timelines for each of the different application types which facilitates awareness of what tasks must be carried out and when they should be carried out by members of the team.

# EXECUTIVE SUMMARY - AUDIT 13. BUILDING CONTROL

## OVERVIEW

### Key Findings

- Permanent staff and contract workers within the team are provided with limited informal briefings on their roles and responsibilities within the team but are not provided with formalised training sessions to provide them with a detailed understanding of how to carry out their responsibilities, resulting in a possible lack of skills or awareness of Council policy within the service (medium - see detailed recommendation 1)
- Applications are only subject to limited oversight and review before they are finalised and certification is provided, with no detailed in-depth review taking place to ensure all work carried out was sufficient to verify compliance with Building Regulations (medium - see detailed recommendation 2)
- The Service Performance Reports provided to Heads of Service lack key operational indicators which would provide insight into which areas the service is struggling with and which areas the service performs strongly in, which hinders the Heads of Service in making informed decisions to improve the performance of the service (medium - see detailed recommendation 3)
- The number of building control applications received by the Council has fallen in recent years and although the service conducts ad hoc analysis of how and why competitors are winning work ahead of the Council, this analysis is neither comprehensive or regular enough to gain a firm understanding of the actions the Council should take in order to remain competitive in the market and maintain its market share (medium - see detailed recommendation 4).

### Conclusion

Overall we have raised 4 medium findings and recommendations relating to the Council's building control service. Our review found that there is room for improving the Council's controls for the building control service but with no areas of significant concern, and that there were no major instances of non compliance with the current controls, leading to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness.

# HCA GRANT CLAIM COMPLIANCE – EVIDENCE OF SUBMISSION

**Independent Auditor for 38UC Oxford CC has submitted findings for review**

Independent Auditor Pilar OteroTourino has submitted completed checklists, with any findings, for 38UC Oxford CC for the following schemes:-

613893 Bury Knowle Deport 1-10 Bury Knowle Park Oxford OX3 9HX

Submission Date: 22/11/2016 11:04:48

# APPENDIX I – DEFINITIONS

The below table sets out the definitions for the assurance levels and recommendation significant we issue in our audits.

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LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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# OXFORD CITY COUNCIL

## INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

December 2016





# INTRODUCTION AND EXECUTIVE SUMMARY

## Introduction

Ahead of each Audit and Governance Committee we follow-up those recommendations raised by Internal Audit which are due for implementation. We request commentary by responsible officers on the progress to our recommendations and for those High and Medium recommendations due we verify progress to source evidence and conclude either that the recommendation is complete or incomplete.

There were 29 recommendations due for November 2016 comprising of three High recommendations and 26 Medium recommendations.

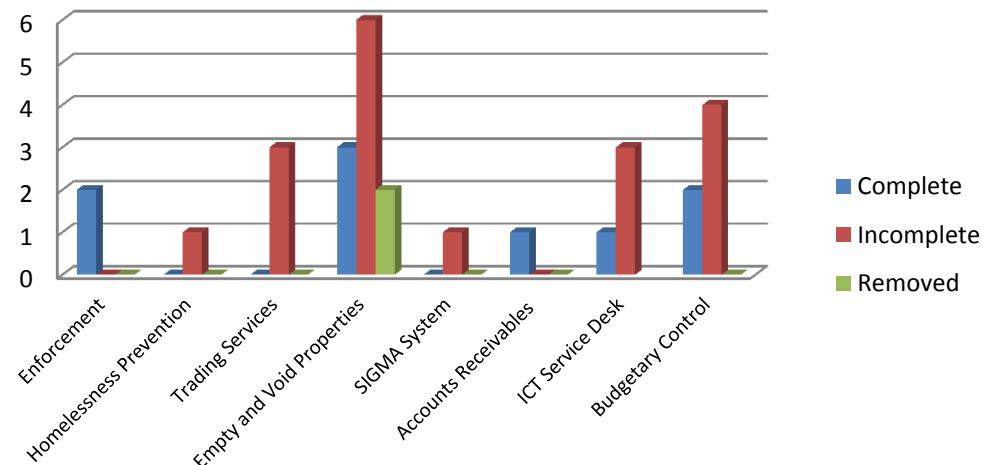
## Executive Summary

Please find below a summary of the 29 recommendations that were due for completion prior to the December 2016 Audit and Governance Committee:

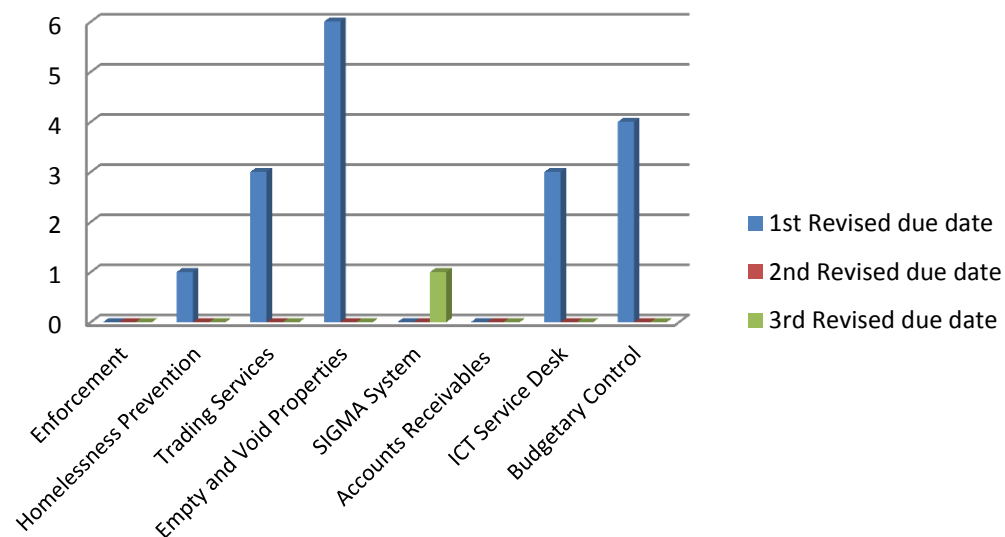
### 2015-2016 Recommendations

- One High and Eight Medium recommendations have been implemented and can be removed from the Recommendations Tracker
- Two High and 16 Medium recommendations are not complete of which one recommendation has been allocated a third revised due date, but for a good reason. These recommendations will continue to be followed up until they are complete we will :
  1. Continue to emphasise to staff to be realistic about the implementation dates when completing their management responses at the completion stage of each internal audit review
  2. Issue the recommendations tracker to all the relevant Heads of services on a monthly basis from the December audit committee onwards
  3. Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation
- Two Medium recommendations have been removed from the recommendations tracker and have been downgraded to Low level recommendations.

Recommendations due for November 2016 that were either Complete/Incomplete or Removed



Recommendations due for August 2016 with a revised due date issued for the 1st, 2nd or 3rd time





# RECOMMENDATIONS COMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Accounts Receivables	5b) The accounts receivable team should ensure reminder letters are sent at consistent points within the process, including a first reminder one week after the invoice due date	H	Damon Venning Incomes Team Leader	<del>Dec - 15</del> <del>May - 16</del> Sept - 16	This recommendation was covered in the 2016 - 17 Accounts receivables review we verified that reminder letters are sent 14 working days from the date of the invoice due date.
Enforcement	3) Consideration should be given for each area and how they can become more proactive; subsequent actions then need to be taken to implement such initiatives	M	Ian Wright, Environmental Health Service Manager	Sept - 16	We verified that proactive work has been considered and developed by each team. The primary proactive enforcement workflows have been prioritised to regulating the private rented sector, including working with planning enforcement. These have been translated into targets in the recently adopted Private Housing Policy 2016-2019. The Private Sector Safety Team carry out proactive inspections of rented houses and unlawful developments and carry out joint visits with Planning Enforcement. The HMO Enforcement Team have identified a list of suspected HMOs from data sources and proactively target them for inspection and engage Planning Enforcement where an unlicensed HMO is found that does not have planning permission.
Enforcement	4) Discussion should be had to set out the KPI's for all enforcement areas and these should then be reported and monitored by the Head of Planning and Regulatory Service at agreed intervals	M	Ian Wright, Environmental Health Service Manager	Sept - 16	We verified KPIs have been developed across the service and are submitted to the Head of Service on a monthly basis.

# RECOMMENDATIONS COMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Empty and Void properties	1b) Pre-termination inspection forms should be filled out and retained for every inspection undertaken.	M	Bill Graves, Tenancy Management Manager	Nov - 16	We verified that pre inspection forms are now in place and are retained for every inspection due
Empty and Void Properties	2a) The Council Tax Team should notify the Tenancy Management Team of deaths no later than the following working day. This could be achieved via improved communication and expectations between the two teams and the Tenancy Management Team being added to the email distribution the Council Tax Team receive their notifications on.	M	Tanya Bandekar, Service Manager revenue and benefits	Sept - 16	We verified that a V-file request was raised with IT to add the various members onto the mailing list. Furthermore, we verified that the appropriate members were added to the mailing list.
Empty and Void properties	2b) Performance against these targets should be measured and reported to senior management	M	Ann Phillips, Tenancy Management Manager	Sept - 16	We verified that a spreadsheet has been set up which manages the end to end process. Furthermore, there is a weekly meeting and the whole process is covered by the tenancy manager team and the void team the spreadsheet is monitored to discuss and analyse where there are issues in the process. This is then fed upwards to senior management

# RECOMMENDATIONS COMPLETE

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Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
ICT Service Desk	<p>7) In order to achieve the expected maturity level, Management should establish a defined procedure to review and report on the performance and efficacy of the processes that support operation of the Service Desk. Furthermore, Management should implement a defined procedure for managing changes to the operational processes of the Service Desk, which includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• The assessment and management of potential risks to the operation of the Service Desk</li> <li>• The assessment of the potential impact on the IT Service as a whole and on the Council</li> <li>• Appropriate planning is performed before implementation</li> <li>• Changes are scheduled so as to minimise disruption to the Service Desk, the IT Service and the Council.</li> </ul>	M	Jan Heath, Business Development and Support Manager	Oct - 16	We verified that a change control process is in place. All change requests are assessed and considered at the weekly CAB (Change Advisory Board) meetings. Network changes are published in the VFIRE Calendar which is viewable by all business areas. Changes are implemented out of normal business hours to minimise impact to the business (by ICT and external suppliers).
Budgetary Control	<p>6b) The contract Manager should hold the responsibility of ensuring their contractor has produced and sent through data required by the Council on a regular basis</p> <p>6d) Prior to the commencement of a contract, contractors, contract management and PI metric owners should be made aware of their expectations and responsibilities.</p>	M	Jan Heath, Business Development and Support Manager	Oct - 16	<p>6b) We verified that Contract Managers meet with contractors on a regular basis. All data requirements are set as an agenda item within the meetings Performance Indicators are measured on a monthly/quarterly basis and reported through CMT or CEB reporting as appropriate.</p> <p>6d) we verified that expectations and responsibilities are discussed and agreed prior to commencement of contract awards. Furthermore, measures are setup in CorVu and assigned an owner.</p>

# RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Sigma Systems	The control sheet must be completed and approved by two separate members of the SIGMA team upon any contractual change of rates charged on energy invoices	M	Andrew Sunderland, Energy Management Officer	<del>Dec 15</del> <del>Mar 16</del> <del>Oct 16</del>	The first contract rate changes were effective from 1st October 2016 the energy services are currently waiting for some of the rates to be issued by the listed suppliers. The New rates are anticipated to be received by January 2017 as a result we will follow this recommendation up in the next audit committee.	January 2017
Homelessness Prevention	A revised action plan should be created for the Homelessness Strategy which should be presented to the Council's Housing Panel	M	Frances Evans, Strategy and Service Development Manager	<del>Sept 16</del>	The Council are registered with the NPSS gold standards this is a national standard for housing and homeless services the lessons learned from the NPSS gold standards will be fed into the action plan allowing the Council to add more value we will follow up this recommendation in June 2017	June 2017
Empty and Void Properties	1c) Performance against these targets should be measured and reported to senior management	M	Bill Graves, Tenancy Management Manager	<del>Nov 16</del>	Performance against targets are currently not measured and reported to senior management we will address this recommendation in March 2017.	March 2017

# RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Empty and Void Properties	4a) The Voids Satisfaction Survey should be created and implemented  4b) The Voids Team should analyse the surveys and set an action plan (if necessary) to act upon the feedback.	M	Ann Phillips, Tenancy Management Manager	<del>Sept 16</del> Nov 16	4a/4b) The voids satisfaction survey is currently outstanding as there has not been capacity to complete this. This recommendation will be followed up in May 2017	May 2017
Empty and Void Properties	5) The Tenancy Management Team should agree a protocol with the Voids Team which sets out how keys will be given to/collected by the Voids Team no later than the following working day after receipt of the keys. The protocol should then be followed and its effectiveness monitored.	M	Ann Phillips, Tenancy Management Manager	<del>Nov 16</del>	The Tenancy Management teams now have key safes and a suitable process has been set up to manage the collection of keys. In order to create a seamless process a post has been created for key collection and monitoring. The individual is currently in the training process and a process on how to manage the process will be established by March 2017	March 2017

# RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Empty and Void Properties	6a) An over-arching service agreement should be agreed between the Tenancy Management Team, Void Team and Housing Allocations Team setting out responsibilities, expectations, performance to be recorded/reported etc.  6b) The procedure documents should then be ratified by the Housing Landlord Group.	H	Bill Graves, Tenancy Management Manager	<del>Nov 16</del>	A draft service agreement is currently in place this is yet to be completed and ratified this recommendation will be followed up In March 2017	March 2017
Trading Services	2a) A proposal should be tabled in agreement with the Trading Board and Recruitment which details the challenges and options for resolving the challenges  2b) Formal succession planning actions should be drafted and approved by the Trading Board for critical areas of reliance on critical personnel.	M	Graham Bourton, Head of Direct Services	<del>Nov 16</del>	2a) This is being addressed as part of the wider DS restructure proposals which will continue to be developed right through 2017  2b) DS SMT have discussed succession planning in broad terms and are doing more focused work on 02/11/2016. This will identify key posts and begin working up succession plans as a result we will follow up this recommendation within the next audit committee March 2017.	2a) November 2017  2b) March 2017
Trading services	5) Set out the current relationships held and analyse these to answer:  What does the relationship bring to the Council and what potential is there from this relationship?  What challenges are there to build the relationship further?  What are the practical actions required to mitigate the challenges?	M	Simon Howick, Service Transformation Manager	<del>Sept 16</del>	The analysis of current working relationships is a work in progress and will be followed up in the next follow up review	March - 2017

# RECOMMENDATIONS INCOMPLETE

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Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
ICT Service Desk	<p>1) In order to achieve the expected maturity level, Management should:</p> <p>Define the expectations, objectives and scope of the Service Desk in line with the requirements of the Council.</p> <p>Define the services provided by the Service Desk to the Council and document the processes associated with the delivery of these services</p> <p>Define the relationship between the Service Desk and the operational areas of the Council's ICT Service.</p> <p>Define the responsibilities and the relationship between the Council's Service Desk and Application Development functions.</p> <p>Management should consider the implementation of a defined service level agreement (SLA) between ICT and the Council.</p>	M	Vic Frewin, ICT Manager	<del>Oct - 16</del>	The scoping of works for a dedicated Service Desk function within a wider ICT support capability is currently in progress. Key functionality has been identified and organisational re-alignment is in the planning stage to better address the required capability. Relationships within other areas of ICT have been mapped out and will be clearly defined. ICT Service Catalogue is in preparation to define the products and services of the ICT function, and propose SLAs with the customer base	Jan - 2017

# RECOMMENDATIONS INCOMPLETE

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Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
ICT Service Desk	<p>2) In order to achieve the expected maturity level, Management should:</p> <p>Establish and agree with the Council a set of defined metrics and key performance indicators in order to monitor and assess the performance of the Service Desk</p> <p>Define the operational requirements for achieving the defined metrics and implement a procedure to monitor and report on performance issues as they are encountered</p> <p>Furthermore, Management should establish a defined communications strategy, which includes but is not limited to:</p> <p>The requirement for department and team meetings</p> <p>The frequency with which these meetings are held</p> <p>The requirement for meetings to be held with key stakeholders from across the Council</p>	M	Vic Frewin, ICT Manager	<del>Oct-16</del>	<p>SLA and Performance metrics are being evaluated within the management team, and will be offered in draft form to cover the Service Desk the Infrastructure and Operations support team, as well as the Applications Support and Development function.</p> <p>Communications vehicles are being considered to address a number of weaknesses in communicating within teams, between teams and between the function and its customers. A Communications plan will form part of the Service Catalogue and SLA. Internal team meetings have been established and embedded and appear to be working well. Liaison meetings with stakeholder services and now established, and take place regularly.</p>	Jan - 2017



# RECOMMENDATIONS INCOMPLETE

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Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
ICT Service Desk	<p>5) In order to achieve the expected maturity level, Management should, for each IT operational area, define:</p> <ul style="list-style-type: none"> <li>• The responsibility, scope and objective for the area</li> <li>• The relationship and interaction between each area</li> <li>• The procedure for monitoring the performance of each area individually and the ICT service as a whole.</li> </ul> <p>Furthermore, Management should review and, where necessary, revise the Service Desk roles and responsibilities so that they are aligned with the services that are provided to the Council.</p>	M	Vic Frewin, ICT Manager	<del>Oct - 16</del>	The ICT service is currently being assessed with a view to a partial restructure to more clearly define roles, responsibilities and relationships. Organisation will be in accordance with ITIL principles, which will also drive the two previous entries. Performance monitoring of the function as a whole, and the constituent parts, will be largely extracted from the Service Management tool, v-File, which is itself under scrutiny as a fit-for-purpose tool in its current incarnation. A Mark2 deployment is about to go into test. A broader assessment of capabilities to match Council strategy is currently under way, and will need to be aligned to short, medium and long-term strategic objectives of the Council.	Jan - 2017

# RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Budgetary Control	<p>5a) If the Council are unable to fill staff capacity the current business development team should endeavor to test the accuracy of three PI metrics a month on a rolling period</p> <p>5b) The Business Development team and PI metric owners must ensure to communicate regularly enabling them to identify areas where there are issues with obtaining accurate data</p>	M	Jan Heath, Business Development and Support Manager	<del>Oct - 16</del>	The recommendations are currently a work in progress and will be followed up in the next audit committee	Jan - 2017
Budgetary Control	<p>6a) The Council should make contractors aware of the risks involved of not sending through complete and accurate data in a timely manner</p> <p>6c) The Council should introduce sanctions for all contractors who fail to produce and communicate data to the Council in a timely manner</p>	M	Jan Heath, Business Development and Support Manager	<del>Oct - 16</del>	The recommendations are currently a work in progress and will be followed up in the next audit committee	Jan - 2017

# RECOMMENDATIONS REMOVED

Audit	Recommendation made with reference to the corresponding Internal Audit report	Priority Level	Manager Responsible	Due Date	Reason for change of priority level from High to Low
Empty and Void properties	1a) Pre-termination inspections should take place during the notice period. If this is not possible, there must be record of the reason why the inspection was not done.	M → L	Bill Graves, Tenancy Management Manager	Nov 16	We verified that pre termination inspections are currently taking place within the notice period however; a record of the reason as to why an inspection has not taken place has yet to be developed. As pre termination inspections are taking place within the notice period we will reclassify this recommendation from a medium to a low level finding.
Empty and Void properties	9) As part of the tender specification for the housing software, the Council should request that a solution is found for the Access database single point of failure.	M → L	Bill Graves, Tenancy Management Manager	Nov 16	The Access database was not designed for multiple users the software has been fixed for now however they are now looking to now have another functionality in place which will be commissioned this is currently being done by the Councils IT administrator system. This task will be on Northgate's void Module. As the current access to database has now been fixed we have reclassified the risk from Medium to Low and will therefore, remove this from the follow up tracker



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# Oxford City Council

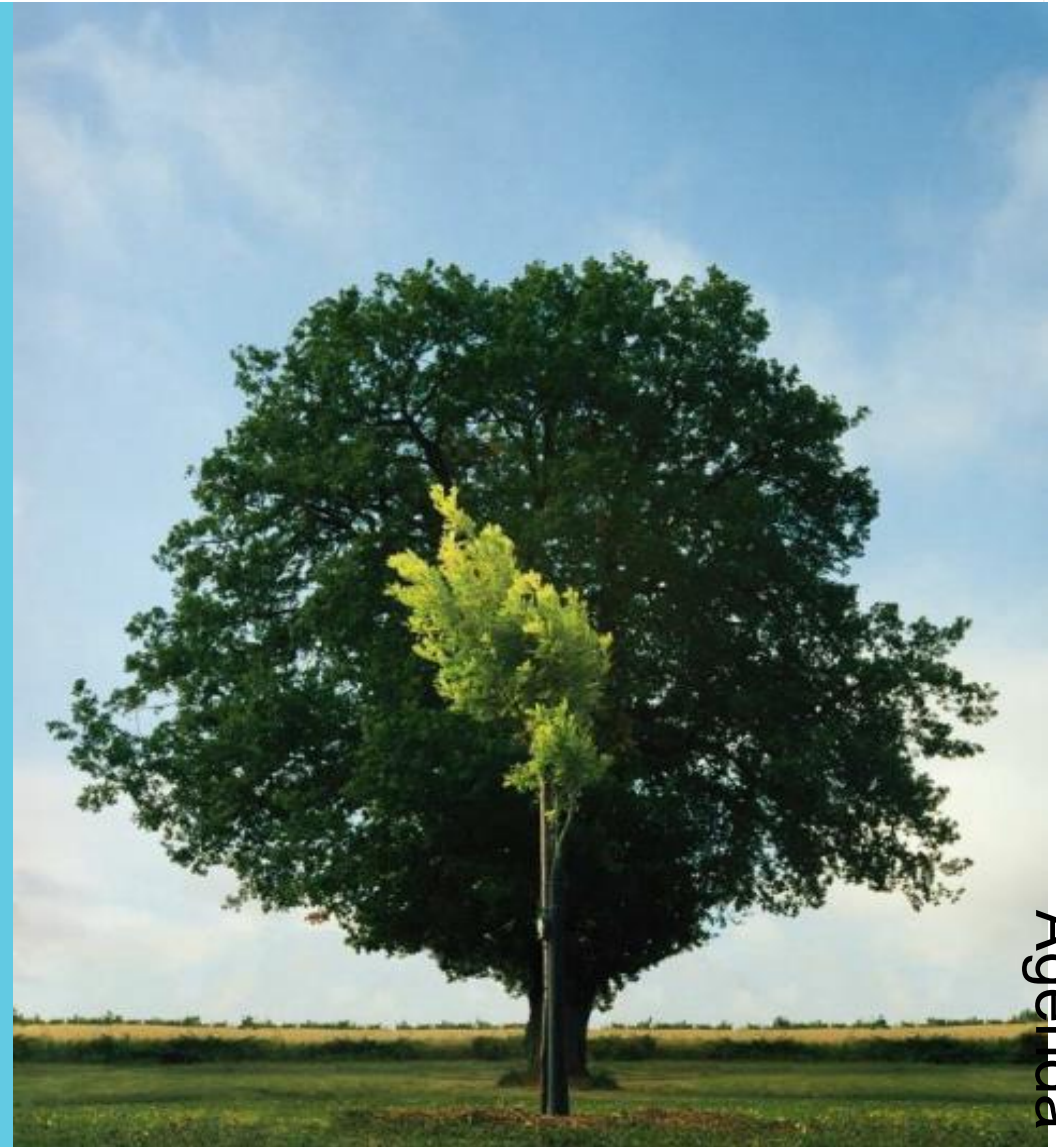
## INTERNAL AUDIT REPORT - FINAL

Audit. 10 Accounts Receivable

December 2016

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
LIMITED	LIMITED

**FINAL**



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REPORT STATUS	
Auditor:	Yasmin Ahmed, Audit Senior
Dates work performed:	26 - 04 October 2016
Closing meeting:	20 October 2016 attended by Yasmin Ahmed, Anna Winship, Katie Ball, Kevin Lacey and Neil Markham
Draft report issued:	24 November 2016
Final report issued:	2 December 2016

DISTRIBUTION LIST	
Nigel Kennedy	Section 151 Officer and Audit Sponsor
Anna Winship	Management Accounting Officer
Katie Ball	Incomes Team Manager
Kevin Lacey	Accounts Receivable: Recovery Team leader
Neil Markham	Accounts Receivable: Support and Prevention Team Lead
Tanya Bandekar	Service Manager - Revenue and Benefits

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

# EXECUTIVE SUMMARY

## OXFORD CITY COUNCIL STRATEGIC OBJECTIVE THIS REVIEW RELATES TO

Efficient, Effective Council: A flexible and accessible organisation, delivering high-quality, value-for-money services

## LEVEL OF ASSURANCE (SEE APPENDIX III FOR DEFINITIONS)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX III FOR DEFINITIONS)

High  4

Medium  4

Low  1

Total number of recommendations: 9

## OVERVIEW

Oxford City Council's (the Council) accounts receivables team underwent a major restructuring process whereby the incomes team and the rents team have been amalgamated into one single incomes team. Through the restructure of the team specific controls and processes were considered to be inadequately followed, for example an absolute balance of £140,000 of transactional amendments was not cleared from the error account for over one year. Furthermore, there is a severe lack of communication between various originator departments and the incomes team leading to untimely debt collection. In addition the Council has relatively high levels of aged debt in comparison to 2015 - 16, 69% of aged debt was due for over 180 days as at 28 September 2016.

