

Agenda

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Audit and Governance Committee

This meeting will be held on:

Date: **Monday 11 April 2022**

Time: **6.00 pm**

Place: **St Aldate's Room - Oxford Town Hall**

For further information please contact:

Lucy Tyrrell, Committee and Members Services Officer

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- may register in advance to speak to the committee in accordance with the [committee's rules](#)
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Please contact the Committee Services Officer to register to speak; to discuss recording the meeting; or with any other queries.

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Committee Membership

Councillor James Fry (Chair)

Councillor Chewe Munkonge (Vice-Chair)

Councillor Nigel Chapman

Councillor Tiago Corais

Councillor Duncan Hall

Councillor Dr Amar Latif

Councillor Roz Smith

Apologies and notification of substitutes received before the publication are shown under *Apologies for absence* in the agenda. Those sent after publication will be reported at the meeting. Substitutes for the Chair and Vice-chair do not take on these roles.

Agenda

	Pages
1 Apologies for absence and substitutions	
2 Declarations of Interest	
3 Draft External Audit Results Report for 2020/21	7 - 56
Report of: The External Auditor EY	
Purpose of report: To provide an update to the initial draft External Audit Results Report on the outcome of the audit of accounts which was presented to the Committee on 20 October 2021	
Recommendation: To discuss and note the report	
4 Internal Audit Progress Report April 2022	57 - 74
Report of: The Internal Auditor BDO	
Purpose of report: To inform the Committee on progress made against the Internal Audit work plan and on the outcome of their reviews	
Recommendation: To discuss and note the report	
5 Internal Audit Follow Up Report April 2022	75 - 84
Report of: The Internal Auditor BDO	
Purpose of report: To inform the Committee on the implementation of the recommendations from their previous internal audit reviews	
Recommendation: To discuss and note the report	
6 Internal Audit Annual Plan 2022-23 & Strategic Plan 2022-25	85 - 110
Report of: The Internal Auditor BDO	
Purpose of report: To set out the proposed Internal Audit Annual Plan 2022-23 & Strategic Plan 2022-25	
Recommendation: To discuss and approve the Internal Audit Annual Plan 2022-23 & Strategic Plan 2022-25	

7	Risk Management Reporting as at 31 March 2022	111 - 122
	Report of: The Head of Financial Services	
	Purpose of report: To update the Committee on both corporate and service risks as at 31 March 2022	
	Recommendation: That the Committee reviews the risk management report and notes its contents	
8	Empty Property Report	123 - 136
	Report of: The Head of Financial Services	
	Purpose of report: To provide an update on empty properties, the Council Tax Premium, and how empty properties are being brought back in to use	
	Recommendations: To note the content of the report	
9	Minutes of the previous meeting	137 - 142
	To approve as a true and accurate record the minutes of the meeting held on 27 January 2022.	
10	Dates and times of meetings	
	The Committee is scheduled to meet at 6.00pm in the Town Hall on the following dates:	
	<ul style="list-style-type: none">• 27 July 2022• 28 September 2022• 01 November 2022• 18 January 2023• 26 April 2023	
11	Matters exempt from publication and exclusion of the public	
	If the Committee wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding agenda items it will be necessary for the Committee to pass a resolution in	

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

12 Empty Property Report - Exempt Appendix 3

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Information for those attending

Recording and reporting on meetings held in public

Members of public and press can record, or report in other ways, the parts of the meeting open to the public. You are not required to indicate in advance but it helps if you notify the Committee Services Officer prior to the meeting so that they can inform the Chair and direct you to the best place to record.

The Council asks those recording the meeting:

- To follow the protocol which can be found on the Council's [website](#)
- Not to disturb or disrupt the meeting
- Not to edit the recording in a way that could lead to misinterpretation of the proceedings. This includes not editing an image or views expressed in a way that may ridicule or show a lack of respect towards those being recorded.
- To avoid recording members of the public present, even inadvertently, unless they are addressing the meeting.

Please be aware that you may be recorded during your speech and any follow-up. If you are attending please be aware that recording may take place and that you may be inadvertently included in these.

The Chair of the meeting has absolute discretion to suspend or terminate any activities that in his or her opinion are disruptive.

Councillors 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". The matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

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

Oxford City Council &
Group
Draft Audit results
report

Year ended 31 March 2021

31 March 2022

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Building a better
working world

Agenda Item 3

31 March 2022



Oxford City Council
Town Hall
St Aldate's Chambers
Oxford
OX1 1BX

Dear Audit & Governance Committee Members

2020-21 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Audit & Governance Committee. We will update the Audit & Governance Committee at its meeting scheduled for 12 April 2022 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2020-21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Oxford City Council & Group's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Audit & Governance Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

This report provides an update to the initial draft that we provided to the October Committee. For ease of use we have added shading to all changes made to that draft report. We welcome the opportunity to discuss the contents of this report with you at the Audit & Governance Committee meeting on 12 April 2022.

Yours faithfully

Maria Grindley

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and further guidance (updated April 2018)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit & Governance Committee and management of Oxford City Council & Group in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit & Governance Committee, and management of Oxford City Council & Group those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Governance Committee and management of Oxford City Council & Group for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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01 Executive Summary

Executive summary

Scope update

Changes in materiality - In our audit planning report tabled at the 22 April Audit & Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our planning materiality measure of 2% of gross expenditure on provision of services and performance materiality at 75% of planning materiality.

Materiality Re-Assessment:

During the audit we identified errors in the treatment of Grants. This resulted in us having to revise our materiality and as a result we needed to complete significant additional testing across a number of significant accounts. For further details on the nature of the error please see Section 2 - Accounting for Covid-19 related expenditure. The errors are detailed at Section 4. Below we show the updated Materiality Re-Assessment:

Materiality - Council	Audit Plan	Final	Materiality Re-Assessment
Planning	£4.1 m	£ 5.1m	£4.2 m
Performance	£3.1 m	£ 3.8 m	£3.1 m
Reporting	£0.2 m	£ 0.3 m	£0.2 m
Materiality - Group	Audit Plan	Final	
Planning	£4.7 m	£ 5.6 m	£4.6 m
Performance	£3.5 m	£ 4.2 m	£3.4 m
Reporting	£0.23 m	£ 0.3 m	£0.2 m

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19.

The continued impact of the Covid-19 pandemic increases the risks to the material accuracy of financial statements and disclosures. To ensure we are providing the right assurances to the Authority and its stakeholders the firm has introduced a rigorous risk assessed consultation process for all auditor reports to ensure that they include the appropriate narrative.

Executive summary

Scope Update

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, audited accounts from 31 July to 30 September 2021 for all relevant authorities.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and

→ Agree IPE to scanned documents or other system screenshots.

Status of the audit

Our audit work in respect of the Council and Group opinion is well progressed.

There have been delays in getting the required information to us in a number of cases, some from third parties and some from the Council's team supporting the treatment of Grants, which has in turn delayed our ability to progress the audit as quickly as we would have liked. Whilst we recognise that there are good reasons for this we will include this in our post-audit wash up discussion with officers to ensure we can have a smoother audit process in the coming year.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix B.

Executive summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

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Status of the audit – Value for Money

We have previously reported to the Committee the changes in the arrangements to the VFM for 2020/21. We are currently completing our risk assessment work and assessing the Council against the three sub-criteria. This includes arranging meetings with senior officers to understand in detail the arrangements in place. As at the date of this report we are not reporting any significant weakness in arrangements. We will provide an update at the September Audit & Governance Committee meeting on our final conclusions. This update will also include the timelines for receipt of the VFM Commentary and our conclusions against each of the three sub-criteria.

Executive summary

Audit differences

As at the date of this report, we are not reporting any audit mis-statements greater than our reporting thresholds of £3.8 m & £4.2 m for the Council and the Group respectively. We will provide an update at the Audit & Governance Committee meeting and a final position at the conclusion of the audit.

There are a number of uncorrected mis-statements greater than our reporting threshold for uncorrected mis-statements of £0.3 m. These are detailed at Section 4.

There have been a number of presentational and disclosure amendments which we have identified and have been corrected by management. See Section 4 of this report for further details of the mis-statements.

Other reporting issues

We have not yet reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We will complete this review and report back any findings to the September Audit & Governance Committee meeting.

~~We~~ We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission. We have been notified that the final guidance supporting the WGA submission for 2020-21 will be available later in 2022. This work will be completed once this is available and we will provide an update on timing for the WGA at the October Audit & Governance Committee meeting.

We have no other matters to report.



Executive summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Oxford City Council & Group. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues;
- You concur with the resolution of the issue; and
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit & Governance Committee or Management.

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Control observations

During the audit we are reporting 1 Control Observation at Section 7.

Independence

In our Audit Plan presented at the 22 April Audit & Governance Committee meeting we did not identify any independence issues.

Please refer to Section 9 for our update on Independence.

Executive summary

Significant Risks and Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Misstatements due to fraud or error	Our work on this area is complete and as at the date of this report we have found no indications of management override of controls. This area is under final review.
Incorrect capitalisation of revenue expenditure	Our work on this area is complete and we have found no instances of incorrect capitalisation of revenue expenditure.
9 Valuation of land and buildings	Our work on valuations is complete. Our internal valuation specialists have reviewed a sample of 9 assets across various asset types. We have received their final report and can confirm that they identified one significant finding related to covered market valuation which has been amended by the Council - please see details in Section 4. This area is under final review.

Executive summary

Significant Risks and Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings on other areas of audit focus.

Other area of audit focus	Findings & conclusions
Accounting for Covid-19 related Grant Expenditure	We identified material errors in the assessment of Agent and Principal. We needed to re-assess materiality and complete significant additional testing across all significant accounts. This area is now complete and is under final review.
Pension liability 17	Our work on this area is complete. We agreed the Authority's pension liability disclosures to the actuarial report and worked through our pensions advisory team's review of work carried out by PwC (Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors). Due to recent additional requirements as a result of the updated ISA 540 (Estimates), we requested additional information for further reasonableness checks on gross liability. Our EY Pensions specialists were able to confirm that the Gross Liability was within an acceptable limit within a variance of < 1.5%. We received the IAS19 assurance letter from the auditor of the Oxfordshire Pension Fund which enabled us to conclude on this area of audit focus. Adjustments were noted within the Pension Fund but the impact of these on Oxford City Council was not material.
Going concern	This area is substantially complete. The draft accounts included a detailed disclosure on going concern. We have received management's assessment of going concern along with details of financial modelling and forecasts prepared by the Council. We have also assessed the deliverables being received from the auditors of the component auditors of the Group subsidiaries. We have requested some further information in respect of Group Cashflows and details around the Council's continued support for subsidiaries. We will provide an update at the Audit & Governance Committee meeting.
Group Consolidation	Our work on Group Consolidation is substantially complete. We have completed a review of the work undertaken by Wenn Townsend on OxWED and we have completed a review of the work undertaken by Mazars on their work completed on ODS and OCHL. We have received all group deliverables and are finalising our work on consolidation. We will provide an update at the Audit & Governance Committee meeting.



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02 Areas of Audit Focus





Areas of audit focus

Significant risk

Incorrect capitalisation of revenue expenditure

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What is the risk?

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For Oxford City Council, we consider this risk to be present in:

- Additions to property, plant and equipment and Revenue Expenditure Financed from Capital Under Statute (REFCUS).

We have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Authority's capital programme.

What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure, including consideration of REFCUS.

What did we do?

We sample tested additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.

What are our conclusions?

We have not identified any issues with management's accounting policies or practices in relation to opting to finance expenditure from capital sources.

We focused our testing on property, plant and equipment capital additions and also Revenue Expenditure Financed from Capital Under Statute (REFCUS) capital additions.

Our testing of capital additions is complete and our testing has not identified any instances where expenditure had been inappropriately capitalised.



Areas of audit focus

Significant risk

Risk of error in the valuation of land and buildings

What is the risk?

The fair value of Property, Plant and Equipment and Investment Properties represent significant balances in the Authority's accounts, totalling approximately £886 million and are subject to valuation changes, impairment reviews and depreciation charges. In addition, the Council also has material balances on Investment Property at £126 million which are also subject to annual valuations.

In calculating amounts recorded in the Authority's balance sheet, management are required to make material judgements and apply estimation techniques.

What judgements are we focused on?

We focused on aspects of the land and buildings valuation which could have a material impact on the financial statements, primarily:

- harder to value assets – such as assets which are valued on a depreciated replacement cost basis;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

For a sample of assets we assessed whether the valuation basis was appropriate and whether the assumptions used were supportable and reperformed the valuers' calculations.

We challenged the information provided by the valuer as the management's expert.

We have considered the impact of assets not revalued in year, and whether this could lead to a material misstatement of the closing asset valuation.

What are our conclusions?

We:

- considered the competence, capability and objectivity of the Council's valuers;
- considered the scope of the valuers' work;
- ensured Land & assets have been revalued within a 5 year rolling programme as required by the Code;
- ensured Investment Property assets had been annually revalued as required by the Code;
- considered if there were any specific changes to assets that should have been communicated to the valuer(s);
- ensured that it was appropriate that no disclosure needed to be made in the accounts in relation to any valuation uncertainty;

We noted no issues from the above procedures.

Our work in respect of this significant risk is complete and in final review. We provide further details of the work completed on the following page.



Areas of audit focus

Significant risk (cont'd)

Risk of error in the valuation of land and buildings

What is the risk?

The fair value of Property, Plant and Equipment and Investment Properties represent significant balances in the Authority's accounts, totalling approximately £886 million and are subject to valuation changes, impairment reviews and depreciation charges. In addition, the Council also has material balances on Investment Property at £126 million which are also subject to annual valuations.

In calculating amounts recorded in the Authority's balance sheet, management are required to make material judgements and apply estimation techniques.

What judgements are we focused on?

We focused on aspects of the land and buildings valuation which could have a material impact on the financial statements, primarily:

- harder to value assets – such as assets which are valued on a depreciated replacement cost basis;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

For a sample of assets we assessed whether the valuation basis was appropriate and whether the assumptions used were supportable and reperformed the valuers' calculations.

We challenged the information provided by the valuer as the management's expert.

We have considered the impact of assets not revalued in year, and whether this could lead to a material misstatement of the closing asset valuation.

What are our conclusions?

We:

- tested a sample of Property, Plant and Equipment and Investment Property assets revalued in year to confirm that the valuation basis was appropriate and the accounting entries are correct. We agreed with the updated valuation provided for the Covered Market; and
- reviewed assets that are not subject to valuation in 2020/21 to confirm the remaining asset base is not materially misstated;

Our internal valuation specialists tested a sample of 9 assets across the portfolio. All assets sampled were within an expected range with the exception of the Covered Market. We noted that the value of the covered market was outside the expected range based on a range developed by our internal valuations experts. This has been revalued by the Council and we have agreed the amended valuation. Apart from this asset, we have not noted any material differences in valuation from our work on valuations.



Areas of audit focus

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?	What did we do?
<p><u>New central government grants and other Covid-19 funding streams.</u></p> <p>Central Government have provided a number of new and different Covid-19 related grants to local authorities during the year. There are also funds that have been provided for the Council to disseminate to other bodies.</p> <p>The Council needs to review each of these to establish how they need to be accounted for. It needs to assess whether it is acting as a principal or agent, with the accounting to follow that decision. For those where the decision is a principal, it also needs to assess whether there are any initial conditions that may also affect the recognition of the grants as revenue during 2020/21.</p>	<p>We considered the Council's judgement on material grants received in relation to whether it is acting as:</p> <ul style="list-style-type: none"> • An Agent, where it has determined that it is acting as an intermediary; or • A Principal, where the Council has determined that it is acting on its own behalf. <p>We identified material errors in the assessment of Agent and Principal. As a result we needed to re-assess materiality and complete significant additional testing across all significant accounts. This area is now complete and is under final review. The Council have introduced a new process for assessing such Grants in future.</p>
<p><u>Valuation of defined benefit pension scheme</u></p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Oxfordshire County Council.</p> <p>The Council's pension liability is a material estimated balance and is required to be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £144.4 million.</p> <p>The information disclosed is based on the IAS 19 report issued by the Pension Fund actuary to the Council. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on its behalf.</p> <p>We are required to undertake procedures on the use of the use of the actuary as management's expert and the assumptions underlying fair value estimates.</p>	<p>Our testing for the defined pension liability is complete. Due to the impact of revised ISA 540 on accounting estimates we needed to involve our internal EY Pensions Specialists. Following their review they concluded that the Pensions Liability was within an acceptable range based on their independent assessment. They concluded that the liability was within a range of < 1.5%. We have no material findings we need to report. We received the IAS19 assurance letter from the auditor of the Oxfordshire Pension Fund . We assessed the findings in the assurance letter for any associated impact on Oxford City Council and noted that there was no material impact.</p>



Areas of audit focus

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?