During the review we noted the following areas of good practice:

- The Council's high level policies i.e. the financial regulations and the corporate debt policies were relevant, up to date and fit for purpose
- Effective and adequate controls are in place to ensure that transactions are raised, approved and paid in an accurate, complete and timely manner
- Effective management information is reported and adequate key performance indicator information is assessed to monitor the activities undertaken
- Sufficient procedures are in place to confirm the validity of data and approval of income collection.

However we also found the following areas for improvement:

- Segregation of duties are not in place within the self service system enabling individuals to create and authorise customer accounts (Detailed Finding 1)
- The incomes team leaders are not aware of the Customer Due diligence (CDD) procedures carried out by the Council's originator departments (Detailed Finding 2)
- Two out of a sample of five customer creation forms could not be evidenced; as a result we could not verify sufficient customer account approval (Detailed Finding 3)
- Transactional amendments were not carried out in a timely manner and there was insufficient oversight of transactions (Detailed Finding 4)
- Debt recovery arrangements continue to be inadequate with 69% of debt remaining overdue for more than six months as at 28 September 2016 (Detailed Finding 6)
- There continues to remain inadequate co-operation between the originator departments and the incomes team despite management meetings taking place on a weekly basis resulting in ineffective debt recovery arrangements (Detailed Finding 6 & 9)
- Three out of a sample of five debt write off forms could not be evidenced (Detailed Finding 7)
- There are a number of inconsistent scripts causing interfaces such as garden waste to occasionally fail; furthermore, there are no alerts to key personnel to notify of failed scripts (Detailed Finding 8).

## Conclusion

We have issued four high, four medium and one low level recommendation resulting in a limited design of controls and a limited effectiveness of controls. This is due to the new self service system which currently does not have a segregation of duties implemented; as a result, income officers are able to potentially create and authorise customer accounts and possibly credit balances to unsolicited accounts. Furthermore, the insufficient debt collection arrangements and the lack of co-operation between the originator departments has resulted in a high level of overdue debts.

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: New or existing customer/supplier change controls are inadequate to safeguard the integrity of changes made to data held

Ref.	Finding	Sig.	Recommendation
1	<p>The Council have recently introduced a self service system allowing both income officers and originator departments to create a customer on the system which is subsequently linked to Agresso. On creation of the customer account the Agresso system allows both the incomes team and/or the originator department to raise invoices.</p> <p>Initially the originator department or the incomes officer must specify all details of the customer via a customer creation form and ensure to obtain authorisation from an appropriate officer. The originator department proceeds to create a customer on the self service system. Subsequently, the request for a new customer is directed to a generic work flow where various income officers are able to execute the request. The incomes officer who initially picks up the request is required to check the details of the customer, for example check whether the customer was an existing customer and an overall payment history. Once the incomes officer is satisfied with the customer created they must authorise the account creation request. The customer is then created on the Agresso system.</p> <p>As part of this review, we reviewed the process and controls in place embedded within the self service system to authorise a customer creation. Through discussions with income officers and management and observation of the controls we found that there are insufficient segregation of duties implemented within the self service system; currently an income officer is able to create a customer on the self service system and also authorise the customer created.</p> <p>If there are no segregation of duties implemented within the self service system, there is a high level of fraud risk. Unsolicited accounts could be created on the system and credited with funds leading to a negative financial impact on the Council.</p>	H	<p>a) A parameter must be implemented within the self service system whereby individuals who are able to create a customer are unable to authorise the customer on the system</p> <p>b) If the council are unable to implement a suitable parameter within the Agresso system, a retrospective check must be completed by the incomes manager on a Quarterly basis whereby, all customer details inclusive of bank details must be verified and a segregation between approval and creation must be validated.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Agreed: Income Management will be raising a V-Fire to be picked up by Integra. We will be requesting an amendment of the system to ensure the Officers can't create a customer account and also authorise. Historically it seems this was seen as a save in time / resources but it's understood this isn't viable for audit purposes. It's noted though that the Income Team don't use the Self Service part of Agresso to create customers, they use the full desktop service. The only users creating customers on the self-service system are the originating departments and they are unable to authorise accounts.</p> <p>Alternatively if the above parameter is not possible we will do a quarterly retrospective check to see if anyone has created and authorised a customer and review this. To do each one would be too time consuming for the Incomes Team.</p>			<p><i>Responsible Officer: Katie Ball, Income Manager and All Originator departments</i></p> <p><i>Implementation Date: 31 January 2017</i></p>



# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: New or existing customer/supplier change controls are inadequate to safeguard the integrity of changes made to data held

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Ref.	Finding	Sig.	Recommendation
2	<p>Customer Due Diligence (CDD) is required by the Money Laundering Regulations 2007. The aim of the regulation is to prevent fraud and malpractice behaviour. The regulation enables organisations to better identify suspicious transactions if the organisation knows their customer and enables the customer to understand the reasoning behind the instructions provided by the organisation. CDD does not need to be conducted on all customers and the Council's Money Laundering Policy sets out where it should apply.</p> <p>Through interviews held with the incomes team leader and incomes officers it became apparent that there was a lack of knowledge from the incomes team over whether originator departments conducted CDD. Furthermore, management were not aware of the level of evidence retained on completion of these checks. In addition, management and incomes officers confirmed that they were not confident CDD processes within originator department are taking place. Therefore, this review confirms there is a lack of confidence amongst management staff over whether CDD is applied and, if it is applied, there is a lack of knowledge over whether this is being recorded/retained consistently in line with Council policy.</p> <p>Best practice CDD goes further than copying the identification of the customer and requires the Council to consider the purpose and vision of the organisation transacted with and to confirm who the beneficiary owner is.</p> <p>If CDD is not exercised there is a heightened risk of a breach in legislation and the Council policy.</p>	M	<p>a) The requirement to perform Customer Due Diligence (CCD) checks must be communicated to all relevant staff setting out the consequences to the Council of non-compliance with legislation</p> <p>b) The communication regarding CDD to relevant staff including all originator departments must set out how to conduct these checks and evidence must be retained</p> <p>c) As part of the Agresso milestone 6 upgrade (due in March 2017) the Council should enforce a parameter whereby, staff are prompted to ensure that CDD checks have been completed and/or considered prior to submission for authorisation.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>1. We will look at revising the New customer form to see if we can add a Y/N tick box to say CDD has been considered alongside what functionality there is to accommodate this in Agresso</p> <p>2. Awareness raising through training- suggest that the Head of Service organises refresher training through the Investigations Team for all staff</p>			<p><i>Responsible Officer: 1. Neil Markham, Incomes Team Leader and 2. Nigel Kennedy, Section 151 Officer</i></p> <p><i>Implementation Date:</i></p> <p>1. 31 March 2017</p> <p>2. 31 March 2018</p>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: New customers/suppliers are not subject to sufficient due diligence to provide reasonable comfort over the nature and background of the customers/suppliers

Ref.	Finding	Sig.	Recommendation
3	<p>The Council have recently introduced a self service system allowing both income officers and originator departments to create a customer on the system which subsequently allows the incomes team or the originator department to raise invoices for a particular customer. All corresponding documentation for the creation of the customer must be retained by the incomes officer or the originator department dependent on whom created the customer.</p> <p>Furthermore, where originator departments direct income officers to create customer accounts on their behalf a relevant customer creation form or raise to request form must be provided to the incomes officer.</p> <p>As part of this review, we sample tested five new customers created on the Agresso system via the self service system from April 2016 to October 2016. From our review we found that:</p> <ul style="list-style-type: none"> <li>Although two out of a sample of five customers were created via the self service system, we could not obtain the corresponding documentation for the creation of the customers from the originator departments - this comprised of a customer created by Direct services and also Rose hill Gym. Due to insufficient documentation being retained, it was not possible to review whether the relevant due diligence checks have been completed or whether the more simplistic checks of customer payment history and the duplication of customers have been checked. Furthermore, we were also unable to evidence whether the customer was authorised by a relevant officer within the originator department prior to being created on the system.</li> </ul> <p>If corresponding documentation is not retained there is a risk that the relevant checks and authorisations have not been obtained and a customer has been created on the Council's system. There is a risk of a negative financial impact on the Council if the customer is not fit and proper.</p>	M	<p>a) All corresponding documentation must be retained by the originator departments and/or income officers depending on whom has created the customer</p> <p>b) Income officers should seek to review the customer creation forms or confirm that they were completed on the creation of a customer</p> <p>c) The incomes team and/or the originator departments must complete a spot check of an average sample of five new customers on a Quarterly basis to ensure that customer creation forms are retained.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Agreed: The originating department were unable to supply the documentation. Income Team Leaders liaised with these departments and requested the corresponding documentation, which for one reason or another did not materialise. This is in the process of being rectified. The Corporate Services team are scanning documents sent up to St Aldate's so that the Income Team has access to the data and can deal with queries</p> <p>The Incomes Team understand that Direct Services are getting their own scanner which will save time in transferring documents to St Aldate's. The Originating Departments will be required to provide evidence of self checking their scanning files quarterly</p>			<p><i>Responsible Officer: Service Managers of Originating Departments and Incomes Team</i></p> <p><i>Implementation Date: 31 March 2017</i></p>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Amendments to transactions are not subject to sufficient oversight and approval procedures to validate their accuracy

Ref.	Finding	Sig.	Recommendation
4	<p>The accounts receivables error account code '99999999' comprises of both debit and credit balances due to be re-allocated to a specific customer account. The main reasons for balances to exist on the Council error account are due to:</p> <ul style="list-style-type: none"> <li>Customers making payment using the incorrect account number</li> <li>Customers making payment using the incorrect invoice number</li> <li>Customers making duplicate payments to one invoice</li> <li>Customers making insufficient payments or incorrect payments.</li> </ul> <p>We would expect the Council error account to be cleared on a daily basis to prevent a large build up of debit and credit balances. The clearance of error accounts will also help to ensure a seamless process of re-allocating balances to correct customer accounts, preventing continuous customer queries and incorrect debt reminder letters sent to customers. Furthermore, we would expect there to be sufficient oversight of amendments and approvals by management. As part of this review, we sample tested 10 transactional amendments that were originally allocated to the Council error account from April 2016 to October 2016. From our review we found that:</p> <ul style="list-style-type: none"> <li>Transactional amendments were not completed on a regular basis; transactional amendments varied within a range of 21days to 1 year to complete. Within our sample we found that <ul style="list-style-type: none"> <li>Four out of ten amendments took two months, six months, seven months and ten months to complete respectively</li> <li>Two out of ten amendments took four months to complete</li> <li>Two out of ten amendments took one month to complete</li> <li>One out of ten amendments took one year to complete</li> </ul> </li> <li>There was no sufficient oversight and approvals process of authorising transactional amendments by the income team leaders</li> <li>An overall balance of £140,000 of transactional amendments comprising of debit and credit balances remained on the Council's error account from 2001 to 2016; this report was run as at 13 October 2016.</li> </ul>	H	<ul style="list-style-type: none"> <li>a) Transactional amendments should be cleared from the Council's error account on a daily basis by allocated income officers</li> <li>b) Management should ensure to review and authorise all transactional amendments</li> <li>c) A threshold should be set on the balance that the error account is not allowed to exceed</li> <li>d) Where there are transactional balances over one year of age comprising of both debit and credit transactions these must be cleared/removed from the error account.</li> </ul>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Amendments to transactions are not subject to sufficient oversight and approval procedures to validate their accuracy			
Ref.	Finding	Sig.	Recommendation
4 Cont.	If transactional amendments are not cleared on a regular basis there is a risk of a build up of unknown debit and credit balances within the error account. Furthermore, a lack of management oversight of transactional amendments could lead to credit balances being incorrectly credited to unsolicited accounts (see Detailed Finding 1) heightening the risk of fraud and error.		
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed: Incomes are responsible for clearing the Agresso error account. More focus will be given to ensure the Income Officers are actioning this on a daily basis. A new process will be put in place, which is completed and monitored by management.			<i>Responsible Officer: Katie Ball, Incomes Team Manager</i>  <i>Implementation Date: 31 December 2016</i>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Ineffective management information is reported and inadequate key performance indicator information is assessed to monitor the activities undertaken

Ref.	Finding	Sig.	Recommendation
5	<p>The income team leaders currently engage with direct services, trade waste and commercial rents on a weekly basis through weekly management meetings. The agenda of the meetings typically includes the following:</p> <ul style="list-style-type: none"> <li>• Discussing relevant KPIs with the originator departments for example overdue debts, late payments and or non payments</li> <li>• Aged debtor analysis</li> <li>• Monthly reports on invoices raised for various service areas</li> <li>• Monthly income collection performance</li> <li>• Issues concerning customer accounts that the incomes team must be made aware of</li> <li>• Action plans for both originator departments and the incomes team</li> </ul> <p>We reviewed the management meetings minutes to understand whether robust discussions were taking place and also to better understand the effectiveness of management meetings. Although there were appropriate discussions taking place within management meetings, we found that holding management meetings on a weekly basis added insufficient value as unrealistic deadlines were set for action plans resulting in action plans not being addressed within a short period of time. Furthermore, there was a lack of attendance of meetings as meetings were cancelled and held the following week on some occasions, demonstrating a lack of significance associated with the management meetings held on a weekly basis.</p> <p>If management meetings are held on a too frequent basis there is a risk of no added value to the meetings resulting in a lack of attendance and significance attached to the meetings and time wasted by those who do attend.</p>	L	<p>a) Management meetings should be held on a fortnightly basis to allow the incomes team and originator departments to discuss areas of relevance</p> <p>b) Realistic timescales should be set for action plans.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Agreed: These meetings have already been changed to fortnightly to allow for actions to be undertaken.</p> <p>Any actions to be completed are addressed and resolved.</p>			<p><i>Responsible Officer: Neil Markham, Incomes Team Leader</i></p> <p><i>Implementation Date: 31 December 2016</i></p>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Debt recovery arrangements are inadequate and ineffective to achieve the maximum return of funds in line with the Council's values

Risk: Timeliness of communication between service areas and the central accounts receivable team is considered inadequate to allow effective debt collection to take place

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Ref.	Finding	Sig.	Recommendation
6	<p>The accounts receivables department payment terms are that payments are to be made immediately on the issue of an invoice. There are instances where payment arrangements have been agreed with the customer through the originator department; however, this only exists in rare circumstances.</p> <p>The incomes team will manage the recovery of all invoices issued on the Council's accounting system, Agresso. The Council's approach is that if an invoice is not paid within 14 working days from the invoice due date, an automatic letter is produced by the Agresso system and issued to the customer. There are no diarised debt recovery procedures in place apart from the initial automatic letter. The debt recovery policy states that after 28 days from the invoice date, each invoice outstanding should be considered over how to proceed i.e. whether to re-issue a debt follow up letter or involve legal/civil recovery proceedings.</p> <p>We selected a sample of five overdue debts ranging from 54 to 175 days from 1 April 2016 to 14 October 2016. We found:</p> <ul style="list-style-type: none"> <li>For a sample of two out of five debts comprising of a total value of £108,389.05, two invoices for the same customer on the 25/04/2016 and 07/06/2016 respectively remained outstanding at the point of our review - therefore the invoices were 175 and 126 days overdue respectively. We queried what action had been taken to recover these funds. We evidenced an initial automatic letter issued via the Agresso system on 12/05/2016 and 13/09/2016 respectively. Further contact was only maintained on 14/09/2016 by the client requesting a purchase order to be sent for the corresponding amounts. For a balance overdue for 175 days and 126 days respectively, we would expect a high degree of debt recovery activity. Furthermore, three out of five transactions from our sample were overdue with insufficient action taken; the only level of action taken were automated reminder letters sent to customers, with the largest balance on our sample of £93,369 being overdue by 160 days</li> <li>The Council's Debt Policy specifies that where invoices are 28 days overdue from the invoice due date, the involvement of legal or civil enforcement companies must be considered on a case-by-case basis. However, the Council could not evidence consideration of either legal or civil enforcement companies for five out of five cases that were more than 28 days overdue from the date of the invoice. From our discussions with accounts receivable staff it was apparent that 28 days may not be considered the appropriate point at which to consider debts for legal or civil recovery proceedings. The values ranged from £100 to £90,000 within our sample</li> </ul>	H	<p>a) The roles and responsibilities of the originator departments and the incomes team should be clearly defined</p> <p>b) The ultimate responsibility of debt collection should be clearly communicated to the incomes team</p> <p>c) The originator department should communicate effectively with the incomes team on any customer issues that concern effective debt recovery</p> <p>d) Income officers should be proactive in monitoring overdue debt and ensuring contact is maintained at agreed follow-on dates until the debt is fully recovered.</p> <p>As a measure of good practice we have included the debt recovery procedures in place by other Councils; please see Appendix I.</p>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Debt recovery arrangements are inadequate and ineffective to achieve the maximum return of funds in line with the Council's values

Risk: Timeliness of communication between service areas and the central accounts receivable team is considered inadequate to allow effective debt collection to take place

Ref.	Finding	Sig.	Recommendation
6 Cont.	<ul style="list-style-type: none"> <li>Due to the restructure of the incomes team to streamline the debt collection process it is paramount for the originator department and the incomes team to establish better communication to enable a seamless process in recovering debt. As the initial customer relationship is built by the originator departments and income collection is completed by the incomes team both parties need to communicate frequently, enabling them to act upon debt collection in a timely manner. Through discussions with the incomes team leaders, income officers and sample based testing on overdue debts it was clear that effective communication is not being held between both the originator departments and the income officers leading to a time lag in the collection of debt and further leading to an irrecoverability of debt.</li> </ul> <p>If there is a lack of communication amongst the originator departments and the incomes team there is a risk that debts will not be collected effectively or due to no communication debt recoverability will become more difficult. This can result in a negative financial impact on the Council.</p>		
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Agreed: We will work through the recommendations. We suggest looking at an SLA that covers the recommendations and places ownership on all service areas to make this work</p>			<p><i>Responsible Officer: Katie Ball, Incomes Team Manager and Originator Departments</i></p> <p><i>Implementation Date: 30 September 2017</i></p>

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Insufficient arrangements are in place to review and approve debt write-off and/or approval is not undertaken in-line with financial regulation procedures set-out

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Ref.	Finding	Sig.	Recommendation
7	<p>The Council's corporate debt write off policy outlines that all debt write off requests must be made to the section 151 Officer, who is required to review and approve debt write offs in the following circumstances:</p> <ul style="list-style-type: none"> <li>Cumulative debts under £50, where no payment has been received within six months of sending the final demand</li> <li>All debts where a Debt Collection Agent advises they are unable to collect and all options are exhausted - in these circumstances the Head of Financial Services will deem it not cost-effective to pursue</li> <li>All debts where Legal Services advises the debts are irrecoverable or that legal action is unlikely to be cost effective</li> <li>Debts that are absconded and/or unable to trace</li> <li>Bankruptcy of debtor</li> <li>Debtor is deceased and there are insufficient funds in the Estate to clear the outstanding charge</li> <li>The debt is uneconomical to pursue</li> </ul> <p>The policy further outlines that all recovery methods must be exhausted prior to raising a request to write off the debt. The Council complete debt write off forms as a measure to ensure all avenues have been exhausted and authorisation has been appropriately obtained prior to write off. We sample tested five debt write offs from April 2016 to October 2016; we found that:</p> <ul style="list-style-type: none"> <li>Three out of a sample of five debt write off forms could not be evidenced - all avenues of obtaining the debt write off forms were exhausted. Although these debts were written off on the Agresso system these debts were all classified as 'uneconomical to pursue'. As the debt write off forms were not in place it was not possible to verify whether all relevant checks in obtaining the debts were carried out and whether appropriate approval from the S151 Officer was obtained.</li> </ul> <p>If there are no debt write off forms retained there is a risk of non compliance with the debt write off policy and also a risk that the business cases have not been reviewed in accordance with the policy.</p>	M	<p>a) The incomes team should ensure that all debt write off forms are retained once the write off has been performed</p> <p>b) Notes should be included within the Agresso system on the areas considered as per the debt policy prior to write off.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>A tighter process will be in place by management to ensure relevant write off documents are scanned on, and a record saved in our Income Folder. This error was a potential misplaced batch to scanning.</p> <p>There is a corporate debt policy, which is what our process will be based on going forward</p>			<p><i>Responsible Officer: Katie Ball, Incomes Team Manager</i></p> <p><i>Implementation Date: 31 December 2016</i></p>



# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Insufficient arrangements to ensure a robust control environment for the upgraded or new accounts receivable/general ledger software

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Ref.	Finding	Sig.	Recommendation
8	<p>There are a number of interfaces run in relation to the Councils Accounts receivable. These are as follows:</p> <ul style="list-style-type: none"> <li>• Garden waste interface</li> <li>• Trade waste interface</li> </ul> <p>Interfaces are automatically run on a daily basis; we would expect all interfaces to be run successfully. However, where interfaces are not successful we would expect the ICT department and the responsible officer for the interfaces to be alerted and subsequently re-run once all errors are corrected. As part of this review, we discussed with the ICT applications manager the controls and processes for the accounts receivables interfaces and also obtained an understanding as to reasons for the unsuccessful completion of interfaces. From our discussions we found that, where interfaces are not successful there are no alerts sent to the ICT department or responsible officers on the unsuccessful run of the interface. Furthermore, the main cause of the unsuccessful run of the interface is due to the inconsistency within the interface scripts.</p> <p>The Council is currently in the process of preparing for the Agresso upgrade 'milestone 6'; the upgrade will assist in re-writing scripts for interfaces. Previously, the Council engaged with standalone consultants to aid the Council through the Agresso milestone 4 transition process in March 2016. As of October 2016 the Council have initiated a contract with 'Integra' who are currently assisting the Council with IT call logs; issues that cannot be easily resolved by the local Council IT call desk. Furthermore, there are further discussions on the re-writing of interface scripts to enable both alerts to be set and scripts to be run successfully.</p> <p>If the Council do not correct the underlying cause of the interface failings there is a risk that crucial interfaces will not be run resulting in a negative financial impact within the Council.</p>	M	<p>a) The Council should engage with Integra at their earliest convenience to rewrite the scripts for interfaces</p> <p>b) Where interfaces fail, alerts should be set up to notify responsible officers and the ICT department as soon as possible</p> <p>c) Regular reports should be run to ensure interfaces have run correctly.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Agreed: Garden Waste: This is an automated process, any errors were flagged in the past to ICT in particular one individual who was the Agresso support. The flagging of errors regarding garden waste was not updated on this person leaving. A request will be made to ICT to ensure that the current ICT Support recipients list is correct. We are awaiting for fixes to be put in place through Integra support</p> <p>Trade Waste: Anytime an interface fails, an e-mail is sent to the Incomes e-mail Inbox, this is how the process was set up with a contractor and procedures are now in place.</p>			<p><i>Responsible Officer: Neil Markham, Incomes Team Leader</i></p> <p><i>Implementation Date: 31 December 2016</i></p>