Disclosures on Going Concern

Covid-19 has created a number of financial pressures throughout local government, creating financial stress in either, or a combination of, increasing service demand leading to increased expenditure in specific services, and reductions in income sources.

There remains a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the significant risks it faces. In light of the continued impact of Covid-19 on the Council's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Council to ensure its going concern assessment is thorough and appropriately comprehensive.

The auditor's report in respect of going concern covers a 12-month period from the date of the audit report, therefore the Council's assessment will also need to cover this period. The Council is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

What did we do?

We are required to meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

We discussed the detailed implications of the revised auditing standard with finance staff and noted the information provided in the committee papers, budget and the Medium Term Financial Strategy (MTFS) in support of the going concern disclosure.

We have received an assessment of the Council's going concern basis of preparation of accounts. We are in the process of concluding on this area at a group level based on the Council's responsibilities to its subsidiaries. We will provide an update on our conclusions at the Audit & Governance Committee.



Areas of audit focus

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?

Group Structure

The Council has a growing number of companies within the group structure five of which are wholly owned by the Council and two where the company is jointly owned. With this growth comes additional complexity and risk arising from the need to understand and implement the accounting and reporting requirements for these operations.

One of these components, Oxford Direct Services Ltd (ODS), will be a significant component to the group based on size. Two of the entities are specific scope with material balances specific to one or 2 accounts: Oxford City Housing Limited and Oxford West End Development (OxWED).

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The risk is considered inherent because these entities are significant component based on the size of the subsidiary. The accounts of the components will need to be consolidated into the Group accounts with appropriate consolidating adjustments. This gives scope for potential material error.

What did we do?

Our work is ongoing in this area as we are currently waiting for component auditors to finalise the audit of subsidiary accounts.

We have:

- Examined the group structure and determine which elements are in scope; and
- Monitored the position to identify any other components that might move into scope by the year end however we have no further changes to report.

We have completed the procedures below:

- Reviewing the Council's approach to consolidation and production of group accounts to ensure that this meets the requirements of the Code of Audit Practice;
- Liaised with the external auditor of ODS and OCHL, Mazars, asking them to undertake a programme of work in line with Group audits. We have completed a review of their audit files. Reviewed the deliverables requested from Mazar with no material issues noted.
- Liaised with the external auditor of OxWED, Wenn Townsend, asking them to undertake a programme of work in line with Group audits. We have completed our review and received the requested information with no issues noted.

We are checking final consolidation adjustments as part of our audit and will provide an update at the Audit & Governance Committee meeting.



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03 Audit Report



Audit Report

Draft audit report 20-21

TO BE INCLUDED AT THE END OF THE AUDIT

Our opinion on the financial statements

26



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04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted/unadjusted differences

Adjusted Mis-Statements:

As at the date of this report, we are reporting the following audit mis-statements greater than our reporting thresholds of £3.8 m & £4.2 m for the Council and the Group respectively. We will provide an update at the Audit & Governance Committee meeting on and a final position at the conclusion of the audit.

Factual Mis-Statement:

Incorrect Treatment of Grants:

Adjustment of Grants incorrectly treated and removed from Comprehensive Income and Expenditure Statement: Income and Expenditure £26.3 m overstated.

We identified an asset which was outside the range developed by our internal valuer. We recommended that the Council undertake an updated valuation of the asset which has now been provided and we have agreed with the revised valuation.

Uncorrected Mis-Statements:

We identified an issue with the incorrect treatment of depreciation resulting in a £1.6 unadjusted mis-statement.

In the response from the Pension Fund Auditor the auditor reported adjustments to the Pension Fund Accounts of £12.5 m. Oxford City Council's share of the adjustment is approximately £1.5 m. The Council have decided not to adjust this amount and so has been treated as an unadjusted mis-statement.

There have been a number of presentational and disclosure amendments which we have identified and have been corrected by management.



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05 Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

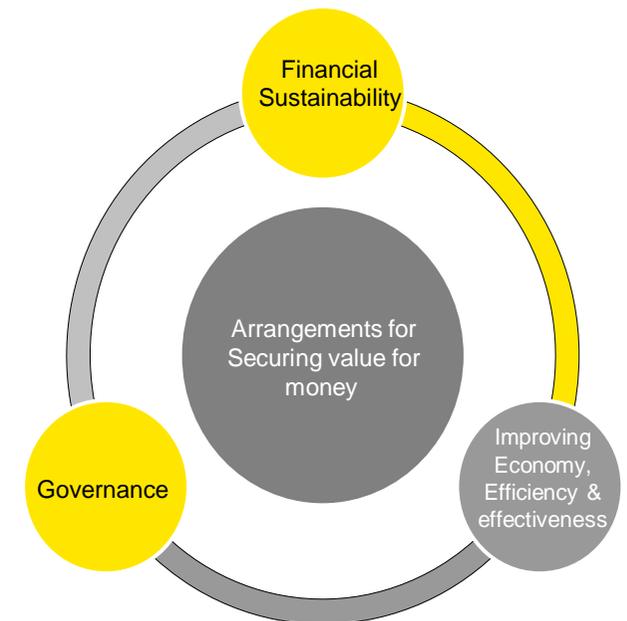
The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

We have previously reported to the Committee the changes in the arrangements to the VFM for 2020/21.

We are currently completing our risk assessment work and assessing the Council against the three sub-criteria. This includes arranging meetings with senior officers to understand in detail the arrangements in place. As at the date of this report we are not reporting any significant weakness in arrangements. We will provide an update at the September Audit & Governance Committee meeting on our final conclusions. This update will also include the timelines for receipt of the VFM Commentary and our conclusions against each of the three sub-criteria.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2020/21 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement. We confirmed that the information contained within the AGS was an accurate reflection of the fact pattern at Oxford City Council and Group during 2020/21.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have been made aware that the system as well as guidance to complete this will not be available until later in 2022 therefore we are currently unable to commence our work on the Whole of Government Accounts.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”).

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

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Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the [Authority]’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

As at the date of this report we have nothing that we need to bring to the attention of the Audit & Governance Committee in respect of Other Matters.



07

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control including group-wide or at components.

We are reporting one issue in respect of the need for the Council to fully assess all Grants for the correct accounting treatment i.e. Agent/Principal. The accounting implications are very different and therefore the Council needs to fully understand the implications and consult if necessary.



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08 Data Analytics



Management Override of Controls

What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

What judgements are we focused on?

We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions. The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

At the date of writing this report our journal entry testing is under final review; we will conclude on the testing and report any material findings.

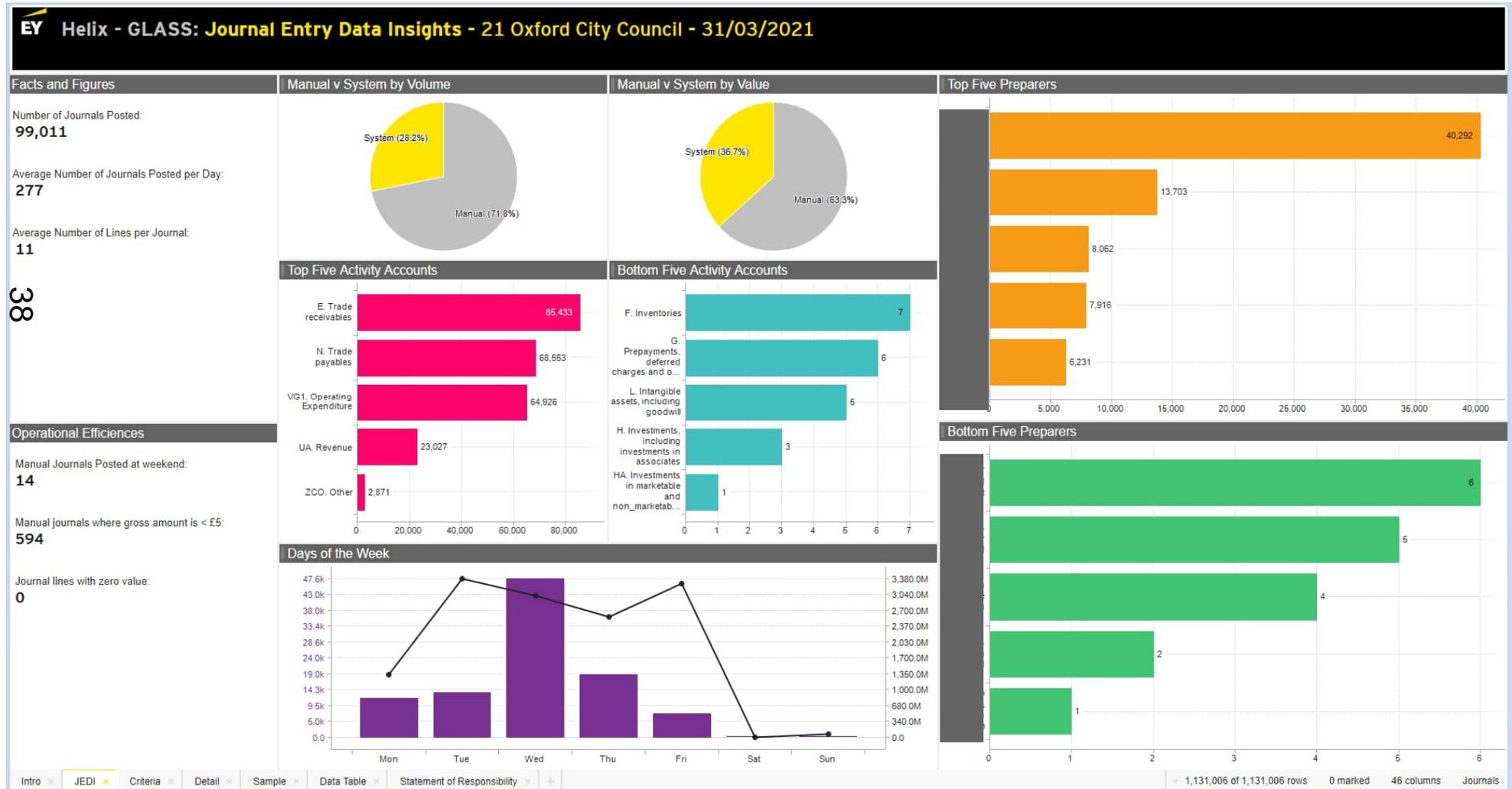


Data Analytics

Journal Entry Data Insights

Oxford City Council 31 March 2021

The graphic outlined below summarises the journal population for 2020/21. We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions included in our data subset.



Intro x JEDI x Criteria x Detail x Sample x Data Table x Statement of Responsibility x +

1,131,006 of 1,131,006 rows 0 marked 46 columns Journals

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09

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below. Further detail of all fees has been provided to the Audit & Governance Committee.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 22 April 2021.

We complied with the APB Ethical Standards. 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 of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your Audit & Governance Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit & Governance Committee on 12 April 2022.

We confirm we do not plan to undertake non-audit work outside of the Statement of responsibilities of auditors and audited bodies as issued by the Public Sector Audit Appointments Ltd . We will apply the necessary safeguards in our completion of this work should we be required to complete any.

Confirmation and analysis of Audit fees

Description	Final Fee 2020/21 £	Planned Fee 2020/21 £	Final Fee 2019/20 £
Total Audit Fee – Code work	TBC	71,440	66,355
Proposed increase to the scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk. (Note 1)	TBC	42,909	42,909
Scale fee variation – Covid-19 and Going Concern considerations, addressing significant risk on PPE valuation, additional work on grants and VFM conclusion (Note 2)	TBC	TBC	23,500
Total Audit Fees	Notes 1 & 2	TBC	132,764

All fees exclude VAT

Note 1 – The proposed increase reflects the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Authority as well as the changes and incremental increase in regulatory standards. The proposed increase in the baseline fee is relatively consistent with other councils of a similar size, risk profile and complexity that EY audits.

Note 2 – The impact of Covid-19 on the audit, the updated requirements on VfM conclusion, group requirements, use of experts for the work on valuation of PPE additional work on grants and the work on going concern will all impact the work that is required to be done. As we near the conclusion of the audit, we will be in a position to quantify the impact of these additional procedures and where we propose a variation to the Authority's scale fee. We note the significant additional procedures as a result of the incorrect treatment of Grants and the subsequent materiality re-assessment and additional testing required.

On both points, we will continue to discuss and share with you our assessment of the audit fees required to safeguard audit quality and our professional standards.

All fees are subject to final review and agreement by PSAA Ltd

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

[EY UK Transparency Report 2020 | EY UK](#)



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10 Appendices

Appendix A

Required communications with the Audit & Governance Committee

There are certain communications that we must provide to the Audit & Governance Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit & Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
 Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report presented at the 22 April Audit & Governance Committee meeting
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report presented at the 22 April Audit & Governance Committee meeting
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit planning report presented at the 22 April Audit & Governance Committee meeting

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Audit & Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings

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Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
46 Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit & Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit & Governance Committee responsibility. 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings
46 Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings

Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
47	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit • Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The Audit & Governance Committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Audit & Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit & Governance Committee may be aware of 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings

Appendix A

		Our Reporting to you	
Required communications	What is reported?	When and where	
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings	
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings	
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings	
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings	
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Draft Audit results report presented at the 29 July, 20 October & 12 April Audit & Governance Committee meetings	
VFM Commentary	<ul style="list-style-type: none"> Report the findings from our VFM review in the Auditor's Annual Report 	Auditor's Annual Report presented within 3 months from the date of the audit opinion	

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Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Final Statement of Accounts 20-21	Review of associated support for final accounts E.g. Incorporation of EY review comments on disclosure notes	EY and management
49 Going concern review and disclosures	EY to review Group Going Concern position following input from component auditors EY central review process and finalisation of disclosures and opinion wording	EY and management
Group Reporting from component auditors	Group consolidation review and casting of final accounts	EY
General review of completed tasks	EY to complete various levels of review on completed work	EY
Management representation letter	Receipt of signed management representation letter	Management and Audit & Governance Committee
Subsequent events review	Completion of subsequent events procedures at the Group level to the date of signing the audit report	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern remain to be finalised and audited.

Draft Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]
[Date]

Ernst & Young
FAO: Maria Grindley
EY
Apex Plaza
Forbury Rd
Reading
RG1 1YE

50 This letter of representations is provided in connection with your audit of the consolidated and council financial statements of Oxford City Council and Group ("the Council and Group") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the council and group financial statements give a true and fair view of the Council and Group financial position of Oxford City Council as of 31 March 2021 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council.

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the council and group financial statements. We believe the Council and Group financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. The significant accounting policies adopted in the preparation of the Council and Group financial statements are appropriately described in the Council and Group financial statements.
4. As members of management of the Council and Group, we believe that the Council and Group have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because (specify reasons for not correcting mis-statement).
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

Management representation letter

Management Rep Letter (cont.)

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B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Council's and Group's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the Council and Group financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council and Group (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's and Group's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's and Group's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the council and consolidated financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the 29 July 2021.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's and Group's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the council and the consolidated financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Management representation letter

Management Rep Letter (cont.)