# DETAILED FINDINGS AND RECOMMENDATIONS

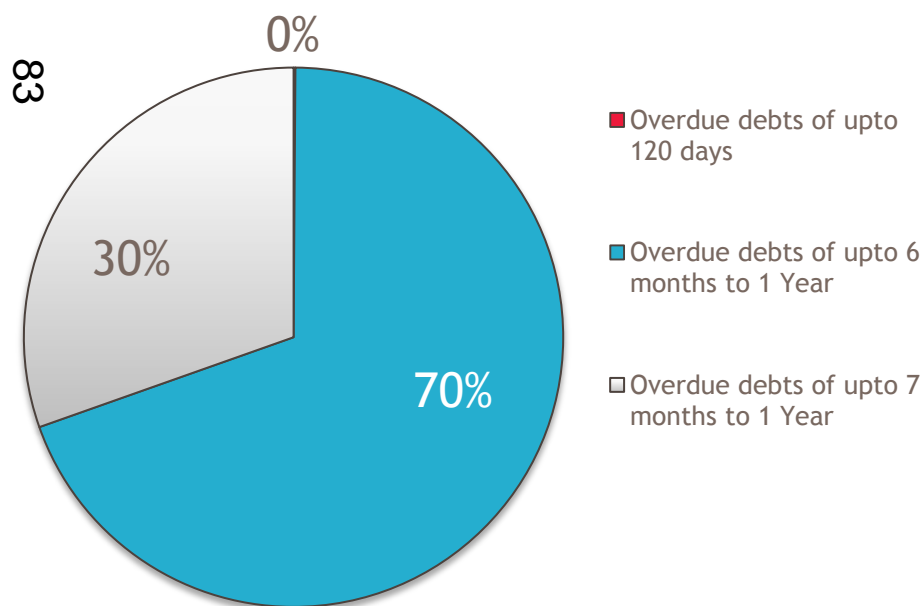
Risk: Timeliness of communication between the central function and the originator departments in regards to communication with customers over debt collection is unclear

Ref.	Finding	Sig.	Recommendation
9	<p>The interdependence amongst the originator departments and the incomes team to raise and recover funds from customers was apparent at the time of our review. Both the originator departments and the incomes team raise invoices through the self service function. However, only the incomes team are required to recover funds. Consequently, there are a number of cases whereby the originator department will understand the relationship with the customer however, the incomes team who do not know the customer are charged with recovering the funds. This can lead to significant inefficiencies due to the following chain of events:</p> <ul style="list-style-type: none"> <li>• The incomes team will field customer invoice queries</li> <li>• Where the incomes team is unable to answer the queries raised; communication will be established with the originator department</li> <li>• The originator department is required to answer the query often resulting in the incomes team having to refer back to the customer and acting as a intermediary</li> <li>• This process could repeat several times via phone, email or other communication to ensure all evidence required such as lease queries, agreed service, discount queries and non completion of services is collated to resolve the query.</li> </ul> <p>It is clear that the above process is inefficient and that it causes misunderstandings between both teams. This inefficiency is exacerbated as the relationship between the Incomes team and originator departments is not well established. Furthermore, although weekly management meetings are currently being held it has not resolved the issue of debt recovery as some Originator departments are not fully co-operative with the incomes team.</p> <p>It should be noted that the incomes team are aware of this inefficiency and are in the process of taking steps to rectify this issue. Furthermore, there is now sufficient involvement by the section 151 officer to recover large outstanding debtor balances with particular clients. It was raised by the incomes team Manager within 2015 - 16 and through conversations with originator departments that an end-to-end process map must to be drawn to allow future efficiencies to be maximised. A review is scheduled within the 2016 - 17 audit plan to complete an end to end process map between the incomes team and the originator departments.</p> <p>If the incomes team and originator departments do not act upon the challenges due to the interdependence within the raising and recovery of invoice processes, further inefficiencies in the process will persist.</p>	H	<p>a) An end-to-end map should be drawn of the relationship between the incomes team and the originator departments with regards to the raising and recovery of Council monies. As part of the 2016 - 17 internal Audit plan we will be carrying out an end to end map of the relationship between the incomes team and the originator departments. The map will aim to set a clear direction of how efficiencies in the process can be made</p> <p>b) Effective communication must be established between the originator department and the incomes team where both teams work collectively and swiftly to recover outstanding debt balances.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
This could be due to questions on the lease, agreed service, discount queries, and any non-completion of service. We will be working towards the recommendations raised by the Audit.			<p>Responsible Officer: Katie Ball</p> <p>Implementation Date: 30 April 2017</p>

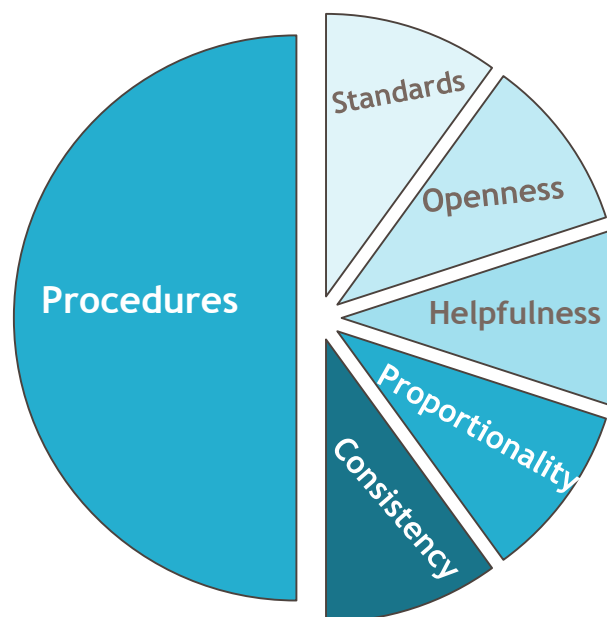
# APPENDIX I - OVERDUE DEBTS BENCHMARKING PROCEDURES

As a measure of good practise we have analysed the percentage of overdue debts currently standing at the Council as at 28 September 2016. We have also outlined the principles of Enforcement used by a number of Councils to help design an adequate debt recovery process where 50% of debt recovery is dependent on tight debt recovery procedures. In addition we have outlined the debt recovery procedures carried out by other Councils and outlined areas that will be beneficial to the Council.

Oxford City Council Overdue debts as at September 2016



Principles of Enforcement



In order to ensure Councils are adopting robust and consistent debt write off processes the following principles of openness must be considered. 50% of successfully obtaining overdue debts is through debt write off procedures followed by:

- Standards: Clear and appropriate standards
- Openness: Advice in plain language and remain transparent on how there work is set
- Helpfulness: to advise and assist with compliance
- Proportionality: actions are proportionate to risks
- Consistency: work to be carried out fair, equitable and in a consistent manner.

# APPENDIX I - OVERDUE DEBTS BENCHMARKING PROCEDURES

As a measure of good practise we have analysed the percentage of overdue debts currently standing at the Council as at 28 September 2016. We have also outlined the principles of Enforcement used by a number of Councils to help design an adequate debt recovery process where 50% of debt recovery is dependent on tight debt recovery procedures. In addition we have outlined the debt recovery procedures carried out by other Councils and outlined areas that will be beneficial to the Council.

Name of Council	Who identifies the debt?	Reminder Letters sent?	Agencies?	Other notes
Birmingham City Council	The Enforcement Team	Initial Reminder sent Second Reminder sent Final Reminder sent	External Agencies are used to recover debt	N/A
North Somerset Council	Incomes Team and Originator Departments	<p>First reminder Letter 30 days from invoice being issued</p> <p>Second reminder letter issued 45 days from invoice due date</p> <p>After 55 days the Originator department will receive a work flow task in Agresso. A response is required within 10 days for the following:</p> <ul style="list-style-type: none"> <li>• Expecting payment</li> <li>• Invoice disputed/on hold</li> <li>• Write back requested</li> <li>• Incomes team to send Legal debt recovery</li> </ul> <p>If the workflow task is not responded to within 10 days the task will be escalated to the originators manager.</p>	External legal debt recovery	Team Budget holders are able to view the reminder letter in Agresso
Norwich City Council	Not specified	Not specified	Bailiffs	Debts are split between priority and non priority debts
Manchester City Council	Incomes team	<ul style="list-style-type: none"> <li>• First reminder sent 7 days from invoice due date</li> <li>• Second reminder sent 14 days from invoice due date</li> <li>• Final reminder sent due immediately Court summons</li> </ul>	Court Summons/Bailiffs	N/A

# APPENDIX II - STAFF INTERVIEWED

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

NAME	JOB TITLE
Kevin Lacey	Incomes Team - Team Leader
Neil Markham	Incomes Team - Team Leader
Kelly Clarke	Incomes officer
Donna Dixon	Incomes officer
Simon Parks	ICT Business Development Manager
Tanya Bandekar	Service Manager- Revenue and Benefits

# APPENDIX III - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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Recommendation Significance	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# APPENDIX IV - TERMS OF REFERENCE

## BACKGROUND

The central team is led by a dedicated Income Team Manager for those transactions which come through the Council's main financial system, Agresso. The accounts receivable function has within the past twelve months transferred to the responsibility of the Income Team Manager who is supported by the three team leaders covering the areas of support and prevention, arrears and processing receivables. This review will not be considering those accounts receivable from council tax, business rates and benefits. This review will consider those accounts receivable raised in Agresso which will cover other Council activities such as licensing, subscriptions, trade and garden waste and parks and leisure.

A review on Accounts Receivable was performed and reported to the December 2015 Audit Committee which led to a moderate opinion for design and limited opinion for effectiveness.

## PURPOSE OF REVIEW

To review the design and effectiveness of controls in relation to accounts receivable and accounts payable activity to provide assurance over the accuracy, completeness and timeliness of transactions undertaken.

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## SCOPE OF REVIEW

This review will consider the design and operational effectiveness of the key controls relied on by External Audit relating to accounts payable and receivable in addition to the Key Risks identified in this Terms of Reference.

## EXCLUSIONS

Processes for receivables and payable transactions in relation to council tax, business rates, housing benefit overpayments and rents, and cash collection are outside the scope of this review.

## APPROACH

Obtain an understanding of the risk and controls with regards to accounts receivable and payable through discussions with key personnel, review of systems documentation and substantive tests. Our approach includes:

- Identifying the key risks relating to accounts receivable and payable
- Evaluating the design of the controls in place to address the key risks
- Testing the operating effectiveness of the key controls.

# APPENDIX IV - TERMS OF REFERENCE

## KEY RISKS

Based on the risk assessment carried out during the creation of the internal audit operational plan, our discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- Inadequate financial regulations, policies and procedures are in place which weakens the framework to support accurate, complete and timely transactions
- Access to systems and data is not effectively managed extending the risk that data may be amended or deleted without appropriate approval
- New or existing customer/supplier change controls are inadequate to safeguard the integrity of changes made to data held
- New customers/suppliers are not subject to sufficient due diligence to provide reasonable comfort over the nature and background of the customers/suppliers
- Ineffective and inadequate controls are in place to ensure that transactions are raised, approved and paid in an accurate, complete and timely manner
- Amendments to transactions are not subject to sufficient oversight and approval procedures to validate their accuracy
- Ineffective management information is reported and inadequate key performance indicator information is assessed to monitor the activities undertaken.
- The team structure does not set out the roles and responsibilities
- Insufficient procedures are in place to confirm the validity of data and approval of income collection
- Debt recovery arrangements are inadequate and ineffective to achieve the maximum return of funds in line with the Council's values
- Timeliness of communication between service areas and the central accounts receivable team is considered inadequate to allow effective debt collection to take place
- Insufficient arrangements are in place to review and approve debt write-off and/or approval is not undertaken in-line with financial regulation procedures set-out
- Insufficient arrangements to ensure a robust control environment for the upgraded or new accounts receivable/general ledger software.



# APPENDIX IV - TERMS OF REFERENCE

## DOCUMENT REQUEST

Where available, please ensure that electronic copies of the following documents have been forwarded to us in advance of the review:

- The latest Financial Regulations pertaining to the Council
- The latest Delegated Authority list
- Procedures notes for any aspects of the accounts receivable or accounts payable process including Agresso, Key2 and Servitor.
- Document showing the current and future proposed team structure
- A transaction listing of all accounts receivable transactions for the period 1 April 2016 to 9 September 2016
- Once a sample has been selected we will require:
  - The invoice raised by the Council
  - Evidence of the approval for raising the invoice in Agresso
  - Evidence to support what the invoice relates to (if this not obvious from the invoice)
  - Evidence of the income collection and debt recovery procedures undertaken i.e. audit trail of actions undertaken to receipt the income
  - Evidence the income was receipted and recorded in the Council bank account i.e. copy of the income collection batch document and bank account transaction.

These documents will assist the timely completion of our fieldwork, however this list does not necessarily constitute a complete list of all documentation and evidence that we may need as part of our review.

# APPENDIX IV - TERMS OF REFERENCE


## TIMETABLE

Audit Stage	Date
Commence fieldwork	26 September 2016
Number of audit days planned	10
Planned date for closing meeting	4 October 2016
Planned date for issue of the draft report	21 October 2016
Planned date for receipt of management responses	4 November 2016
Planned date for issue of proposed final report	7 November 2016
Planned date for Section 151 and Executive Director review	14 and 21 November 2016 respectively
Papers deadline	5 December 2016
Planned Audit Committee date for presentation of report	14 December 2016

## KEY CONTACTS

BDO LLP	Role	Telephone and/or email
Greg Rubins	Head of Internal Audit	t: 07583 114 121   e: greg.rubins@bdo.co.uk
Gurpreet Dulay	Internal Audit Manager	t: 07870 555 214   e: gurpreet.dulay@bdo.co.uk
Yasmin Ahmed	Internal Audit Senior	t: 07870 510 196   e: yasmin.ahmed@bdo.co.uk
Oxford City Council		
Nigel Kennedy	Section 151 Officer and Audit Sponsor	t: 01865 252 708   e: nkennedy@oxford.gov.uk
Anna Winship	Management Accounting Manager	t: 01865 252 517   e: awinship@oxford.gov.uk
Katie Ball	Accounts Receivable: Rents Team Manager	e: kball@oxford.gov.uk
Kevin Lacey	Accounts Receivable: Recovery Team Leader	e: klacey@oxford.gov.uk
Neil Markham	Accounts Receivable: Support and Prevention Team Leader	e: nmarkham@oxford.gov.uk
Jackie Yates	Executive Director for Organisational Development and Communications	e: jyates@oxford.gov.uk

## SIGN OFF

On behalf of BDO LLP:		On behalf of Oxford City Council:	
Signature:		Signature:	NIGEL KENNEDY
Title:	HEAD OF INTERNAL AUDIT	Title:	SECTION 151 OFFICER
Date:	20 June 2016	Date:	21 June 2016

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# Oxford City Council

Annual Audit Letter for the year ended 31 March 2016

October 2016

Ernst & Young LLP

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Agenda Item 10

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk))

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

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

## Executive Summary

## Executive Summary

We are required to issue an annual audit letter to Oxford City Council (the Council) following completion of our audit procedures for the year ended 31 March 2016.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
<b>Opinion on the Council's:</b>	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2016 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
<b>Concluding on the Council's arrangements for securing economy, efficiency and effectiveness</b>	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
<b>Reports by exception:</b>	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.



Area of Work	Conclusion
<b>Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).</b>	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 28 September 2016.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 28 September 2016.

In December 2016 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Paul King

Executive Director  
For and on behalf of Ernst & Young LLP

Purpose



## Purpose

### The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2015/16 Audit Results Report to the 28 September 2016 Audit and Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.



# Responsibilities

## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2015/16 audit work has been undertaken in accordance with the Audit Plan that we issued on 1 March 2016 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ on the 2015/16 financial statements; and
  - ▶ on the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ if the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ any significant matters that are in the public interest;
  - ▶ any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ if we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

## **Responsibilities of the Council**

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



# Financial Statement Audit

## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an **unqualified audit report on 28 September 2016**.

Our detailed findings were reported to the 28 September 2016 Audit and Governance Committee. The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p><b>Risk of management override</b></p> <p>A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>The most significant accounting estimates in the financial statements relate to the net pension liability and property valuations. We found no indication of management bias in these estimates.</p> <p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business</p>
<p><b>Risk of fraud in revenue recognition</b></p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p> <p>We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.</p>	<p>Our testing gave us no concerns as to inappropriate revenue and expenditure recognition through fraudulent or biased management decisions.</p>



### **PPE Valuation**

The value of the Council's property, plant and equipment is material and there has been a significant increase in value from the prior year.

Economic conditions continue to be uncertain, which has a potential impact upon the valuation of the property, plant and equipment. There is a requirement to assess the carrying value of assets for impairment every year and under ISAs (UK&I) 500 and 540 we are required to undertake certain procedures on the use of external expert valuers and processes and assumptions underlying fair value estimates.

No issues were identified from our review of the work performed by the Council's valuers. There was an immaterial error identified where the incorrect information from the Valuers report was taken to the Statement of accounts and was corrected by the Council.

The Council has not identified any impairments of PPE for the year. We have reviewed the Council's assumptions in reaching this conclusion and we used our own sources of evidence to establish that the risk of material misstatement was sufficiently low to accept the reasonableness of the Council's assumptions.



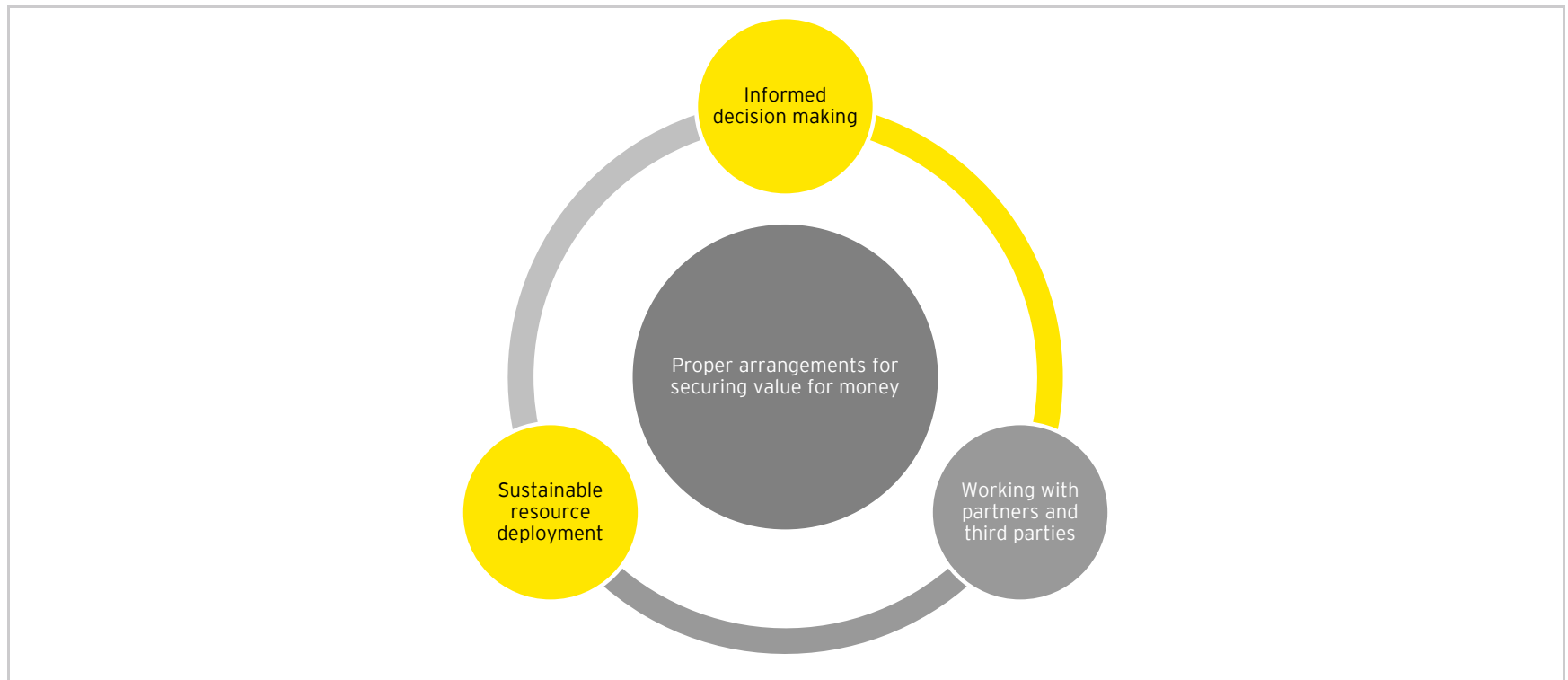
## Value for Money

## Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We issued an unqualified value for money conclusion on 28 September 2016.

We did not identify any significant risks in relation to these arrangements. We therefore have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

## Other Reporting Issues



## Other Reporting Issues

### Whole of Government Accounts

The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2015/16 financial statements from member of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Governance Committee on 28 September 2016. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## Control Themes and Observations

It is the Council's responsibility to develop and implement systems of internal financial control and to have proper arrangements to monitor their actual adequacy and effectiveness. Our responsibility as auditor is to consider whether the Council has arrangements to satisfy itself that this is indeed the case.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We have reviewed the Annual Governance Statement and can confirm that it is not misleading or inconsistent with other information arising from the audit or our knowledge of the Council.

A close-up, shallow depth-of-field photograph of a person's face as they look through a pair of black binoculars. The person's eyes are visible through the eyepieces, and their hands are holding the binoculars. The background is a soft, out-of-focus white. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Focused on your future'.

Focused on your  
future



## Focused on your future

Area	Issue	Impact
<b>Faster close</b>	From the 2017/18 financial year, the deadline for preparing the Council's financial statements will move to 31 May from 30 June. In addition, the deadline for completing the statutory audit will move to 31 July from 30 September.	<p>The faster closedown timetable requires the Council to adjust its timetable for preparing the accounts, as well as the budget setting process and the timing of committee meetings.</p> <p>It requires upfront planning to identify areas of the accounts that can be prepared earlier, before the 31 March, and there will be a need to establish robust basis for estimations across a wider number of entries in the financial statements.</p> <p>The Council has been pro-active in planning for the faster closedown timetable over the last two years. For the 2016/17 audit, we are working with officers to bring our audit work forward to support the transition ahead of the new deadlines in 2017/18.</p>
<b>Appointment of auditors</b>	<p>The current audit contracts expire on the completion of the 2017/18 audit. The expiry of contracts also marks the end of the current mandatory regime for auditor appointments.</p> <p>After this, the Council can exercise choice about whether it decides to opt in to the authorised national scheme, or whether to make other arrangements to appoint its own auditors.</p> <p>In July 2016, the Secretary of State for Communities and Local Government specified Public Sector Audit Appointments limited (PSAA) as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015.</p> <p>PSAA will be able to appoint an auditor to relevant authorities that choose to opt into its national collective scheme.</p>	<p>Appointment of auditors for the 2018/19 financial year is required by 31 December 2017.</p> <p>The Council should consider whether it intends to opt into the appointed person scheme to appoint its own auditors from 2018/19 or if the Council should make its own arrangements following the legislative requirements.</p>
<b>EU referendum</b>	Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK.	Many of the issues and challenges that face the UK public sector will continue to exist, not least because continued pressure on public finances will need responding to. Additionally it may well be that the

Area	Issue	Impact
	<p>For entities in the public sector, there is likely to be an impact on investment property valuations if confidence in the wider UK property market falls; and the valuation of defined benefit pension obligations may also be affected.</p> <p>It is too early to estimate the quantum of any impact of these issues, but there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations.</p>	<p>challenges are increased if the expected economic impacts of the referendum and loss of EU grants outweigh the benefits of not having to contribute to the EU and require even more innovative solutions.</p> <p>The Council has already taken a paper on the implications of Brexit to its Scrutiny Committee and agreed to update it as events develop.</p> <p>We are committed to supporting our clients through this period, and help identify the opportunities that will also arise. We will engage with you on the concerns and questions you may have, provide our insight at key points along the path, and provide any papers and analysis of the impact of the referendum on the Government and Public Sector market.</p>

Appendix A

## Audit Fees



## Appendix A      Audit Fees

Our fee for 2015/16 is in line with the scale fee set by the PSAA and reported in our 28 September 2016 Audit Results Report.