7 From the date of our last management representation letter dated 24 November 2020 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. No guarantees have been given to third parties.

E. Going Concern

1. Accounting policy a) General Principles to the council financial statements discloses all of the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than those described in Note X to the council and the consolidated financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council and Group has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's or Group's assets, nor has any asset been pledged as collateral. All assets to which the Council and Group has satisfactory title appear in the balance sheet(s).
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the council and consolidated financial statements.

I. Reserves

1. We have properly recorded or disclosed in the council and consolidated financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the asset valuations and net pension liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter

Management Rep Letter (cont.)

K. Asset Valuation Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council and the Group.
2. We confirm that the significant assumptions used in making the asset valuation estimates appropriately reflect our intent and ability to carry out planned uses of assets valued.
3. We confirm that the disclosures made in the council and consolidated financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council and Group.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events, including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Head of Finance

Chair of the Audit & Governance Committee

Progress report on implementation of IFRS 16 Leases

In previous reports to the Audit & Governance Committee, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for the Council until 1 April 2022. However, officers should be acting now to assess the Council's leasing positions and secure the required information to ensure the Council will be fully compliance with the 2022/23 Code. The following table summarises the actions necessary to implement the adoption of IFRS 16 from 1 April 2022:

IFRS 16 theme	Summary of key measures  
Data collection	Management should have: <ul style="list-style-type: none"> • Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors. • Classified all such leases into low value; short-term; peppercorn; portfolio and individual leases • Identified, collected, logged and checked all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.
Policy Choices 54	The council need to agree on certain policy choices. In particular: <ul style="list-style-type: none"> • Will [the council adopt a portfolio approach? • Has the low value threshold been set and agreed with auditors? • Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components? • What is managements policy in relation to discount rates to be used?
Code adaptations for the public sector	Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).
Transitional accounting arrangements	Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the Council is lessee; and potentially for sub-leases, where the Council is a lessor, that were operating leases under the old standard.
Ongoing accounting arrangements	Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.
Remeasurements and modifications	Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.

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ED None

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INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

April 2022

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SUMMARY OF APRIL 2022 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the April 2022 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. 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 risk owner, 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 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. 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.

APRIL 2022 INTERNAL AUDIT PLAN

We are now making good progress in the delivery of the April 2022 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- | Accounts Payable
- | Project Management
- | Follow up Report
- | Internal Audit Annual Plan 2022-23 & Strategic Plan 2022-25

Fieldwork is underway and close to finalising on a further three audits which we plan to present at the next Audit Committee in July 2022:

- | Private Rented Sector
- | Environment
- | Housing Rents

CHANGES TO THE AUDIT PLAN

Remote working - The Council are rolling out their Flexible Working Programme which will be completed by September 2022. To avoid duplication, the Council has requested we review the outcome and benefits of the programme post implementation. We will undertake this review within Q2 of the 2022-23 audit plan.

Academy Review - This review was initially requested by KPMG to undertake an assessment of the migration process for Housing Benefit Data. However, KPMG are satisfied with the process the Council have adopted to migrate the claims from Academy to Civica, therefore we will no longer undertake this review.

REVIEW OF APRIL 2022 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: Housing Rents	Nigel Kennedy	Jul 2022	✓	✓			
Audit 2. Community Strategy	Ian Brooke	Removed - This has been included in the 2022-23 internal audit plan as a community Strategy is to be devised by July 2022.					
Audit 3. Private Rented Sector	Stephen Clarke	Apr 2022	✓	✓	✓	Moderate (Draft)	Limited (Draft)
Audit 4. Environment	Mish Tullar	Jul 22	✓	✓			
Audit 5. Data Analytics	Nigel Kennedy	Oct 21	✓	✓	✓	Moderate	Moderate
Audit 6. Project Management	Carolyn Plowsynski	Apr 22	✓	✓	✓	Moderate	Moderate
Audit 7. Cyber Security	Helen Bishop	Removed - This has been included in the 2022-23 internal audit plan as the Council are working on a cyber plan with DLUHC.					
Audit 8. Accounts Payable	Nigel Kennedy	Apr 22	✓	✓	✓	Moderate	Moderate
Audit 9. Business Continuity and Disaster Recovery	Nigel Kennedy	Oct 21	✓	✓	✓	Moderate	Moderate
Audit 10: General Ledger	Nigel Kennedy	Jan 22	✓	✓	✓	Substantial	Moderate
Audit 11: Remote Working	Helen Bishop	Removed - The Council are rolling out their Flexible Working Programme which will be completed by September 2022. To avoid duplication, the Council has requested we review the outcome and benefits of the programme post implementation We will undertake this review within Q2 of the 2022-23 audit plan.					
Audit 12: Insurance	Nigel Kennedy	Jan 22	✓	✓	✓	Substantial	Moderate
Audit 13: Academy vs Civica	Nigel Kennedy	Removed - This review was initially requested by KPMG to undertake an assessment of the migration process for Housing Benefit Data. However, KPMG are satisfied with the process the Council have adopted to migrate the claims from Academy to Civica, therefore we will no longer undertake this review.					



ACCOUNTS PAYABLE

BAF REFERENCE: FOSTER AND INCLUSIVE ECONOMY

Design Opinion	M Moderate	Design Effectiveness	M Moderate
Recommendations	0 4 2		

SCOPE

BACKGROUND

Oxford City Council (the Council’s) main financial system is Agresso within which accounts payable transactions are recorded. Agresso is a long-standing system at the Council and the Agresso Purchase to Pay (P2P) module enables invoice entry using scanning technology, electronic purchase ordering with workflow and a contracts module. The main aim of P2P is to aid the Council in its end-to-end process of purchasing its goods and services and making payments in a timely manner.

For Oxford Direct Services (ODS) the Council also maintain access to both Key2 and QL (Council’s housing and repairs system); these are accessed by Council staff who provide services to ODS and process invoices for motor transport, building repairs to housing and stores. These systems record the process from the order being raised, goods received, and the invoice being received. However, payments are not made from these systems. Once a week a batch file is created and uploaded into Agresso to enable payments to suppliers.

AREAS REVIEWED

We assessed whether the Council has adequate controls in place for Accounts Payable transactions and whether the Council is conducting sufficient due diligence prior to the onboarding of suppliers, paying suppliers accurately and in a timely manner. We also undertook sample testing on procurement card transactions and assessed whether receipts were in place to support expenditure prior to approval.

We also completed sample-based testing on accounts payable transactions for Oxford Direct Services (ODS) and Oxford City Housing Limited (OCHL) made between April and December 2021 to assess the effectiveness of the three-way matching process.

BDO have undertaken several accounts payable audit reviews since 2015 -16 which covered the Accounts Payable process including supplier change controls, addition of new suppliers, expenditure, the P2P and procurement process. Over the three years, it has been noted that the level of assurance over the control design and operational effectiveness has remained stable.

Audit Title	Year	Assurance of Control	Assurance of Operation
Accounts Payable	2015/16	Moderate	Limited
Accounts Payable	2017/18	Moderate	Moderate
Accounts Payable	2019/20	Moderate	Moderate

AREAS OF STRENGTH

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

The Council has a robust Constitution in place which was approved by the Board in July 2021. The Constitution outlines the responsibilities of the Heads of Services ensuring that there are adequate procedures in place for ordering and paying for goods and services. There are separate procedure notes in place for P2P, ODS and OCHL payments, which are detailed and clearly explain the actions that need to be completed from requisition to payment stage

We tested the three-way matching process for a sample of 10 P2P payments made by the Council from April to December 2021. In each case, a purchase order was raised, invoiced and goods were receipted appropriately prior to payment. Segregation of duties were maintained between purchase order approval and receipting of the goods

We tested the three-way matching process for a sample of 10 ODS payments. In all instances, a purchase order was raised, invoiced and goods were receipted appropriately prior to payment whilst maintaining segregation of duties. The purchase amounts listed on the weekly BIF files matched the amounts shown on the invoices, bank statements and BACs remittance slips



AREAS OF CONCERN

Supporting documents for amendments to supplier details were not attached to Agresso for three of the suppliers reviewed. Segregation of duties were not maintained for all supplier amendments, although spot checks are performed (Finding 1 - Medium)

There is a Scheme of Delegation in place for ODS payments. Our testing identified that in one instance, the approver was not listed on the Scheme of Delegations and therefore did not have an approver limit. There was a further instance where a transaction was not approved in line with the Scheme of Delegation (Finding 2 - Medium)

OCHL transactions relate to purchases of goods and services by the Housing Company. Through sample testing, we have identified that four of the supplier payments were not made within the 30-day timeframe due to Goods Received Notes (GRNs) not being completed in a timely manner (Finding 3 - Medium)

Three purchase card transactions were approved despite the receipts not being attached to the card holder accounts. Credit transactions were not approved by Line Managers in six instances (Finding 4 - Medium)

The Payments Team report KPIs in relation to payment performance, missed GRN's and purchase orders. We have identified that the reports are not clearly structured, are not adequately detailed against target performance and do not provide an insight on the year to date performance trends (Finding 5 - Low)

Evidence of VAT and Companies House checks were not retained for three of the suppliers tested. Therefore, we were unable to confirm that these checks have been completed (Finding 6 - Low)

Please note as part of the General Ledger audit review, we noted that the QL Housing System is in a status of 'recovery'; as a result a majority of the QL to Agresso interfaces are not being undertaken. The Interface 'Payment of Contractor Invoices and Material Purchases (GL07 QL Payment of Invoices)' is currently not working, but undergoing testing. As a workaround, the Council are undertaking manual processes to enable payments to be made to suppliers; this is via a Batch load direct into Agresso onto the AP ledger. Although payments were reconciled between QL and Agresso accurately and this is a suitable workaround the process is often time consuming for the finance team as opposed to automation. Please refer to the General Ledger audit report (Finding 1).



ADDED VALUE

We have considered the use of data analytics as part of this audit as significant data sets were involved as part of testing.

During our review the Council requested that we perform analysis on the procurement card transactions to determine the value of procurement card spend per service area and how this compares to other service areas. We reviewed the Barclaycard Corporate Online Servicing Report for the credit card transactions for Oxford City Council payments from April to December 2021 and grouped the transactions per service area. Our testing has identified that the following services have had the highest expenditure:

Housing Services - 47.38% (£235k)

Business Improvement - 23.82% (£118k)

Community Services - 17.37% (£86k).

Regeneration & Economy have had the least expenditure of £501 which is 0.1% of their total expenditure. We recommend each budget holder/Head of service review the expenditure for their corresponding service areas and ensure this is in line with their expectations. The expenditure and corresponding percentages which relate to other service areas can be found in Appendix II.



CONCLUSION

Overall, the Council has a moderate design of controls in place for managing Accounts Payables. There are adequate controls in place to ensure that accurate and complete payments are made to suppliers. However, we noted a number of areas where the controls could be strengthened, particularly the separation of duties between amending supplier details and ensuring relevant delegation limits are assigned within QL.

This leads us to conclude that both the control design and control effectiveness are moderate.

PROJECT MANAGEMENT

BAF REFERENCE: FOSTER AN INCLUSIVE ECONOMY

Design Opinion	M	Moderate	Design Effectiveness	M	Moderate
Recommendations	0	3	0		



SCOPE

BACKGROUND

Project management is important to all organisations to ensure that the objectives of every project are achieved, and risks are managed in the process. Oxford City Council (the Council) utilise the 'Smartsheet' software upon which projects are managed; the software records the Council's assessment of the project from initiation, design, implementation, risk management and closure of projects. The Council have established its own project management methodology which is PRINCE2 compliant, and the guidance requirements are used to structure the requirements of Smartsheet. The Smartsheet had been rolled out to Project Managers in 2018/20 and training has been provided by the Project Management Office (PMO) to cover the expectations of the Smartsheets. Development Capital Projects are overseen and scrutinised by the Development Board which is chaired by the Executive Director for Organisational Development and Communications. Recent Capital projects undertaken by the Council are major regeneration schemes and several rolling programmes such as Health and Safety Projects both of which underwent scrutiny by the Development Board.

The Council have also commissioned Operational Projects such as QL Areon (ODS Housing System) which were subject to review by the Transformation Board. Please note operational projects were outside of the scope of this review.

As of December 2021, there are 126 Capital projects ongoing, with actual spend of £54m against £132.4m current year budget. Therefore, 41% of the budget has been spent 70% of the way through the financial year. The Council has a total of 23 rolling programmes, and we have selected two as part of our sample selection. The status of the projects is detailed below:

- | 7 - Proposal stage
- | 23 - Feasibility stage
- | 18 - Design & technical specification stage
- | 4 - Pipeline stage
- | 28 - Delivery stage

There are a total of 14 projects under the category of 'Other Capital Expenditure'. The 'Other Capital Expenditure' category is a project classification category the Council uses to present capital loans and capital grants that contribute to wider external schemes. In addition, three projects were completed, and six projects had been closed in 2021/22.

The Council have formalised their Capital Strategy for 2022/23 - 2025/26 in February 2022, which sets out the principles they will follow in its capital planning, the methodology for inclusion of schemes within the Capital Programme, the arrangements for management of Capital schemes and identifies the schemes that will be undertaken over the following four years and how they will be funded. The Capital Project Delivery process has been re-designed to include a 'pipeline' stage where approved projects are placed in a pool and prioritised for funding. The budget is requested from the Council where projects contribute favourably to the Council's core priorities and are shown to be viable. Projects only proceed to later gateway stages where they can be adequately resourced, and capital financing is identified.

AREAS REVIEWED

As part of our approach, we have reviewed five Capital projects to check whether the projects have been developed consistent with the Council’s Strategy. Of the five samples one of the projects was subject to the ‘pipeline’ stage, since the other four projects were initiated in line with the previous Strategy (2016/17 - 2019/20).

BDO have undertaken two project management audit reviews since 2016 -17 which covered the Capital Gateway Project Delivery Process including project initiation, appraisal, risk management, governance and lessons learnt. The outcome of the reviews are noted below:

Audit Title	Year	Assurance of Control	Assurance of Operation
Project Management	2016/17	Moderate	Moderate
Project Management (Inc. Capital Projects)	2018/19	Moderate	Moderate

The level of assurance over the control design and operational effectiveness had remained stable over the two reviews.



AREAS OF STRENGTH

We noted good practice in the following areas:

- ▮ The Council has a robust Capital Strategy in place, which is thoroughly detailed to explain the Gateway Project Delivery process, arrangement of capital schemes and rules which aid in the effectiveness of project management within the Council. The Strategy is supported by the P2P approver limits which lists the budget approvers for each project to ensure that expenditure is kept within limits
- ▮ We reviewed a sample of five Capital projects and confirmed that they had been developed in line with the Council’s Strategy and progressed through all appropriate gateway stages: proposal, feasibility, design, pipeline, and delivery
- ▮ The PMO Team had retained all project documents to evidence the gateway stages of the projects selected for sample testing, which include project initiation forms, project briefs, appraisal documents and Board meeting minutes. Therefore, we were able to follow through how the projects had been adequately assessed to cover risks, benefits, costs, and impact
- ▮ The PMO Team generate several reports to provide an update on the progress of projects in relation to risks, budget, expenditure, and slippages. We have reviewed the Integrated reports generated by the Management Accounting Manager for the first and second quarters of 2021/22 and confirmed that the reports provide thorough detail on the financial position, risks, performance, and slippages to the Cabinet for consideration and support in decision-making
- ▮ The PMO Lead produces Highlight reports on a monthly basis to the Development Board and the Development Review Group which provides information on the project progress, key milestones, finances and deadlines. The report includes a project finance section which details the overall budget over the project duration, the budget for the year, actual and forecasted expenditure. Key risks are addressed, and action points are stated for each project. We confirmed that for all the projects we reviewed, this information was reported within the December 2021 Highlight report
- ▮ We reviewed a sample of three Development Board minutes from November 2021 to January 2022 and confirmed that in each instance, there were adequate discussions regarding the progress of the capital projects, budgets, project expenditure and the risk. Action points had been raised for projects, which are revised at the subsequent Board meeting. We have reviewed evidence of the Action Tracker populated at the end of each meeting with actions to be taken, including the responsible Officer, date, status, and additional comments
- ▮ We reviewed of the most recent three Development Review Group (DRG) minutes from December 2021 to February 2022 and confirmed that in each instance, specific projects are discussed in relation to their progress, risk, and finances. We have seen evidence of the Members conducting a review of the Feasibility Funding List and the Capital Programme to discuss the budgets and expenditure. There are recommendations to the Development Board listed at the end of each item and we were able to follow the recommendations within the Development Board minutes.