Description	Final Fee 2015/16 £	Planned Fee 2015/16 £	Scale Fee 2015/16 £	Final Fee 2014/15 £
<b>Total Audit Fee - Code work</b>	86,175	86,175	86,175	121,431
<b>Total Audit Fee - Certification of claims and returns</b>	25,438 <sup>1</sup>	25,438	25,438	34,100

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

<sup>1</sup> Our work to certify the Housing Benefit claim is ongoing and we will report any additional fee due to any additional work required to quantify errors in the claim in our certification report.

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## Audit Progress Report

Oxford City Council

14 December 2016

Ernst & Young LLP



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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk))

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

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This progress update is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute..



## 1. Planned work

### Fee Letter

We issued our 2016/17 fee letter to the Council in April 2016.

### Financial Statements

We adopt a risk based approach to the audit and, as part of our ongoing continuous planning we continue to meet key officers regularly to ensure the 2016/17 audit runs as smoothly as possible and identify any risks at the earliest opportunity.

#### Planning and interim visit

We will start our work to identify the Council's material income and expenditure systems and to walk through these systems in early 2017. We will also start detailed substantive testing of income and expenditure transactions during this time.

There are no matters arising from our initial planning meetings that we need to bring to your attention at this stage. We will update the Committee when the planning and early substantive testing has been completed.

Our detailed audit plan, setting out the risks we have identified and the work we will undertake in response, will be presented to the Audit and Governance Committee in March 2017.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll and journal entries. We will obtain month 9 data which will be used for our early substantive testing as well as year-end data.

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

### Value for money

The Comptroller and Auditor General (C&AG) has now issued Auditor Guidance Note 3 (AGN 03) – Auditors' work on VFM arrangements.

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. For 2016-17 this is based on the overall evaluation criterion:

*"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"*

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

## **Housing Benefits Grant Claim – 2015/16**

Work is currently ongoing in testing the housing benefits grant claim. We will be bringing our reported findings to the next Audit and Governance Committee in March but can provide a verbal update at the Committee itself as the work will have been completed by this Committee.

## **Other Issues of Interest**

We will continue to bring our sector briefings to Audit and Governance Committee meetings and discuss key issues with the Committee.

If members of the Audit and Governance Committee have any particular issues they want to discuss with us we would be pleased to discuss these with you.

## 2. Timetable

### Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2016/17 Audit and governance Committee cycle.

We will provide formal reports to the Audit and Governance Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate.

Following the conclusion of our audit we will prepare Annual Audit Letters in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	<b>April 2016</b>	Fee Letter provided to the Council
Start of interim work	<b>December 2016</b>	Progress Report
Risk assessment and setting of scopes	<b>March 2017</b>	Audit Plan
Update on work completed to date	<b>June 2017</b>	Progress Report
Value for money conclusion	<b>December 2016 to May 2017</b>	Ongoing
Year-end audit	<b>June to July 2017</b>	Report to those charged with governance  Audit reports (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).  Audit completion certificate  Whole of Government Accounts Certifications
Reporting	<b>December 2017</b>	Annual Audit Letter

## Appendix A    Audit Progress

### Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter		Completed	
Audit Plan	March 2017	Not due yet	
Report to Those Charged with Governance	September 2017	Not due yet	
Audit Report (including opinion and vfm conclusion)	September 2017	Not due yet	
Audit Certificate	September 2017	Not due yet	
WGA Certificate	September 2017	Not due yet	
Annual Audit Letter	December 2017	Not due yet	

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**To:** Audit and Governance Committee

**Date:** 14 December 2016

**Report of:** Head of Financial Services

**Title of Report:** Risk Management Quarterly Reporting: Quarter 2 2016/17

## Summary and Recommendations

**Purpose of report:** To update the Committee on both corporate and service risks as at the end of Quarter 2, 30 September 2016.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Efficient and Effective Council

**Recommendation(s):** That the Committee:

a) Notes the content of the report

## **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.
3. A change to the risk prioritisation matrix was approved by the Committee on 28 September 2016 and the new risk prioritisation matrix is shown below.

### Probability

Almost	5	5	10	15	20	25
Certain						
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Severe
		Impact				

Key:

Green	Amber	Red

### Risk Identification

4. **Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Directors.
5. **Service Risks** – Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine whether they should be considered for inclusion in the Corporate Risk Register.
6. **Project and Programme Risk** – The Council adopts the principles of Prince2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of risk within a project environment. Each project is managed by the Project Manager



who controls and co-ordinates all aspects of the project through to conclusion.

## Quarter 2 Corporate Risk Register

7. The new Corporate Risk Register is attached at Appendix A.
8. Following approval of the proposed Risk Prioritisation Matrix, this was used to re-evaluate the current risks and this has resulted in the number of red risks reducing from five to two. These are as follows:-
  - Devolution – There are potential changes to Local Government structures currently being debated with a range of potential outcomes possibly including Oxford City Council becoming a Unitary Authority or potentially ceasing to exist in its current form. Discussions are being held with Civil Servants to understand Government policy on Devolution as it develops.
  - Climate Change – Oxford has been subject to a number of significant flooding and extreme weather events resulting in widespread disruption and damage. Mitigation arrangements and plans have been put in place but there is a risk that they could be insufficient to deal with major future flooding or extreme weather. Flood alleviation schemes are underway and being investigated.
9. The table below shows the levels of red, amber and green residual risks over the last 12 months.

<b>Current Risk</b>	<b>Q3 2015/16</b>	<b>Q4 2015/16</b>	<b>Q1 2016/17</b>	<b>Q2 2016/17</b>
Red	1	0	5	2
Amber	4	4	4	6
Green	2	3	1	2
<b>Total risks</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>10</b>

## Quarter 2 Service Risk Registers

10. 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.
11. The table below shows the number of service risks in Q2 2016/17 compared with the last 12 months. Following a review, one new risk was added and one risk was removed.

12.

<b>Current Risk</b>	<b>Q3 2015/16</b>	<b>Q4 2015/16</b>	<b>Q1 2016/17</b>	<b>Q2 2016/17</b>
Red	6	2	7	2
Amber	27	27	37	38
Green	30	33	28	32
<b>Total risks</b>	<b>63</b>	<b>62</b>	<b>72</b>	<b>72</b>
New risks in quarter	3	0	15	1
Closed	4	1	5	1

As a result of the application of the revised Risk Prioritisation Matrix, (please see Points 1, 2 & 3 above) there has been a decrease in the number of red risks from seven to two. One remains unchanged from Q1. One new risk for Q2 has been classified as red. These red risks are as follows:-

- Financial Services – relates to Treasury Management and the safety of investments. The current economic climate and fines imposed on the banking sector for mis-selling etc. have not helped the stability of the banks. There are also risks due to the forthcoming British exit from the EU and the consequent volatility in the markets. This risk is red because of the potentially high impact, although the probability of a loss occurring is rated as possible due to the controls the Council has in place around counterparty selection and duration of investment.
- Direct Services – relates to Aged Debt Recovery. The loss of income to the business as a result of lack of robust debt collection procedures. There are a number of debts proving hard to collect and enforcements officers are being employed to assist with the task.

### **Climate Change / Environmental Impact**

13. This has been raised within the Corporate Risk Register as a risk and investigations are underway into flood alleviation schemes to minimise any future disruption or damage.

### **Equalities impact**

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

### **Financial Implications**

15. Whilst the recent decision to exit the EU will create potential new challenges, the robust management of risk should assist in mitigating the financial impact to the Council.

### **Legal Implications**

16. 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.

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**List of background papers: None.**

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Formal Risk Summary  
(Oxford)  
As at: Sep-2016

Ref	Title	Risk description	Risk		Consequence	Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
			Opp/ threat	Cause				I	P	I	P	I	P		Control description	Due date	Status	Progress	Action Owner
CRR-037	Devolution	Risk that the City Council doesn't get a significant enough devolution deal	T	There are potential changes to Local Government structures being mooted currently with a range of potential outcomes possible as a result, including major changes to overarching governance in the local area. Possible outcomes include Oxford City becoming a Unitary authority or potentially ceasing to exist in its current form.	- Loss of opportunities and investment - Potential impact on community - Lack of focus on Oxford City and greater Oxford - Focus on services	15-Jul-2016	Caroline Green	5	4	4	4	4	3		Discussions with civil servants to understand government policy on devolution as it develops S12		Ongoing	20%	Caroline Green
CRR-040	Climate change	Risk that a flood event happens that mitigations and plans are not sufficient to deal with	T	Oxford has commonly been subject to a number of significant flooding and extreme weather events. Mitigation arrangements and plans have been put in place but there is a risk they could be insufficient to deal with major future flooding/ extreme weather events. The risk arises through a flood event happening that mitigations and plans are not sufficient to deal with	- Impact on infrastructure and housing - Widespread disruption to City and business - Cost - Return to Business As Usual challenging - Impact on public and staff	15-Jul-2016	Jo Colwell	5	4	5	4	5	4		Working with County to ensure effective joint working continues		Ongoing	20%	Caroline Green
															Working with other councils in Oxfordshire and partners with a view		Ongoing	20%	Caroline Green
															Flood alleviation schemes are underway and being investigated	31-Mar-2018	In Progress	20%	Tim Sadler
CRR-031	Supporting Economic Growth	The uncertainty around the exit from the EU, including scale, timeframes and position, and an Exit agreement which disadvantages Oxford plus the non-delivery of key projects such as the local plan which have a detrimental effect on the local economy	T	The UK decision to exit the EU (Brexit) is already having a negative impact on City and national economy, which could be exacerbated further by continued uncertainty and an exit which is unfavourable to the UK. Locally, this could manifest through loss of funding, impact on business rates, difficulty with encouraging businesses and workers into City leading to loss of skills impacting critical services. In addition there is a concern this could have an impact on universities (and funding). Uncertainty and Exit have a significant detrimental impact on City and Council, socially and economically  Non delivery of the local plan or other key projects linked to growth and regeneration	- Pressure on City and other services - Less visitors - Reduced (and or pause in) investment - Impact on regeneration - Accumulation of changing legislation - lack capacity to deal with multiple issues - Community cohesion affected - Impact on Corporate Plan	15-Jul-2016	Patsy Dell	4	3	4	3	4	3		Impact on business rates is being monitored		Ongoing		Nigel Kennedy
CRR-032	Delivery of financial plan	Unable to balance the Medium Term Financial Plan and hence deliver the Council's Corporate Plan priorities	T	The current budget enables us to fund the Corporate Plan, through the MTFS. There are sensitivities however, as outlined below.  The outcome of the Government Business Rate Reform is less favourable than currently predicted with the MTFP.  Challenges come from an income perspective, where there is a need to find £5-7m from trading activities. This is in the context that increasing income generally leads to risks	- Cannot fund priorities - Unable to deliver to plan - Need to make choices / cuts - Unable to transform Council or achieve income levels	15-Jul-2016	Nigel Kennedy	4	3	4	3	4	3		Impact on the local economy is being monitored		Ongoing		Fiona Piercy
															There is a project plan and timescales for the delivery of the local	31-Dec-2019	In Progress	0%	Patsy Dell
															Trading activities and risks around these are closely monitored and potential for reductions in income will be highlighted at an early stage in monitoring meetings	31-Mar-2017	Not Started	30%	Graham Bourton
															External advice being commissioned re: Trading Model	31-Mar-2017	In Progress	30%	Graham Bourton
															Respond to Consultation / Lobby through Local Government	31-Dec-2017	In Progress	5%	Caroline Green
CRR-033	Housing	The Council has key priorities around Housing, including ensuring housing delivery and supply for the City and enabling sufficient house building and investment.	T	Unable to deliver affordable and acceptable housing to a 'required' standard	- Insufficient housing in City - Increase in homelessness - Impact on residents - Health and quality of life issues - Adverse publicity - Reputation risk - Perception of unfairness reinforces tensions around immigration	15-Jul-2016	Stephen Clarke	5	4	4	3	4	3		The Council is implementing other delivery methods for temporary accommodation and accommodation for homelessness prevention.	30-Apr-2017	In Progress	40%	Dave Scholes
															The Council has set up a housing Company to enable it to better	30-Sep-2016	In Progress	40%	Stephen Clarke
CRR-036	Innovative arrangements and models	The Council is unable to optimise the potential of innovative arrangements and models	T	The Council is exploring and implementing new models of service delivery, e.g joint venture companies. There is a risk that the implications of these are not understood and communicated, politically and operationally, including the impact it will have on roles and governance arrangements.	- Missed opportunities - Council doesn't transform - Potential inertia - Unable to deliver - Uncertainty	15-Jul-2016	Jacqui Yates	5	4	4	3	4	3		The Council is reviewing its local plan, a key element being how to	31-Dec-2019	In Progress	0%	Patsy Dell
															Agreements between the Companies and the Council regarding services to be provided and fees for these services are to be agreed	31-Dec-2016	In Progress	20%	Jacqui Yates
															External advice being utilised to optimise Company set-up	30-Sep-2016	In Progress	30%	Nigel Kennedy
CRR-038	ICT Resilience	Non delivery of digital strategy or failure of the ICT service delivery	T	There is an increasing demand from public and stakeholders to access the Council through digital channels. This will impact on both front facing and back office area and will require new and differing capability and skills, both people and infrastructure. There will be potential changes to manage here, as outlined in the digital strategy and proposition, which will require buy-in to be successful. The risk arises through the Council being unable to deliver digital strategy and proposition  The delivery of Council Services are increasingly reliant upon the resilience of ICT hardware, software and support to allow them to function properly and to provide services both internally and externally to the Council's Customers. Failure of ICT can seriously impact on the delivery of Council services. The risk arises through the loss of ICT Services due to internal issues or loss of service provision from ICT suppliers	- Inefficiency - Damage to reputation  - Inefficiency - Damage to reputation - Loss of service provision - Staff unable to perform their normal duties	15-Jul-2016	Helen Bishop	5	3	4	3	4	2		Robust governance arrangements in place for the Digital Strategy, the Action Plan and ongoing stakeholder engagement including GEB approval and ongoing monitoring through OD&CS Board.	30-Nov-2016	In Progress	60%	Jan Heath
															Site visits arranged for HoS to consider Digital Leadership initiatives	31-Dec-2016	In Progress	40%	Jan Heath
															The contract with the Council's major ICT supplier, SCC, includes	31-Mar-2017	Completed	100%	Paul Fleming
															The ICT workplan is being developed and will be updated on an	31-Mar-2017	Ongoing	50%	Paul Fleming
															The potential for a single account for each customer through	31-Mar-2017	Not Started	20%	Paul Fleming
															There is an improvement plan for the ICT Operations team to	31-Mar-2017	Ongoing	50%	Paul Fleming