AREAS OF CONCERN

The following key findings have been identified:

- ▮ The testing identified blank entries in the October, November, and December 2021 Capital Monitoring reports, due to Projects Managers not adequately completing all sections of the monthly Smartsheets (Finding 1 - Medium)
- ▮ We identified inconsistency in risk monitoring across all five projects tested, as each project had a different register in place which was not in line with the Council's prescribed Capital risk register (Finding 2 - Medium)
- ▮ The Council does not have an established process to monitor and feedback back on lessons learnt for wider learning (Finding 3 - Medium).



CONCLUSION

Whilst the current major project process and Board structure has been in place since 2018. The Council has recently re-designed their Capital Strategy regarding project management which outlines effective project management processes. However, we have noted that Smartsheet's are not being completed adequately, there are also inconsistencies in the risk management process across projects. In addition, the Council did not have an established process to monitor their lessons learnt.

Therefore, we have concluded on a moderate assurance over both the control design and control effectiveness.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

COST OF LIVING SQUEEZE HITS PUBLIC SECTOR

Authorities face increased costs without any guarantee of higher income, putting pressure on budgets for next year. Everyone is paying a high price for the cost of living crisis, including the public sector.

In addition to higher energy bills and wider inflation, local authorities face problems finding contractors and could lose income from fees and charges.

“It is having a major impact on budgets,” said Lynton Green, deputy chief executive at Warrington Borough Council and president of the UK’s Society of Municipal Treasurers. Government support helped to protect UK councils during the first year of the pandemic, with some paying significant sums into reserves.

But along with consumers, they now face inflation exceeding 7% during the next few months. Contractors, including providers of adult social care, are keen to pass on costs, such as April’s 1.25 percentage point rise in national insurance.

“They see local authorities as having extra money,” said Green. Meanwhile, supply chain problems, partly caused by Brexit, mean that some contractors will only guarantee prices for short periods. “Everything has to be signed and sealed in two weeks,” he added. “They will not hold prices any longer.”

Ian Miller, chief executive of Wyre Forest District Council in Worcestershire, said bills for construction schemes are exceeding initial estimates: “We have to reshape projects in line with available funding.” Along with other district councils, Wyre Forest is effectively limited to raising council tax in 2022-23 by a maximum of 1.99%. “It will definitely be sub-inflation,” said Miller. Upper- and single-tier authorities can levy an extra 1% for social care.

<https://www.publicfinance.co.uk/analysis/2022/03/cost-living-squeeze-hits-public-sector>

FOR INFORMATION

For the Audit Committee Members and Executive Directors

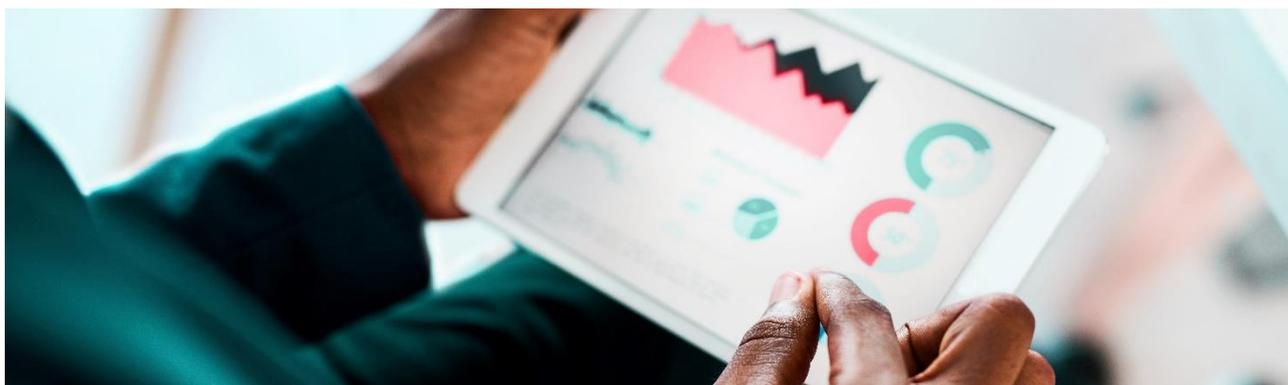
FUNDING REFORMS KEY TO ‘LEVELLING UP’

The government’s ‘levelling up’ agenda is reliant on detail on funding reforms omitted from last month’s white paper, according to the Institute for Fiscal Studies.

Although February’s ‘levelling up’ white paper recognised the importance of public services, it failed to include any proposals on how the government planned to reform funding, research published by the IFS said.

It added that the paper focused on narrowing geographic gaps in funding, but lacked any details on how money was reaching the most deprived areas, and the effect it was having.

The report said: “Overall there is little said [in the paper] about one of the biggest direct levers the government has to effect levelling up: changes to how funding is allocated between places.”



FUNDING REFORMS KEY TO 'LEVELLING UP'

“This is an important omission because recent years have seen increasingly robust evidence emerge that the amount of funding a range of public services receive matters for the outcomes they deliver.”

Since 2010 local authorities funding has acted against ‘levelling up’, as authority spending fell by around twice as much per person (31%) in the most deprived tenth of councils, compared to the wealthiest (16%), the report added.

This was a result of the government failing to consider how much each authority relied on grants to fund services, with more deprived areas unable to raise additional revenue through council tax, the IFS said.

The institute said that the 2022-23 local government settlement indicated a change, as councils in more deprived areas are set to receive larger funding boosts than authorities in wealthier areas.

<https://www.publicfinance.co.uk/news/2022/03/funding-reforms-key-levelling>

FOR INFORMATION

For the Audit Committee and Executives

VAST MAJORITY' OF PUBLIC BODIES SIGN-UP FOR LOCAL AUDIT PROCUREMENT

Almost all eligible public bodies in England have registered for the national auditor procurement scheme run by Public Sector Audit Appointments from 2023, the oversight body has announced

The body announced yesterday that 470 of the 475 qualifying bodies signed up to the scheme for the five-year accounting period from 2023-24 to 2027-28.

This was an increase of one percentage point over the previous accounting period, which runs until the end of 2023-24, PSAA added.

Steve Freer, PSAA chair, said: “We are very pleased that the vast majority of eligible local bodies have once again decided to put their faith in PSAA’s scheme.

“In our view it makes particular sense for the sector to work together in a co-ordinated, collaborative scheme at a time when the local audit market is facing unprecedented challenges and risks affecting the supply of audit services and the delivery of timely audit opinions.”

Stephen Sheen, managing director at local government adviser Ichabod’s Industries, told PF that it was no surprise that more public bodies signed up for the procurement period.

<https://www.publicfinance.co.uk/news/2022/03/vast-majority-public-bodies-sign-local-audit-procurement>

FOR INFORMATION

For the Audit Committee and Executives

Council tax support scheme will be 'challenging to deliver'

Logistical and software issues are likely to make it challenging for councils to deliver the government's £150 council tax rebates to help consumers with soaring energy prices, according to CIPFA.

Chancellor Rishi Sunak announced the policy yesterday, which see all properties between band A and D receive a flat £150 rebate from April, to help combat soaring inflation and energy prices.

However, responding to the announcement, CIPFA said that short time scale to get rebates out would create logistical issues, and authorities will require extra funding to deliver them on time.

CIPFA chief executive Rob Whiteman said: "While the sector will be pleased that their communities are receiving support toward the emerging cost of living crisis, on a practical level this additional support is challenging to deliver because of logistical and software issues.

"With bills due to go out next month, including possible individual benefits calculations, the help announced will not be able to be delivered immediately."

The Institute for Fiscal Studies said that due to the regressive nature of council tax, based on 30-year-old property valuations, rebates are unlikely to target those who need the support most.

<https://www.publicfinance.co.uk/news/2022/02/council-tax-support-scheme-will-be-challenging-deliver>

FOR INFORMATION

For the Audit Committee and Executives

Authority to publish carbon 'budget' alongside finances

A county council is set to begin releasing details about its carbon emissions together with its annual budget in order to monitor its impact on the environment.

Suffolk County Council declared a climate emergency in 2019, and cabinet members believe the "historic" move will help realise their net-zero goals.

The authority will record data including the energy used to power buildings, travel by its workers, waste disposal and fuel for public transport and gritters, for example.

"This is an historic budget, the first full budget of its kind that the council has ever produced," said deputy leader and cabinet member for finance and environment Richard Rout.

"Becoming a net zero organisation by 2030 is incredibly ambitious, but I'm committed to doing everything we can to realise that vision."

Rout said officers have collected data to provide a baseline against which they can measure future emissions, which should drive decision-making towards pursuing a decline, especially given it will be published alongside the annual financial budget.

<https://www.publicfinance.co.uk/news/2022/01/authority-publish-carbon-budget-alongside-finances>

FOR INFORMATION

For the Audit Committee and Executives

Housing associations slammed for commercial focus

Social housing conditions have deteriorated in part because housing associations have become accountable to investors in the City, rather than to tenants, sector experts told MPs.

Speaking to the Levelling Up, Housing and Communities Committee, yesterday tenants' organisations said that government housing targets have led to an increase in high-rise investor properties and shared ownership homes, rather than social housing.

Suzanne Muna, representative at the Social Housing Action Campaign, said that many large housing associations are focused on income generation, with many board members from financial backgrounds, removing their focus from maintaining existing stock.

Muna said: "We would say that housing associations are now accountable to investors in the City, and we do not believe that they are really, especially the bigger ones, accountable."

In the committee's first session probing the regulation of social housing, Darren Hartley, chief executive of tenant's charity the TAROE Trust, said that commercialisation means that the primary focus of housing associations is on financial gain, rather than providing a social service.

<https://www.publicfinance.co.uk/news/2022/01/housing-associations-slammed-commercial-focus>

FOR INFORMATION

For the Audit Committee and Executives

Energy company part-owned by Warrington Borough Council collapses

An energy company in which Warrington Borough Council invested £52m has gone bust.

Glasgow-based Together Energy today (Tuesday) joined the increasing number of small energy firms which have closed down due to an increase in wholesale gas prices.

The company announced the decision to cease trading with immediate effect on its website this afternoon.

It said: "Despite press reports, we did buy enough gas and electricity for your needs, but the sustained increase in wholesale prices and the securities required to continue to forward purchase the energy, have meant that it is untenable for us to continue."

The firm thanked customers for supporting its "commitment to providing employment and education opportunities to young people from disadvantaged areas".

In a statement, Warrington Borough Council said: "Our vision was to be part of a company that tackles the climate emergency by delivering 100% green energy to customers, contributes to reducing fuel poverty and provides local jobs in Warrington - particularly for those out of work or without formal qualifications - but the current market conditions are sadly not sustainable.

<https://www.publicfinance.co.uk/news/2022/01/energy-company-part-owned-warrington-borough-council-collapses>

FOR INFORMATION

For the Audit Committee and Executives

KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	This KPI will be updated during the course of the year based upon the results from the client satisfaction surveys.	
Frequent communication to the customer on the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies.	Sector updates will be provided within the Audit Committee progress report, as shown above.	
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings so far have been attended, including Audit Committee meetings and pre-meetings.	
Information is presented in the format requested by the customer.	No requests to change the BDO format.	
Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.	We have not received any customer satisfaction reports in 2021/22 to date. We will continue to update this KPI through the year.	
External audit can rely on the work undertaken by internal audit (where planned)	To be clarified at year end once we have met with the new external auditors	
Annual Audit Plan delivered in line with timetable and Actual days are in accordance with Annual Audit Plan	Progress against the audit plan is reported at every Audit Committee, against original planned dates. All audits have been completed in line with the actual days agreed.	
Draft report to be produced 3 weeks after the end of the fieldwork	Draft reports have been produced within 3 weeks in the year to date.	
Management to respond to internal audit reports within 2 weeks	We have received responses in a timely for a majority of the audit reports in 2021/22.	
Final report to be produced 1 week after management responses	The final reports issued were released within one week of receipt of management comments	
90% recommendations to be accepted by management	All recommendations have been agreed with management prior to release of the final audit report.	
At least 60% input from qualified staff	Audits undertaken in 2021/22 to date have been undertaken by qualified staff.	
Positive result from any external review	In June 2021 an External Quality Assessment by the Institute of Internal Auditors reported that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS). This is the highest of the three ratings categories.	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
 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 DEFINITION

RECOMMENDATION SIGNIFICANCE	
 High	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.
 Medium	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.
 Low	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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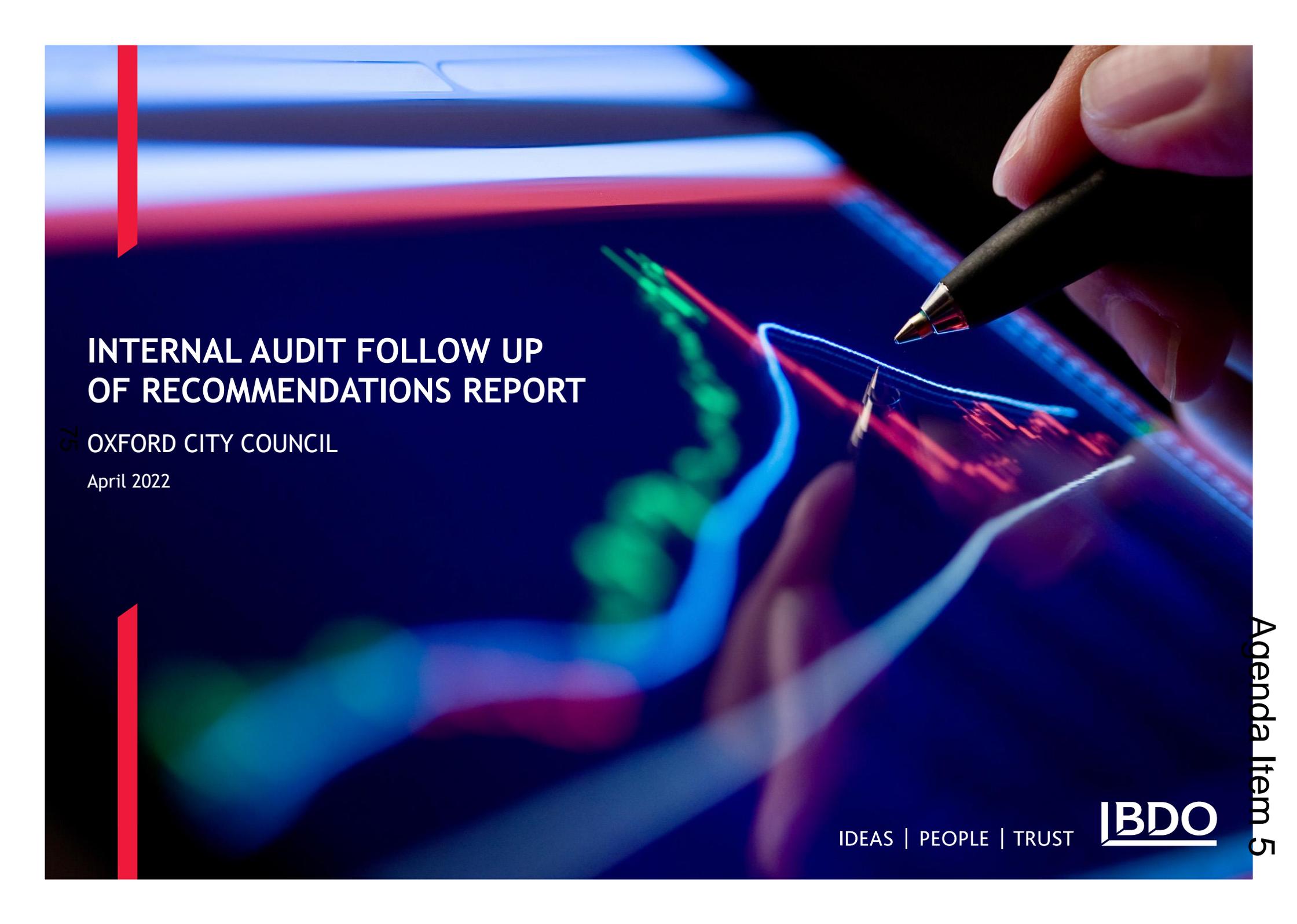
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**INTERNAL AUDIT FOLLOW UP
OF RECOMMENDATIONS REPORT**