CRR-039	Partnerships / supply chain	Risk that the Council does not work collectively and coherently with partners	T	It is important to work collectively and coherently with key partners to find solutions. Strong relationships are key, especially at a time when there is a strain on partners and relationships. Effective relationship management across partners will help to manage risks around service delivery and reputational risk. Lack of coordinated response or weak relationships with partners leads to withdrawal of services, increasing the burden on City Council services and poorer outcomes for communities.	<div>- Ad-hoc arrangements and relationships</div> <div>- Disparate approach across service areas</div> <div>- Mixed messages</div> <div>- Partners withdraw</div> <div>- Services and initiatives affected</div>	15-Jul-2016	Caroline Green	3	3	3	3	3	3		Reinforce arrangements for joint working with key partners (councils, health, police, voluntary sector, business) to identify the pressures and challenges and broker discussions to design joint solutions or mitigations		Ongoing	30%	Caroline Green
CRR-034	Workforce and skills	Most services in house, challenges around recruitment and retention of high calibre staff, geographical proximity to London, high cost of housing, congested transport infrastructure.	T	Not having right skills and capacity to deliver quality and speed in dynamic environment	<div>- Staff not accepting change</div> <div>- Lose people</div> <div>- Lack of resilience</div> <div>- Increased absence</div> <div>- Unable to deliver plans and priorities</div>	15-Jul-2016	Helen Bishop	4	3	2	2	2	2	There is a national shortage of planning staff which has been recently resolved through a restructure and a reassessment of pay grades. Additional costs relating to this are reported in the budget monitoring report.	More creative methods of advertising job roles to attract a wider pool of candidates. Trying to grow our own talent to fill roles.	31-Mar-2017	In Progress	25%	Justin Thorne
CRR-035	Community Cohesion	The Council needs to be fair and equitable to all, and be recognised as such.	T	There have been increases in racial tensions with pressure on estates and migrant communities. Immigration has led to new communities entering and displacement with a perception of drain on resources e.g. benefits and the local economy. The Brexit vote and outcome has highlighted differences between estates and affluent areas and has exacerbated this. The Council is not being fair and equitable to all or is not recognised as such	<div>- Unable to communicate with community</div> <div>- Community fails to integrate</div> <div>- Demonstrations</div> <div>- Increase in abuse and bullying</div> <div>- Divided City</div> <div>- Unrest</div> <div>- People feel excluded</div>	15-Jul-2016	Ian Brooke	2	2	2	2	2	2		<div>Staff non-pay benefits in place and reviewed. Use benefits and</div> <div>Cross Council Working Group to monitor the situation</div>	<div>30-Jun-2016</div> <div>31-Aug-2017</div>	<div>Completed</div> <div>Not Started</div>	<div>100%</div> <div>0%</div>	<div>Justin Thorne</div> <div>Catherine Hine</div>
															Focus groups to be used to forward the fairness and equity agenda		Ongoing	20%	Val Johnson
															Key areas of concern monitored and action undertaken by officers		Ongoing	20%	Val Johnson

**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 and Governance Committee  
**Date:** 14 December 2016  
**Report of:** Interim Head of Law and Governance  
**Title of Report:** Officer Executive Decisions published between 16 September – 30 November 2016

Summary and recommendations	
<b>Purpose of report:</b>	To inform the Committee of the Officer Executive Decisions since the last meeting of the Committee.
<b>Corporate Priority:</b>	None
<b>Policy Framework:</b>	None
<b>Recommendation:</b>	That the Audit and Governance Committee note the report.

Appendices	
Appendix 1	Officer Executive Decisions published between 16 September – 30 November 2016

## Introduction and background

1. In December 2015, the Committee asked for a list of officer executive decisions taken to be included in the agenda of future meetings.
2. If an officer executive decision is a key decision then notice that it will be taken is published in the Council's Forward Plan.
3. When Committee Services are notified that an officer executive decision has been taken, this is published separately on the Council's website and notification is sent by email to all councillors.
4. The Constitution sets out the scheme of delegation to the City Executive Board and to officers.

## Decisions taken

5. Appendix 1 lists the decisions taken since the last meeting of the Audit & Governance Committee and details the date from which the decision was effective.

## Implications

6. There are no financial, legal or other implications in this report.

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**Background Papers:** None



## Appendix 1

### Officer Executive Decisions published 16 Sept – 30 November 2016

<b>Appointment of Oxford City Council's Direct Services to provide Construction Services for the Northway and Marston Flood Alleviation Scheme</b>	
<b>Date:</b>	Publication date: 20/09/16 Date of decision: 13/09/16
<b>Decision maker</b>	Executive Director Community Services
<b>Purpose</b>	To build and complete a flood alleviation project in the East of Oxford which will reduce the flood risk to 110 properties. Project approval was granted at CEB on 12/11/15.
<b>Decision</b>	To appoint Oxford City Council's Direct Services to provide Construction Services for the Northway and Marston Flood Alleviation Scheme.
<b>Alternative options considered:</b>	Following OCC Procurement Rules and as the work was above £100k, an external QS was commissioned to price the work specification as well as Direct Services. The two prices were compared. The Direct Services price was within +/- 10% and thus was awarded the commission at this fixed price.  If the Direct Services price was beyond the +/- 10% limit then the work would have been subjected to an external tender process and benchmarked against the Direct Services price.

<b>Award of contract to build artificial grass pitch at Blackbird leys leisure centre</b>	
<b>Date:</b>	Publication date: 22/09/16 Date of decision: 22/09/16
<b>Decision maker</b>	Executive Director Community Services
<b>Purpose</b>	Following tender evaluation the tender from Support In Sport offered the best value for money.
<b>Decision</b>	To award to Support In Sport
<b>Alternative options considered:</b>	Option 1 - Award to another bidder

<b>Tendering for External Works less Than £500K- Caravan Club UK, refurbishment works to campsite at Chipping Norton.</b>	
<b>Date:</b>	Publication date: 18/10/16 Date of decision: 21/09/16
<b>Decision maker</b>	Executive Director Community Services
<b>Purpose</b>	<p>This tender is for the refurbishment of staff and customer facilities at the Chipping Norton campsite. The works are to refurbish the showers, toilets and laundry facilities and the reception area and associated works.</p> <p>Direct Services (DS) would be using a mix of DS staff and sub-contractors to deliver this project. There are some financial risks associated with this project which is a liquidated associated damages (LAD) late delivery penalty of £5000 per week if the project is not delivered on time. Any sub-contractor that DS used will be required to sign up to the LAD clause. DS would build in retention of this with the nominated sub-contractor.</p> <p>The project will be run in accordance with the CDM 2015 regulations and current health and safety regulations. The project will be overseen by the Building Services Operations Manager, DS Building Contracts Manager and the QS team.</p>
<b>Decision</b>	To tender for the work. The Council expects Direct Services to tender for commercial trade in line with the Council's trading strategy.
<b>Alternative options considered:</b>	Option 1 - Do not tender for the work

<b>Award of Goods &amp; Service contract: to deliver Asphalt and Aggregates</b>	
<b>Date</b>	Publication date: 14/11/16 Date of decision: 25/10/16
<b>Decision maker</b>	Executive Director Community Services
<b>Purpose</b>	<p>An OJEU tender for the supply of asphalt received only one bid despite pro-actively canvassing the market both national and local.</p> <p>The bid for Lot One a weekly delivery to the Cowley Marsh Depot from an existing supplier, Tarmac Trading Ltd was judged by the evaluation panel to be competitive and the quality of service to the specified standard.</p> <p>The total contract value is estimated to be £665,600</p> <p>As the only bidder and incumbent supplier they submitted a response which was sufficient to reassure the panel that the quality of the asphalt and delivery service would continue to be delivered to the required standard, with the pricing comparable to the current market.</p>
<b>Decision</b>	To award the tender for the provision of Asphalt to Tarmac Trading Ltd.
<b>Alternative options considered</b>	No other options available

Audit & Governance Committee Briefing Note

14 December 2016

Author: Scott Warner, Investigations Manager



## **IRRV Performance Awards 2016 Excellence In Corporate Fraud**

In June 2016, the Investigations Team made a submission to the Institute of Revenues, Ratings and Valuation (IRRV) to be considered for their prestigious Performance Awards of 2016.

The category entered was “Excellence in Corporate Fraud”. The submission guidance set out the following:

*The Awards Panel will be looking for organisations to demonstrate they have excelled in the area of corporate fraud. There will need to be evidence of innovation and enterprise, which can be demonstrated through improved and maintained performance.*

In July, the team were announced as one of three Finalists, selected from 44 applications in the category. The next phase of the process was an on-site inspection by IRRV representatives, which took place in August 2016.

During the inspection, presentations were made to the Inspectors to provide further detail about performance, innovation, staff development and partnership working. Representatives from partner organisations including South and Vale District Councils, Oxfordshire County Council and Thames Valley Police were present and gave their accounts of the excellent partnership arrangements as well as testimonials about the high quality and effective services the team have provided to their respective organisations.

The IRRV Performance Awards ceremony and gala dinner event took place at the Telford International Centre on 19<sup>th</sup> October. Oxford City Council were announced as the winners of the Excellence in Corporate Fraud award, further cementing the already excellent reputation of the team at a national level.

This award provides assurance to stakeholders, Committee members and the communities of Oxford that the team are delivering an efficient, effective, class leading corporate fraud investigation function for the Council and its partner organisations.



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