75 OXFORD CITY COUNCIL

April 2022

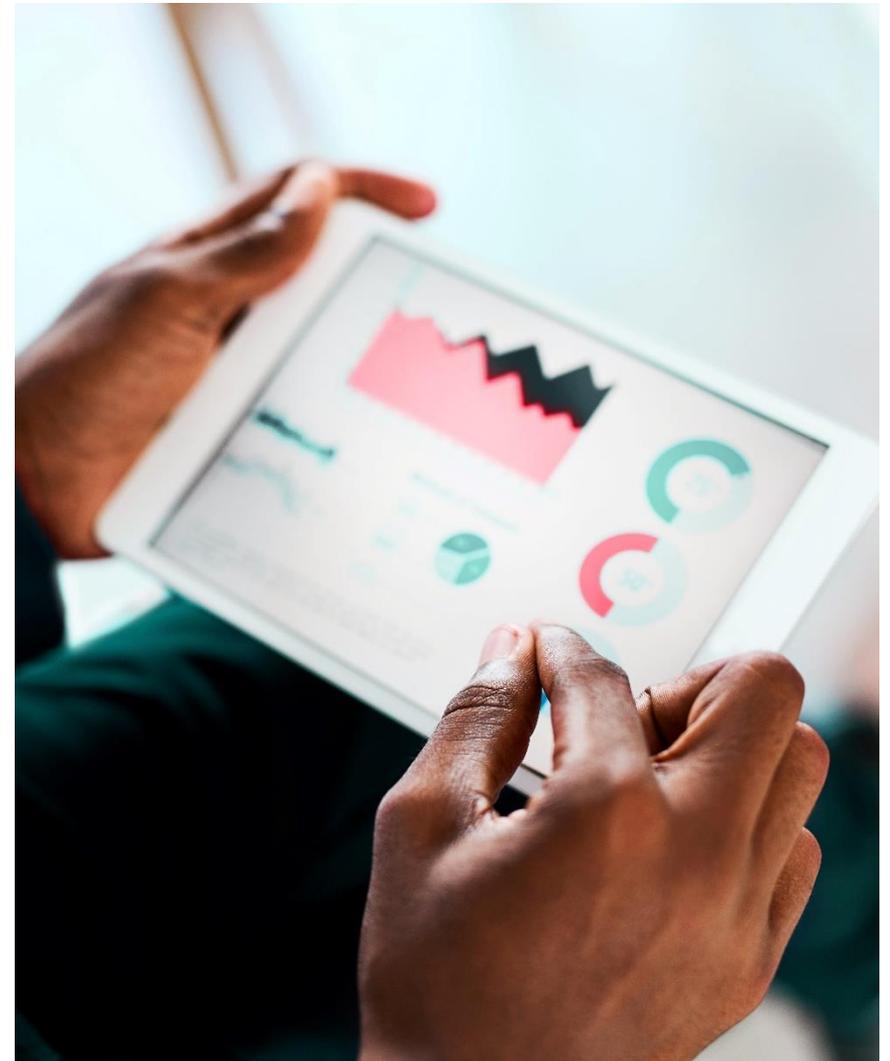
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Agenda Item 5

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SUMMARY

2020/21	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue	
						H	M	H	M	H	M
Key Financial Systems Data Analytics	2	-	2	-	2	-	1	-	-	-	1
Companies Oversight	3	-	3	-	3	-	-	-	-	-	3
Total	5	-	5	-	5	-	1	-	-	-	4

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APRIL 2022	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue	
						H	M	H	M	H	M
Data Analytics	2	-	2	-	2	-	2	-	-	-	-
General Ledger	2	-	2	-	2	-	2	-	-	-	-
Total	4	-	4	-	4	-	4	-	-	-	-

SUMMARY

2020/21

Please find below a summary of the status of implementation of recommendations arising from reports issued in April 2022.

- Four Medium recommendations remain incomplete, notably the Companies Oversight recommendations which are on the fifth due date. Although significant progress has been made towards the implementation of these recommendations, this remains a concern and has been raised for the Audit Committee’s attention

2021/2022

Please find below a summary of the status of implementation of recommendations arising from reports issued in April 2022.

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- Five Medium recommendations have been fully implemented - Data Analytics and General Ledger

As part of the follow-up process, we issued all recommendations due for implementation on or before April 2022 on 1 March 2022. Recommendations due were sent to all responsible officers and the corresponding heads of service. We gave responsible officers four weeks to respond. We subsequently chased officers throughout March 2022.

We are required to escalate non-responses and/or recommendations with several revised due dates to the Operational Delivery Group (ODG). We did not escalate responses to the ODG at this stage as we received all responses in a timely manner. However, recent discussions within the ODG meeting noted that the follow up tracker will be sent to the ODG for review. This is to keep all heads of services informed of the recommendations due and complete.

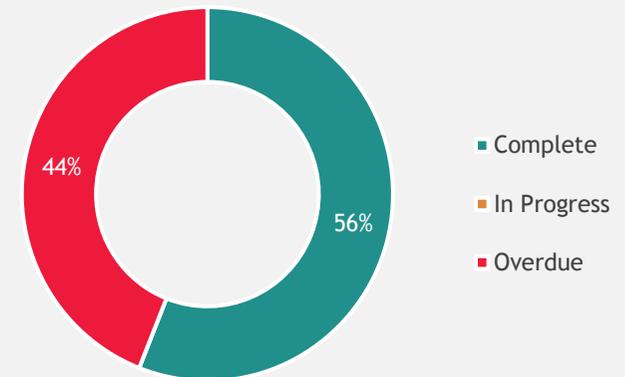
For all incomplete recommendations, we will:

- 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
- Issue the recommendations tracker to all the relevant Heads of services on a monthly basis from the December audit committee onwards
- Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation

REQUIRED AUDIT COMMITTEE ACTION:

We ask the Audit Committee to note the progress against the recommendations.

April 2022 Cumulative implementation



RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2020/2021					
Key Financial Systems Data Analytics	These will be investigated further to understand why they were created in the system.	Medium 	Management Accounting Manager	28/02/2021 31/05/2021 31/10/2021	<p>Council's Comments: IT conducted a further investigation into the system and it was concluded that the cases identified were anomalies.</p> <p>IA Comments: <i>We confirmed that an investigation into the issues has been conducted.</i></p>
2021/2022					
Data Analytics	The Council will review the system limitation as part of the next upgrade to Agresso and check the limits of officers that they are redirecting to	Medium 	Management Accounting Manager	31/01/2022	<p>Council's Comments: The Council are still assessing its options for an Agresso upgrade but this will be captured in the solution.</p> <p>IA Comments: <i>We confirmed that this option has been included as part of the Agresso upgrade plan the upgrade plan will also be reviewed as part of the 2022-23 data analytics review to ensure this area remains in scope. Therefore, we are satisfied that the system limitation will be captured.</i></p>
Data Analytics	The Council will provide refresher training which will include the need to raise timely purchase orders. Management will request the team to undertake regular KPI reporting on retrospective PO's and monitor this accordingly	Medium 	Management Accounting Manager	31/01/2022	<p>Council's Comments: Refresher training has been provided across all services and separately for new staff. KPI data was taken to a recent ODG meeting and further information will be followed up with heads of service.</p> <p>IA Comments: <i>We confirmed that refresher training has been provided to staff across service areas and so this has been implemented.</i></p>

General Ledger	The Council should continue to actively work on the testing and invoice interfaces and to plan for the testing on sales order processing	Medium 	Management Accounting Manager	28/02/2022	<p>Council's Comments: The Council continues to test interfaces and will utilise the sales order processing functionality in QL.</p> <p>IA Comments: <i>This recommendation continues to be ongoing as significant work is being undertaken on the testing of interfaces we are satisfied that this recommendation has been implemented.</i></p>
General Ledger	The Council should re-automate supplier payment interfaces as part of the QL recovery process.	Medium 	Management Accounting Manager	28/02/2022	<p>Council's Comments: Invoices are now being processed in LIVE QL through the interfaces.</p> <p>IA Comments: <i>This recommendation has been implemented and there is ongoing work to iron out issues with the interfacing.</i></p>

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2020/2021					
Key Financial Systems Data Analytics	To undergo a cleansing process and closedown accounts no longer in use however there was no fraudulent activity suspected.	Medium 	Management Accounting Manager	29/02/2021 31/05/2021 31/10/2021 30/06/2022	<p>Council's Comments: There is work ongoing to review all suppliers that have not been used in the past 12 months to close the accounts down.</p> <p>IA Comments: <i>Work is ongoing to close inactive accounts. Time has been consumed as part of the QL project however, we have assurance that this recommendation will be completed in time for the next Audit Committee</i></p>
Companies Oversight	The Council should update the job description of the Head of Financial Services to include details around their responsibilities in monitoring and communication with the companies and joint ventures	Medium 	Head of Business Improvement	30/08/2021 30/09/2021 30/12/2021 31/01/2022 31/04/2022	<p>Council's Comments: All Head of Service job descriptions have been drafted but further work is required on some prior to them being approved. Some are awaiting approval from the Head of Service.</p> <p>IA Comments: <i>The current job descriptions sent to the head of finance required further updates before the head of finance approves these roles. Therefore, these will be followed up at the next Audit Committee</i></p>
Companies Oversight	The Executive Directors should each have a separate job description and these should make reference to their responsibilities in monitoring and having oversight of the companies and joint ventures. Council officers sometimes need to (and can) have two hats when operating in their roles. For the roles that also involve acting as a director of a company/joint venture there should be clarity around their conduct and their	Medium 	Head of Business Improvement	30/08/2021 30/09/2021 30/12/2021 31/01/2022 31/04/2022	<p>Council's Comments: The Executive Director's job descriptions have been updated to incorporate the requirements of the recommendation. These are currently out for consultation with the directors for approval. One job description has been approved but the other two are awaiting approval.</p> <p>IA Comments:</p>

	responsibilities to advise the Shareholder. Where Heads of Service are required to act as Directors on Company Boards this should also be reflected in job descriptions				<i>We will follow this up before the next Audit Committee.</i>
Companies Oversight	All the above mentioned job descriptions should be uploaded to the Council's website and be subject to periodic review	Medium 	Head of Business Improvement	30/08/2021 30/09/2021 30/12/2021 31/01/2022 31/04/2022	Council's Comments: The revised job descriptions will be added to the website to replace the previous versions. IA Comments: <i>Currently the job descriptions are awaiting approval therefore they will be added to the website once approved. We will follow this up before the next Audit Committee.</i>

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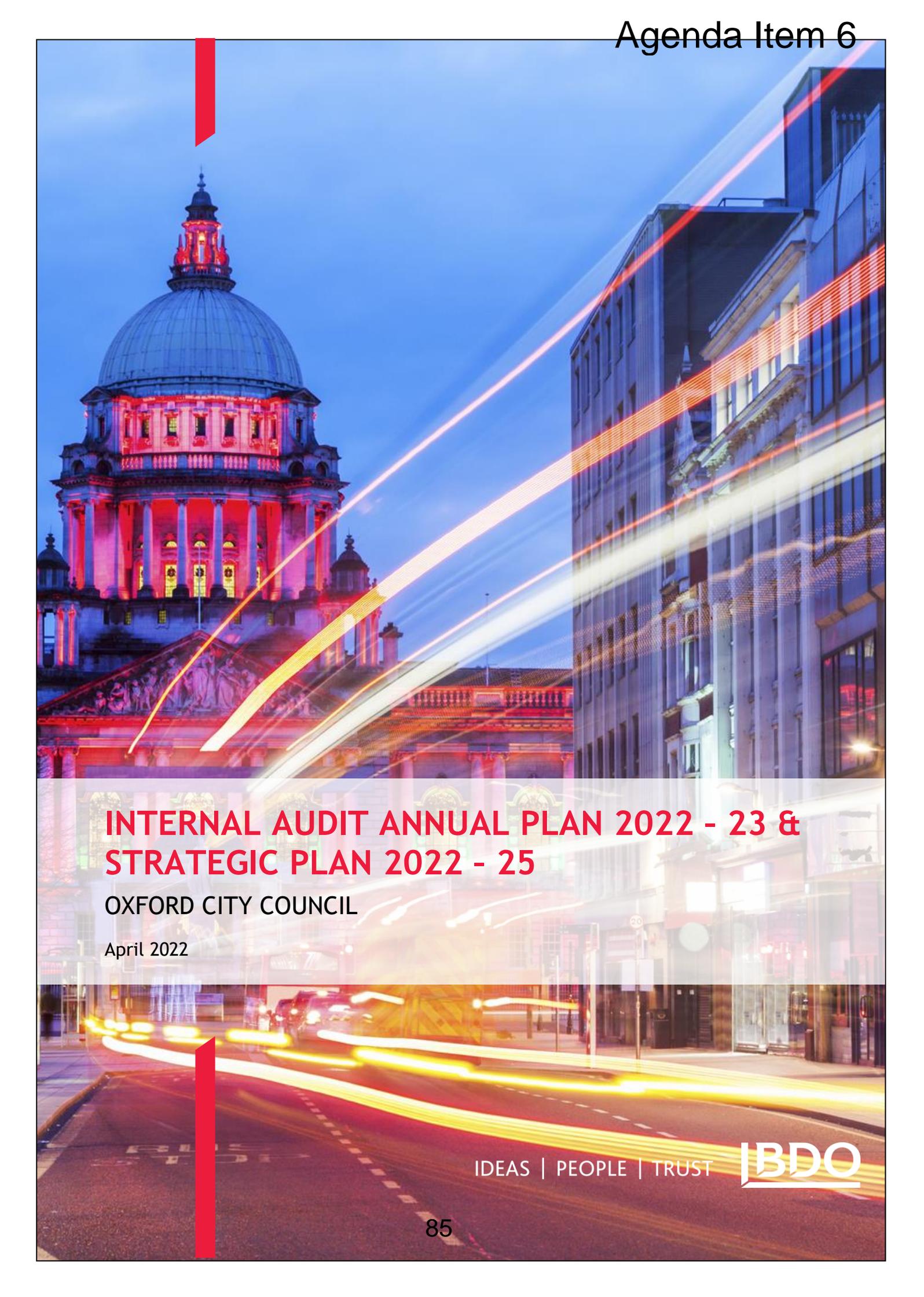
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**INTERNAL AUDIT ANNUAL PLAN 2022 - 23 &
STRATEGIC PLAN 2022 - 25**

OXFORD CITY COUNCIL

April 2022

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AUDIT RISK ASSESSMENT

Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the client's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Oxford City Council's current risk profile.

Planned approach to internal audit plan 2022 - 23

The indicative Internal Audit programme for 2022 - 23 is shown from page 6, with an indicative strategic plan for 2022 - 25 shown from page 12. We have met with the Heads of Services as part of the Operational Delivery Group Meeting and the Audit Chair in order to bring together a full plan which will be presented at the April 2022 Audit and Governance Committee. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle. In setting the number of days in the plan we have assumed that the control environment within the Council will improve as we work with you to address the issues you have.

Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

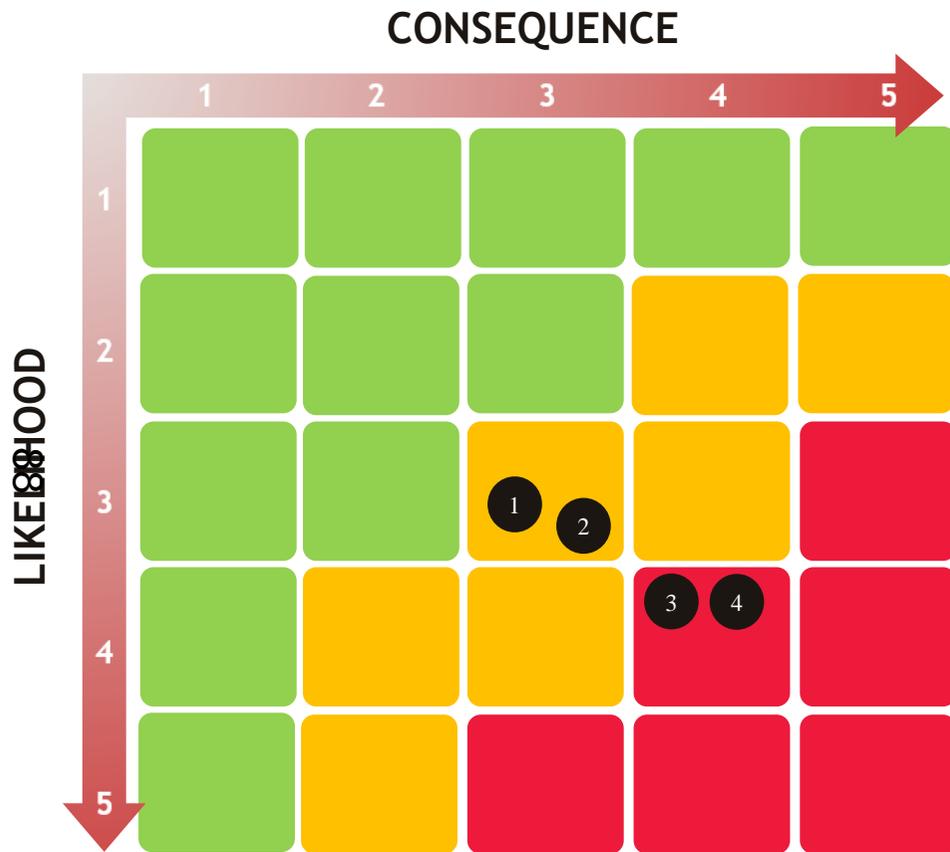
In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

Variations to the Plan

We review the three-year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues.

As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Heads of Service and the Head of Financial Services

MAPPING YOUR STRATEGIC RISKS



Ref	Key objectives from your strategy
1	Enable an Inclusive Economy
2	Deliver more affordable housing and tackling homelessness
3	Support thriving Communities
4	Pursue a zero carbon Oxford
1234	All of the above

MAPPING YOUR CRR TO THE STRATEGIC RISKS

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Ref	Strategic Risks from your CRR	2022/23	2023/24	2024/25
1	Enable an Inclusive Economy	<ul style="list-style-type: none"> - Car Parking - Income Generation (inc Investigations Team) - Change Programme - Governance 	<ul style="list-style-type: none"> - Economic Regeneration 	<ul style="list-style-type: none"> - Medium Term Financial Strategy
2	Deliver More Affordable Housing and tackling homelessness	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - Health and Safety and Fire Safety (inc Grenfell Major Works) - Planned maintenance and refurbishment 	<ul style="list-style-type: none"> - Homelessness Prevention & Temporary Accommodation
3	Support thriving Communities	<ul style="list-style-type: none"> - Community Strategy - Enforcement Restructure - Town Hall and Community Centre Letting 	<ul style="list-style-type: none"> - Community Capital Projects - Oxford Safer Community Partnerships 	<ul style="list-style-type: none"> - Youth ambition programme
4	Pursue A Zero Carbon Oxford		<ul style="list-style-type: none"> - Housing Decarbonisation 	<ul style="list-style-type: none"> - Energy Superhub Oxford
5	All of the above (1234)	<ul style="list-style-type: none"> - Cyber Security - NNDR and Business rates pooling - Sickness and Absence Management - Treasury Management - Contract Management & Procurement 	<ul style="list-style-type: none"> - Payroll and Overtime - Data Analytics - Accounts Receivables - Recruitment and Retention - Scheme of Delegation - Risk Management Strategy 	<ul style="list-style-type: none"> - Data Analytics - Accounts Payables - Business Continuity and Disaster Recovery - People and Culture - Purchase Cards and Expenses - Fixed Assets Register - GDPR and high-level Freedom of Information

INTERNAL AUDIT OPERATIONAL PLAN 2022-23

Area	Days	Timing	Description of the Review	Reason for Inclusion
1. Enable an Inclusive Economy				
Audit 1: Car Parking	13	Q1	<p>To review the operational controls and processes with regards to setting tariffs, issuing tickets and income collection. Assessment of whether the Council have taken effective steps to maximise economic activity and efficiency of payment for the service through its parking strategy and have met legislative requirements over the use of income toward the support of transport related activity.</p> <p>We will also assess whether the Council has developed a business case on the future of their carparks</p>	<p>The Council have reported a reduction in car park revenue by £1.5 million. This review will provide the Audit Committee with assurance on whether the control and processes within car parking are being adhered to. In addition, we will provide assurance on the use of funds to support transport related activities undertaken by the Council.</p>
Audit 2: Income Generation (Inc Investigations Team)	14	Q1	<p>The Council has seen a sharp increase in expenditure to support those in need, together with a second year of reduction in revenues from its core income streams. Income this year is expected to be £500,000 below normal from the Council's leisure centres, £850,000 lower from town hall room hire, £1.5 million down from car parks and £3.74 million less in rents from commercial premises.</p> <p>Therefore, we will review the income generation activities the Council has planned including from its trading companies, to review how the council facilitates and considers 'invest to save' business cases being tabled and also focus on the</p>	<p>This review will provide the Audit Committee with assurance on its Income Generation activities.</p>

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			<p>operation of income generation within the Investigations Team</p> <p>We will also undertake benchmarking activities and share opportunities undertaken by other clients audited by BDO for the authority to consider.</p>	
Audit 3: Change Programme - Governance	16	Q2	<p>The Council is currently undertaking a change programme which aims to deliver efficiencies to the Medium-Term Financial Strategy.</p> <p>This review will assess the Council's governance of the Change Programme, its performance monitoring, and decision-making processes and whether the programme is delivering in line with its objective.</p>	The Council has requested to undertake a review of the governance of its Change Programme and the delivery of its efficiencies.
Total	43			
3. Supporting thriving Communities				
Audit 4: Community Strategy	14	Q2	<p>To assess how the Council is working with its communities, encouraging diversity and equality We will also review initiative undertaken by the Council to encourage communities to participate in service provision.</p> <p>To understand whether the Council examine the success of the locality hubs in terms of demand and provision of service and whether there are appropriate measures/monitoring arrangements in place to understand whether overall value for money of the model is being achieved.</p>	To provide assurance to the Audit and Governance Committee that the Council is promoting diversity and Equality. We will use our equality, diversity and inclusion benchmarking model as part of this work.

Audit 5: Enforcement Restructure	15	Q2	Review the restructure as to whether it has achieved the aims set out to make the teams more resilient, more proactive and report more accurate, timely and relevant information with robust key performance indicators	To provide assurance to the Audit and Governance Committee that the Council has effective controls in place to manage enforcement restructures
Audit 6: Town Hall & Community Centre Lettings	15	Q2	<p>To review the adequacy, application and effectiveness of the internal controls in place for the Town Hall and Community Centre Lettings. The review will consider:</p> <ul style="list-style-type: none"> • Policies and procedures in place for the Letting of Community Centre Lettings and the Town Hall; • Booking records and letting agreements; • Fees and Income; • Maximisation of the use of space examining occupancy • Budget Monitoring and Cost Recovery (VFM) <p>Compliance with legislation and insurance requirements.</p>	This review will provide the Audit and Governance Committee with assurance that the Council has sufficient controls and processes to manage Town Hall & Community Centre Lettings
Total	44			
5. All Risks Above (1234)				
Audit 8: Cyber Security	15	Q3	<p>Due to the rapid evolution of cyber security threats and home working, the Council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security. We will</p> <ul style="list-style-type: none"> • Review the overall approach to Cyber including how systems are identified and prioritised 	To provide assurance to the Audit and Governance Committee that the Council has adequate controls and systems to manage cyber security threats

			<ul style="list-style-type: none"> • Review Security Policies, risk identification and management • Assess connections and reliance on third-parties and how exposure is managed • Review how staff are trained and supported as they are the gate keeper to cyber risks • Assess technology and tools in place to identify and mitigate cyber risks <p>Assess response management procedures.</p>	
Audit 9: NNDR & Business Rates Pooling	13	Q3	<p>Review the controls and processes in place for NNDR and business rates:</p> <ul style="list-style-type: none"> • Policies and processes are adequate in relation to NNDR and Business rates • Properties are identified, valued and billed accurately and in a timely manner including adequate recovery of debt • Exemptions/Discounts are applied accurately • Reconciliations between the Revenues system and the Financials system (Agresso) are performed and reviewed • Reconciliations between the Revenues system and cash collection system are performed and reviewed • Reporting of NNDR and Business rates activity is effective, and management provide oversight of this information. 	To provide assurance to the Audit and Governance Committee that there are adequate controls in place to manage NNDR & Business Rates Pooling
Audit 10: Sickness & Absence Management	15	Q3	To review the sickness absence management process and ensure the Council have adequate	To provide assurance to the Audit and Governance Committee that there are adequate

			controls and triggers in place to monitor and manage sickness absence effectively. We will also assess measures undertaken by the Council to enable staff to return to work quickly and how effectively this is managed whilst working remotely.	controls in place to manage sickness and absence
Audit 11: Treasury Management	13	Q3	We have previously reviewed the Treasury management processes in 2020 - 21 and have provided substantial assurance. The investment portfolio is around £100 million at any one time and prudential borrowing over the next 4 years is estimated at £355m. We will assess whether the controls and processes are operating effectively, and an adequate process is being followed.	To provide assurance to the Audit and Governance Committee that the Council effectively manage treasury through its controls and processes
Audit 12: Contract Management and Procurement	15	Q4	<p>Contract Management:</p> <p>There were a number of high priority findings in our previous report and therefore, we will revisit this area in 2023-24 and assess the most important contracts at the Council and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear, understood and reported with appropriate action taken and if the culture between parties is effective, whether contract arrangements achieve social value, KPIs are in place and being met.</p> <p>Procurement:</p> <ul style="list-style-type: none"> • Review procurement exercises vs. 	To provide assurance to the Audit and Governance Committee that the Council effectively manage their contract and procurement processes

			protocols for compliance <ul style="list-style-type: none"> • Review the Strategy vs. progress and reporting • Review counter fraud controls in process for adequacy • Review communication channels • Assess the revisions made to the Procurement strategy and whether these are in line with regulations 	
Total	71			
Area	Days	Timing	Description	
Planning, Reporting and Follow up				
Planning/ liaison/ management	8	Q1-4	Creation of audit plan, meeting with each Executive Director	
Recommendation follow up	8	Q1-4	Assessment and reporting of recommendations	
Audit Committee	4	Q1-4	Attendance at all Audit Committees	
Contingency	1	-	-	
Total	21	-	-	
Grand Total	180			

INTERNAL AUDIT STRATEGIC PLAN 2022 - 25

Area	2022- 23	2023 - 24	2024- 25	Description of the Review
1. Foster an Inclusive Economy				
Car Parking	13			To review the operational controls and processes with regards to setting tariffs, issuing tickets and income collection. Assessment of whether the Council have taken effective steps to maximise economic activity through its parking strategy and have met legislative requirements over the use of income toward the support of transport related activity.
Income Generation (Inc Investigations Team)	14			We will review the income generation activities the council has planned to include its trading companies.
Change Programme - Governance	16			This review will assess the Council's governance of the Change Programme, its performance monitoring, and decision-making processes and whether the programme is delivering in line with its objective.
Economic Regeneration		15		The Council is investing £20million for the regeneration of property within the city and £9million for the refurbishment of properties at Cave Street we will review the controls and governance processes, reporting and management of the regeneration projects.
Medium Term Financial Strategy			15	We will review the Council's Medium Term Financial Strategy and provide assurance that delivery against savings in the MTFs are being monitored effectively and reported accurately.
Total	44	15	15	
2. Deliver More Affordable Housing				
Health and Safety and Fire Safety (Inc Grenfell Major Works)		16		<p>Health and Safety is an integral part of the Council, therefore, we will review the following processes:</p> <ul style="list-style-type: none"> • Review Health and Safety Policies - how these were produced, what do they cover, were they approved and do staff understand them • Assess training in this area and whether arrangements are effective • Review how incidents are reported and then managed/escalated • Assess how sites are maintained to ensure they are safe. This includes Council offices and Council housing properties • Assess performance indicator information and reporting to management groups who assess this.

				<p>We will review minutes and interview key stakeholders</p> <ul style="list-style-type: none"> • Understand and assess how the Council assess contractor risks in this area • A high level review of the implementation of the Council's response to the Grenfell report, to cover both Council owned and other residential properties in Oxford.
Planned Maintenance and Refurbishment		15		The Council plan to invest £51m for planned maintenance, refurbishments, and estate improvements to their existing stock of 7,664 council houses over the next four year. We will assess the governance process, cost effectiveness, budget management and monitoring/reporting mechanisms in place.
Homelessness Prevention & Temporary Accommodation			14	<p>We will review all arrangements from policies/procedures, applications, support and on-going monitoring of those assessed to be homeless and the effectiveness of the new assessment centre at 1 Floyds Row.</p> <p>We will also include corporate approaches to manage homelessness and how this area is reported.</p>
Total	-	31	14	

3. Support Flourishing Communities

Community Strategy	14			To assess how the Council is working with the communities, encouraging diversity and equality.
Enforcement Restructure	15			Review the restructure as to whether it has achieved the aims set out to make the teams more resilient, more proactive and report more accurate, timely and relevant information with robust key performance indicators
Town Hall and Community Centre Lettings	15			<p>To review the adequacy, application and effectiveness of the internal controls in place for the Town Hall and Community Centre lettings. The review will consider:</p> <ul style="list-style-type: none"> • Policies and procedures in place for the Letting of Community Centre Lettings and the Town Hall; • Booking records and letting agreements; • Fees and Income; • Budget Monitoring and Cost Recovery (VFM) <p>Compliance with legislation and insurance requirements.</p>
Community Capital Projects		14		Review the community projects managed by the Council and whether they provide value for money and benefits to the community
Oxford Safer Communities partnership		15		A review of how the Oxford Safer Communities Partnership engages with Local Safeguarding Boards and Multi agency Safeguarding Hub. Assess how the Council

				invest in services and manage relationships with external parties to protect vulnerable children and adults.
Youth Ambition Programme			13	The Council intends to continue to protect its Youth Ambition programme that helps disadvantaged 11-19 year-olds. The aim of Youth Ambition is to build meaningful relationships with disadvantaged young people aged 11-19 years old, (or up to 25 if they have physical or learning difficulties), who are from Oxford's regeneration areas. We will assess the controls and processes of the Youth Ambition programme and whether it achieves its aims and objectives and has adequate processes to understand, listen and action local needs.
Total	44	29	13	

4. Pursue A Zero Carbon Oxford

Housing Decarbonisation		15		<p>Oxford City Council is to develop proposals to reduce carbon emissions in its key sites across the city, after being awarded up to £10.9m from BEIS' Public Sector Decarbonisation Fund administered by Salix</p> <p>The grant funding will allow the Council to explore the provision of heat pumps, thermal storage and battery storage powered by renewable energy, at key Council sites.</p> <p>We will review the governance arrangements in place to manage these key projects. Assess these are being monitored and managed effectively including the councils progress to zero carbon.</p>
Energy Superhub Oxford			15	<p>As a key part of the Council's response to the climate emergency, ESO will provide a model for cities around the world to cut carbon and improve air quality. Energy Superhub Oxford (ESO) aims to eliminate 10,000 tonnes of CO2 emissions a year. That's the equivalent of taking 2,000 cars off the road.</p> <p>The Council will be installing a very large, hybrid battery energy storage system, enabling more clean electricity, encouraging the uptake of electric vehicles (EVs) in Oxford, including the electrification of the Council's own fleet of vehicles, and by implementing electric heating in homes and businesses.</p> <p>We will review the governance processes to manage and monitor this project and whether it provides value for money for the Council.</p>
Total	-	15	15	

5. All of the Above (1234)

Cyber Security	15			Due to the rapid evolution of cyber security threats, the Council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security.
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				Therefore, we will review the IT infrastructure in place within the Council.
NNDR and Business rates pooling	13			Review the controls and processes in place for NNDR and business rates.
Sickness and absence management	15			To review the sickness absence management process and ensure the Council have adequate controls and triggers in place to monitor and manage sickness absence effectively. We will also assess measures undertaken by the Council to enable staff to return to work quickly.
Treasury Management	13			We have previously reviewed the Treasury management processes in 2020 - 21 resulting in substantial assurance. The investment portfolio is around £100 million at any one time and prudential borrowing over the next 4 years is estimated at £355m. We will assess whether the controls and processes are operating effectively, and an adequate process is being followed.
Contract Management & procurement	15			<p>There were a number of high priority findings in this report and therefore, we will revisit this area in 2023-24 and assess the most important contracts at the Council and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear, understood and reported with appropriate action taken and if the culture between parties is effective.</p> <p>Procurement:</p> <ul style="list-style-type: none"> • Review procurement exercises vs. protocols for compliance • Review the Strategy vs. progress and reporting • Review counter fraud controls in process for adequacy <p>Review communication channels</p>
Payroll and Overtime			10	This review will cover payroll and overtime arrangements within the Council
Data Analytics		15	15	To conduct data analytics on main financial system information including the ledger and payroll. This will include conducting data analytics tests and then following up on red flags identified.
Accounts Receivable		13		Assess the arrangements to input, amend, record and report accounts receivable data including ensure new structures in place are robust and have met the objectives set out. Ensure Debt collection arrangements are sound and followed up appropriately.
Recruitment and Retention		15		To review all recruitment arrangements from promotion through to following protocol and approvals throughout the process.

				This will include focussing on successful and unsuccessful campaigns and seeing how best practice is shared and embedded. Review the Council's retention strategy ensuring it is fit for purpose and is effective.
Accounts Payables			14	Assess the arrangements to input, amend, record and report accounts payable data including whether the software/procurement methods in place is effective and whether opportunities for efficiencies have been identified.
Business Continuity and Disaster Recovery			14	High level review of the Council's emergency planning and business continuity and disaster recovery arrangements including the robustness of any business impact analysis and testing of the disaster recovery plan.
People and Culture			18	We would review: <ul style="list-style-type: none"> • how the leadership of the Council set the culture of the organisation and how this is communicated • how success is defined and recognised • workplace policies, procedures, behaviours and relationships • how decisions are made • Transparency Culture • Review the freedom to speak up processes. Amongst other methods we would survey staff as part of our assessment of culture
Purchase Cards Expenses			14	Review the controls and processes in place for purchase cards. Ensure purchases are approved by appropriate persons and suitable transactions are undertaken.
Fixed Assets Register			13	Review the Fixed assets register, ensure PPE is recorded on the fixed assets register, valued appropriately, depreciated in line with their useful economic life and sale proceeds are accurately recorded.
GDPR and high-level Freedom of Information		15		We previously reviewed the preparedness of the council for new GDPR regulations ahead of May 2018. We will now review the GDPR plan and ensure the plan is embedded within the Council and regulations are adhered to. We will also revisit Freedom of Information and ensure there are controls in place to manage and address Freedom of Information requests appropriately.
Total	71	58	98	
Planning, Reporting and Follow up				
Planning/ liaison/ management	8	8	8	Creation of audit plan, meeting with each Executive Director

Recommendation follow up	8	8	8	Assessment and reporting of recommendations raised
Audit Committee	4	4	4	Attendance at all Audit Committees
Contingency	1	16	-	
Total	21	36	20	
Grand Total	180	180	175	

APPENDIX I

Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this Charter

This Charter formally defines internal audit's purpose, authority and responsibility and is a requirement of Public Sector Internal Audit Standards (PSIAS).

This Charter establishes internal audit's position within Frimley Health NHS Foundation Trust and defines the scope and limitations of internal audit activities and its relationship with the Audit Committee and Senior Management.

Final approval resides with the Board, in practice the charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of the Board of Frimley Health NHS Foundation Trust.

Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Standards for the Professional Practice of Internal Auditing

The internal audit function undertakes its work in line with PSIAS which encompass the mandatory elements of the IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing as set out by the Global IIA.

Internal audit's purpose

Internal audit provides independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit Committee with the information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports the organisation's management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

Internal audit's authority

Internal audit staff are authorised to:

- ▶ Have full, free, and unfettered access to all of the organisation's records, property, and personnel relevant to the performance of engagements; whilst being accountable for the confidentiality and safeguarding of such records and information.

- ▶ Obtain assistance from the necessary organisation’s personnel in relevant engagements, as well as other specialised services from within or outside the organisation.

The Head of Internal Audit will have unrestricted access to the Audit Committee and retain the right to meet *in camera* with the Audit Committee, without management present.

Internal audit has no authority or management responsibility for any of its engagement subjects.

Internal audit will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence.

For the purposes of this charter the term “Board” refers to the Trust Board/Executive, “Senior Management” refers to the Executive Directors within the organisation.

Internal audit’s role in fraud, bribery and corruption

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the audit committee.

Internal audit’s responsibility

The Head of Internal Audit is responsible for all aspects of internal audit activity, including strategy, planning, performance, and reporting.

Internal audit will:

Strategy

- ▶ Develop and maintain an Internal Audit Strategy
- ▶ Review the Internal Audit Strategy at least annually with management and Audit Committee.

Planning

- ▶ Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy
- ▶ Engage with management and consider the organisation’s strategic and operational objectives and related risks in the development of the Internal Audit Plan
- ▶ Review the Internal Audit Plan periodically with management and adjust the plan as necessary to respond to any changes in business risks, operations, systems and controls
- ▶ Present the Internal Audit Plan, including updates, to the Audit Committee for periodic review and approval
- ▶ Prepare an internal audit budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan
- ▶ Submit the internal audit budget to the Audit Committee for review and approval annually

- ▶ Coordinate with and provide oversight of other control and monitoring functions, including risk management, compliance and ethics, and external audit
- ▶ Consider the scope of the work of other assurance providers for the purpose of providing optimal audit coverage to the organisation.

Performance

- ▶ Implement the Internal Audit Plan
- ▶ Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan
- ▶ Allocate and manage resources to accomplish internal audit engagement objectives
- ▶ Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques
- ▶ Monitor delivery of the Internal Audit Plan against the budget
- ▶ Ensure the ongoing effectiveness of internal audit activities
- ▶ Ensure the principles of integrity, objectivity, confidentiality, and competency are upheld.

Reporting

- ▶ Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management actions to be taken
- ▶ Provide periodic reports to management and the Audit Committee summarising internal audit activities and the results of internal audit engagements
- ▶ Provide periodic reports to management and the Audit Committee on the status of management actions taken in response to internal audit engagements
- ▶ Report annually to the Audit Committee and management on internal audit performance against the goals and objectives set out in the internal audit plan and any agreed key performance indicators
- ▶ Report as needed to the Audit Committee on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan
- ▶ Inform the Audit Committee of emerging trends and issues that could impact the organisation.

Effective internal audit

- Our internal audit function is effective when:
 - It achieves the purpose and responsibility included in the internal audit charter
 - It conforms with the Standards
 - Its individual members conform with the Code of Ethics and the Standards
 - It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to Frimley Health NHS Foundation Trust (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

Access to records and confidentiality

There are no limitations to internal audit's right of access to Frimley Health NHS Foundation Trust officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the Data Protection Act 2018.

Coordination and reliance with other assurance providers

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

Internal audit's commitments to Frimley Health NHS Foundation Trust

- Internal audit commits to the following:
- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS
- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with Trust staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to Frimley Health NHS Foundation Trust
- Reporting honestly on performance against targets to the Audit Committee.

Independence and internal audit's position within the organisation

- To provide for internal audit's independence, its personnel and any contractors will report to internal audit function, who reports to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit Committee.
- Internal audit reports administratively to the Chief Executive or their delegate [enter job title e.g. CFO] who provides day-to-day oversight.
- The appointment or removal of internal audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit Committee.
- The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises and judgement on audit matters is not subjugated to others.
- If the independence or objectivity of the internal audit service is impaired, details of the impairment will be disclosed to either the [enter job title e.g. CFO, CEO] or the Chair of the Audit Committee, dependent upon the nature of the impairment.
- The internal audit service is not authorised to perform any operational duties for the organisation; initiate or approve accounting transactions external to the internal audit service; or direct the activities of any the organisation employee not employed by the internal auditing service, except to the extent such employees have been appropriately assigned to service or to otherwise assist the internal auditor.

Internal audit's scope

- The scope of internal audit activities includes all activities conducted by the organisation. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.
- The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagements are subject to agreement with management. When performing consulting services, internal audit will maintain objectivity and not assume management responsibility.

Quality Assurance Improvement Programme (QAIP)

The internal audit function will maintain a QAIP. As required by PSIAS an external assessment of the service will be performed at least every five years. The programme will include an evaluation of the internal audit activity's conformance with The Standards and an evaluation of whether the internal auditors apply The IIA's Code of Ethics. The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Periodic reporting on compliance against Professional Standards

Internal audit will periodically report to the Audit Committee to:

- ▶ Confirm the independence of the function on at least an annual basis.
- ▶ Report annually on conformance with The IIA’s Code of Ethics and the Standards.
- ▶ Confirm the maintenance of a QAIP, and
- ▶ Report on the results of internal assessments and the results of the external quality assessments (undertaken at least once every 5 years by a qualified, independent assessment team).

Approval and validity of this Charter

This Charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of the Board of the organisation.

Table One: Performance measures for internal audit

Measure / Indicator
<p><i>Audit Coverage</i></p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p><i>Relationships and customer satisfaction</i></p> <p>Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.</p> <p>Annual survey to Audit Committee to achieve score of at least 70%</p> <p>External audit can rely on the work undertaken by internal audit (where planned)</p>
<p><i>Staffing and Training</i></p> <p>At least 60% input from qualified staff</p>
<p><i>Audit Reporting</i></p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting</p> <p>Finalise internal audit report 1 week after management responses to report are received.</p> <p>90% recommendations to be accepted by management</p> <p>Information is presented in the format requested by the customer.</p>
<p>Audit Quality</p>

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review

Management and staff commitments to Internal Audit

The management and staff of Frimley Health NHS Foundation Trust commit to the following:

- providing unrestricted access to all of Frimley Health NHS Foundation Trust's records, property, and personnel relevant to the performance of engagements
- responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- implementing agreed recommendations within the agreed timeframe
- being open to internal audit about risks and issues within the organisation
- not requesting any service from internal audit that would impair its independence or objectivity
- providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit Committee progress report.

Table Two: Performance measures for management and staff

Measure / Indicator
<i>Response to Reports</i> Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
<i>Implementation of recommendations</i> Audit sponsor to implement all audit recommendations within the agreed timeframe
<i>Co-operation with internal audit</i> Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff

BDO contacts

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To: Audit and Governance Committee
Date: 11 April 2022
Report of: Head of Financial Services
Title of Report: Risk Management Reporting as at 31 March 2022

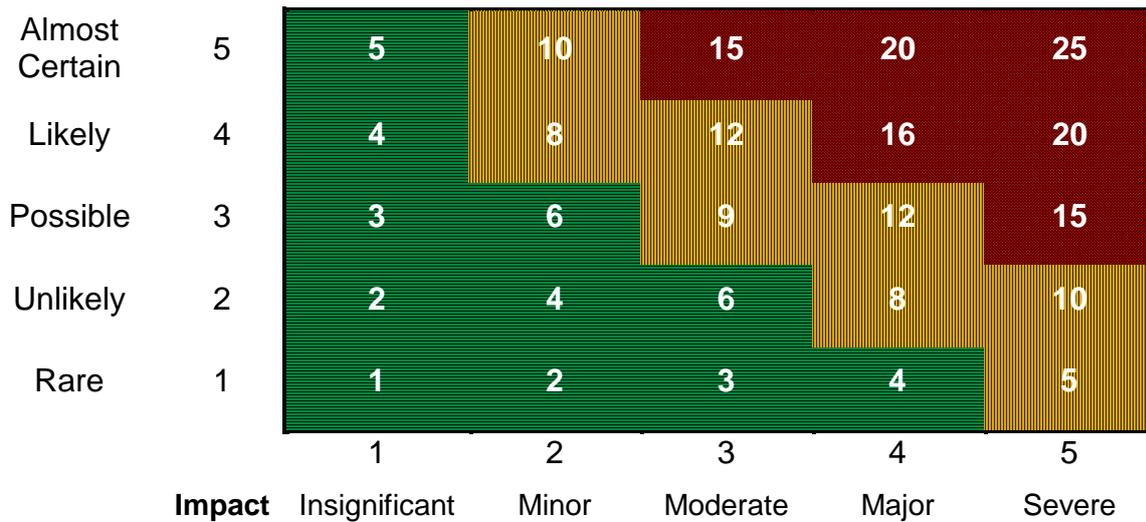
Summary and recommendations	
Purpose of report:	To update the Committee on both corporate and service risks as at 31 March 2022
Key decision:	No
Cabinet Member with responsibility:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	All
Policy Framework:	Council Strategy 2020-24
Recommendations: that the Committee reviews the risk management report and notes its contents	

Appendices	
Appendix A	Corporate Risk Register

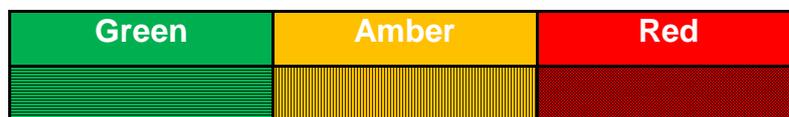
Risk Scoring Matrix

1. The Council operates a 'five by five' scoring matrix based on probability and impact. 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. The risk prioritisation matrix is shown below.

Probability



Key:



Risk Identification

4. **Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a periodic basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Executive 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 and agile methodologies in addition to recognised industry standards in construction for managing projects. Incorporated within these methodologies 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.

Corporate Risk Register

7. The Audit and Governance Committee receive information on risk on a quarterly basis. The Council has recently switched over the reporting processes for corporate risks from the current methodology using the CorVu application to a new set of procedures involving the use of Smart sheets. These are a more modern solution that aligns to the Business Intelligence vision using modern tools to provide data insights and data-led decision making. The Corporate Risk Register as at 31 March 2022 is attached at Appendix A.

Corporate Risk Register – 31 March 2022

8. The number of Red risks has remained at three.

9. Details of the Red risks are as follows:

- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues.

The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via real lettings. In addition the Council's housing companies are in the process of constructing new affordable homes.

- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Whilst COVID-19 restrictions are beginning to be lifted, the supply chain challenges relating to Brexit, the war in Europe, energy security and related inflationary issues are a heightened risk.

The Council is able to affect this risk through the delivery of the Oxford Economic Strategy & City Centre Vision Action Plan. This aims to stimulate recovery through targeted measures and the Council will work with Economic Growth Board & City Centre Task Force and engage with businesses to understand long term impact of COVID & EU Transition, taking action where possible. Macroeconomic impacts are outside the Council's direct control but the effects can be managed and mitigated at the local level.

- **Negative Impacts of Climate Change** – areas of concern are Flooding, which is highly weather dependent; poor air quality and increased episodes of excess heat.

The Council does not have control over the global climate position but it can make changes and improvements within its sphere of influence. The Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the City. The Oxford Flood Alleviation Scheme (OFAS) scheme continues to progress. Work is ongoing through Zero Carbon Oxfordshire Partnership (ZCOP) to reduce carbon emissions across the City. Oxford City Council's Carbon Management Plan, ongoing work around flood mitigation, treeplanting and partnership with the EA-led programme to deliver the Oxford Flood Alleviation Scheme. Control measures relating to advocacy, clear communication and negotiation over our land assets, in particular at Seacourt and Redbridge Park and Ride sites (Seacourt extension) are also employed.

10. No new risks have been added and no risks have been closed in this period.

11. The table below shows the levels of Red, Amber and Green corporate risks over the last 12 months.

Current Risk	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22
Red	3	3	3	3
Amber	11	10	11	11
Green	0	1	0	0
Total risks	14	14	14	14

Service Risk Registers – 31 March 2022

12. 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.
13. The table below shows the number of service risks as at 31 March compared with the last 12 months.

Current Risk	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22
Red	9	8	6	7
Amber	48	49	50	48
Green	8	10	12	13
Total risks	65	67	68	68
New risks in quarter	0	2	1	0
Closed	0	0	0	0

14. The number of Red risks has increased to seven.
15. Details of the Red risks are as follows:
 - **Financial Services** – this relates to Management effectiveness and employee ability to deliver services due to the Covid-19 pandemic. This has increased workloads and the volume of emails, which together with the many online meetings is placing excessive pressure and demands on staff and managers.
This risk is entirely within the control of the Council, although it cannot be fully controlled within the service area itself.
 - **Planning** – this relates to delays to Council projects caused by outside agencies. The probability of this risk occurring can only be influenced to a limited extent through greater collaboration on key projects but the impact can be influenced to a higher degree with a proactive approach to intervention and communications.
Planning – this relates to Government legislation resulting in substantial changes to the planning system leading to the need to redesign processes

and procedures. The probability of this risk occurring is out of the Council's control, except through response to consultations, however the impact of the risk can be mitigated by maintaining responsiveness and plan for change.

Planning – this relates to New Partnership Challenges such as being unable to secure agreements in order to deliver work plan commitments or reach agreement with partners which can potentially result in the partnership failing. The Council can liaise with partners and partner councils and discuss potential resolutions, however the Council cannot entirely control this risk.

- **Regeneration & Major Projects** – this relates to Support Team Capacity which can cause delays to projects. Resource pressures are extremely high and additional resource has been agreed for Legal, Finance and the Property Team to support the delivery of projects.

Regulatory Services – this relates to Public Health Protection. With the continued presence of Covid-19, the importance of competent and experienced specialist staff; effective links with the CCDC and protocols for outbreak and control are a priority and the impact of this risk can be managed in this way.

Housing Services – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis. Control measures include undertaking a review of the approach to temporary accommodation to ensure faster move-on, informed by the “Housing First” approach, undertaking work to look at options for stock rationalisation of temporary accommodation units and bidding for any further funding available from MHCLG to help fund provision for rough sleepers.

Business Continuity

16. With the Government announcing the end of all Covid related restrictions from 1 April, the City Council is currently reviewing its own office requirements, as well as offering flexible working arrangements whereby staff can work from home or the office as suits them, subject to any specific requirements of their role.
17. The Councils plans for Restart, recovery and renewal is an ongoing process that helps anticipate, prepare, and respond to and recover from the impact of COVID-19. The Services continue to deliver and develop effective processes to help mitigate risks to the smooth running and delivery of services, ensuring they can best continue to operate to the extent required in the event of COVID-19 and beyond. These include:
 - Task and finish groups
 - Identifying alternative strategies to mitigate further loss and assessing their potential effectiveness in maintaining ability to deliver critical and new - some unknown – service functions
 - Contract variations
 - New ways of working
 - Staff well-being and resilience
 - Service transformation (i.e. using skills and learning to create new structure)
 - Budget review and re-prioritisation

- Generating new revenue
- Shielding the most vulnerable
- Healthy Place Shaping
- Strengthening and creating new partners
- Transforming the service business plan to help address new challenges and changing needs.

Risk Management

18. In order to monitor and ensure that there is a clear and consistent approach to the management of risk across the organisation, between services and between corporate and service levels, the Council established a Risk Management Group. The Group met four times in 2021 and concluded the following against the action plan agreed for 2021:-

1. Review of Corporate Risk Register – Risk Management Group (RMG) and Operational Delivery Group (ODG).

- Monitored these and gave feedback.
- It was agreed the Red Risks all needed to remain. The wording around the risks in respect of Economic Growth and also Local Government Reorganisation were updated.

2. Sample check review of risks in connection with projects – RMG

- Reviewed Blackbird Leys and Gasworks Pipe Bridge projects. Project Risk Register templates are in a different format to the Corporate and Service Risk Registers. It was also ascertained that there were several versions of the Project Risk Register Template. In order to ensure consistency, one template has now been agreed and assigned to be used across all Projects.

3. Sample check review of Service risks – RMG

- Regeneration & Economy
- Corporate Property
- Law & Governance
- Corporate Policy, Partnership & Communications

4. Review of Risk in Companies and Joint Ventures – RMG

- Oxford Direct Services and Oxford City Housing Ltd used a scoring risk matrix in a format not used by the Council. Going forward, the Companies now use the same scoring risk matrix as used by the Council to ensure consistency across the board.

5. Review all Red Risks on a quarterly basis – RMG – Ongoing

19. The 2022 Risk Management Action Plan will be drawn up and agreed in the next Risk Management Group Meeting 2022.

Climate Change/Environmental Impact

20. There are no specific impacts arising directly from this report

Equalities Impact

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

Financial Implications

22. There are no financial implications arising directly from this report.

Legal Implications

23. 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 good corporate governance and good business management. There are some legal issues that may arise going forward in the business continuity process but these will be managed on a case by case basis.

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List of background papers: None.

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Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Updater	Escalation Owner	Gross Impact	Gross Probability	Current Impact	Current Probability	Risk Score	Residual Impact	Residual Probability	RAG	Comments	Date Added	Control description	Due date	Control Status	Progress	Action Owner	
Business Improvement	CE001	Customer Experience Strategy 2019-2021	Capacity to deliver	T	Insufficient resources to deliver projects, and lack of prioritisation	Strategy not delivered to schedule	Helen Bishop	Helen Bishop	Stephen Gabriel	4	5	3	3	9	2	3	A		31/03/21						
	CE001																			Develop meaningful measures of success and identify benefits to be realised	28/02/20	Completed	100%	Helen Bishop	
	CE001																			Agree corporate governance, to include ownership at CMT & ODG and Transformation Board	31/10/21	In Progress	80%	Helen Bishop	
Business Improvement	CE002	Customer Experience Strategy 2019-2021	Delays in other related projects	T	Delays or non-delivery of customer-facing and digital improvements	Strategy not delivered to schedule	Helen Bishop	Helen Bishop	Stephen Gabriel	4	4	3	3	9	2	3	A		31/03/21						
	CE002																			Regular monitoring meetings and escalation were appropriate	31/10/21	In Progress	80%	Helen Bishop	
Regeneration & Economy	CRR-001	Economic Growth	Local, national or international factors adversely affect the economic growth of the City	T	New trading and immigration arrangements with the EU from 1 January 2021, combined with structural changes in the labour market remain a challenge. COVID19 lockdowns or restrictions may continue to restrict economic activity but this is far less likely in March 2022. If so, the impact will be felt locally in consumer sectors and in world-wide supply chains, affecting local business who rely on these. Supply chain challenges relating to Brexit, war in Europe, energy security and related inflationary issues are a heightened risk.	Post-transition, this may affect vehicle manufacturing, logistics and wider import and export demand or capacity, and lead to business relocation/divestment decisions in extreme cases. It's likely many sectors may have labour shortages (health, logistics, research, manufacturing, hospitality, technical skills) and inflationary pressures to contend with. It is possible there will be some job losses in the sectors affected by trade/supply or inflationary issues. COVID19, Brexit and energy security related supply issues may hit consumption spending further, affecting the viability of business inc. restaurants, travel and tourism, events, creative and cultural sectors. Workers who lose jobs may not have the skills for new ones, creating greater training needs. Ongoing fiscal challenges may reduce public sector investment in infrastructure and services.	Tom Bridgman	Matthew Peachey	Carolyn Ploszynski	5	4	5	5	25	4	4	R	Updated cause and consequence sections March 2022	01/06/18						
	CRR-001																			Deliver Oxford Economic Strategy & City Centre Vision Action Plan. Stimulate recovery through targeted measures. Work with Economic Growth Board & City Centre Task Force. Engage with businesses to understand long term impact of COVID & EU Transition	01/04/27	In Progress	10%	Matthew Peachey	
Financial Services	CRR-002	Balancing and Delivery of the Financial Plan	Unable to balance the Medium Term Financial Plan and hence deliver the Council's Corporate Plan priorities	T	Reduced contribution from Council companies; Business Rates reform; Local Government finance reform; Unachievable savings and income; Adverse financial impacts arising from the covid-19 pandemic and the economic aftermath	Increased use of balances to ensure that Council sets a balanced budget for next 4 years. Re-active action taken to bring budget back into line	Nigel Kennedy	Anna Winship	Nigel Kennedy	4	3	4	3	12	4	2	A	on track for in year monitoring to be in line with forecast - budget for future years approved at Council	01/06/18						
	CRR-002																			Ensure companies are on schedule to deliver returns to Council	31/03/22	In Progress	50%	Nigel Kennedy	
	CRR-002																			Review of transformation savings	31/03/22	In Progress	50%	Nigel Kennedy	
	CRR-002																			Regular monitoring of revenue and capital budgets and ensuring savings and increased income are on target	31/03/22	In Progress	60%	Nigel Kennedy	
	CRR-002																			Start budget setting early and drive savings in conjunction with members with a full budget reset in December	31/03/22	In Progress	70%	Nigel Kennedy	
	CRR-002																			Expenditure Restraint	31/03/22	Ongoing	100%	Nigel Kennedy	
	CRR-002																			Keep abreast of changes to Business rates reforms and Fair funding	31/03/22	Ongoing	100%	Nigel Kennedy	
	CRR-002																			Lobby Government	31/03/22	Ongoing	100%	Nigel Kennedy	
Housing Services	CRR-003	Housing	Failure to deliver the Council's key priorities around Housing including ensuring increased housing delivery and enabling sufficient affordable house building and investment.	T	Changes to Homes & Communities Agency's funding stream for housing development. Government policy changes affecting housing tenure, rental levels, LA borrowing ability. Economic recession, leading to instability in the housing market, and falling prices which could undermine site viability. Shortage of labour and materials. Increased uncertainty in the housing market linked to unknown speed of pandemic recovery and Brexit.	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	Stephen Clarke	Lena Haapalahti, Osi Mosley, Richard Wood	Stephen Clarke	5	4	5	4	20	4	3	R		01/06/18						
	CRR-003																			Continue to take forward opportunities to purchase S106 dwellings through the HRA.	31/03/22	Completed	100%	Dave Scholes	
	CRR-003																			Maximise access to alternative funding programmes - Homes for England, HIF and Housing Growth fund	31/03/22	In Progress	75%	Dave Scholes	
	CRR-003																			Continuing to work with Registered Provider partners to enable supply of more affordable housing	31/03/22	In Progress	75%	Dave Scholes	
	CRR-003																			Implement robust programme and project management arrangements for the Affordable Housing Supply programme, including working as client for the OCHL programme.	31/03/22	Ongoing	75%	Dave Scholes	
	CRR-003																			Housing delivery test in Planning ongoing. Deliver the housing delivery test action plan in Planning.	31/03/22	Completed	100%	Rachel Williams	
	CRR-003																			Provide a clear and robust response to the governments planning changes through the consultation, changes which would significantly reduce S106 contributions in the city.	31/10/20	Completed	100%	Rachel Williams	
	CRR-003																			Delivery of regeneration schemes, including Blackbird Leys.	31/03/23	In Progress	40%	Stephen Clarke	
	CRR-003																			Purchase of Council dwellings from Barton Park development.	31/03/25	In Progress	50%	Stephen Clarke	

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Updater	Escalation Owner	Gross Impact	Gross Probability	Current Impact	Current Probability	Risk Score	Residual Impact	Residual Probability	RAG	Comments	Date Added	Control description	Due date	Control Status	Progress	Action Owner
	CRR-003																			Deliver OCHL business plan to increase scale and speed of delivery.	31/03/22	In Progress	70%	Stephen Clarke
	CRR-003																			Reevaluate financial appraisals of development sites and make any adjustment to ensure continued viability.	31/03/22	In Progress	80%	Stephen Clarke
Business Improvement	CRR-004	Recruitment and retention of the workforce	The challenge of recruitment and retention in some service areas, and ensuring succession planning exists for critical hard to fill roles.	T	- Proximity to London - High cost of housing - Congested infrastructure and transport links	Reduced capacity to deliver, especially in high profile projects	Helen Bishop	Helen Bishop	Stephen Gabriel	3	4	3	3	9	2	3	A		01/06/18					
	CRR-004																			Develop and implement improved recruitment processes [incl. use of social media, 'staff stories' and other promotional material]	31/03/22	In Progress	25%	Justin Thorne
	CRR-004																			Develop employer brand	31/03/22	In Progress	25%	Justin Thorne
	CRR-004																			Develop greater understanding of reasons for staff leaving and obtain insight into their 'work experience' whilst at council	31/03/22	In Progress	40%	Justin Thorne
	CRR-004																			Development of 'talent pipeline' including work experience, apprenticeships, graduate placement, sponsoring students through qualification, etc.	31/03/22	In Progress	40%	Justin Thorne
	CRR-004																			Review of employment offer for hard to fill and specialist roles [pay, flexible working practices, employee benefits]	31/03/22	In Progress	40%	Justin Thorne
Financial Services	CRR-005	Resilience of Trading Models	The Council Companies are not successful and fail to deliver outputs and financial returns	T	Lack of skilled direction from Directors; Lack of capacity; Lack of commercial focus; Shortfalls in income forecasts; Deficiencies in governance; Housing Company sites not delivered to planned timescales; Directors not recognising the control that a holding organisation properly has over their operations and outputs	Reputational damage of failing companies; Reduced financial returns to the Council impacting on MTFP; Lack of delivery of dividends to the Council	Nigel Kennedy	Bill Lewis	Nigel Kennedy	4	3	4	3	12	3	3	A		01/06/18					
	CRR-005																			Update and improve ODS Operating Model	31/03/22	In Progress	30%	Nigel Kennedy
	CRR-005																			Delivery of Improved systems	31/03/22	In Progress	50%	Nigel Kennedy
	CRR-005																			Governance over all joint ventures and companies	31/03/22	In Progress	50%	Nigel Kennedy
	CRR-005																			Strategic Review of OCHL	31/03/22	In Progress	50%	Nigel Kennedy
	CRR-005																			Review dividend policy - OCHL	31/03/22	In Progress	70%	Nigel Kennedy
	CRR-005																			Internal audit of companies review by BDO	31/03/22	In Progress	80%	Nigel Kennedy
	CRR-005																			Presentation of updated business plan on a quarterly basis to shareholder - ODS & OCHL shareholders	31/03/22	In Progress	80%	Nigel Kennedy
	CRR-005																			Reporting to shareholder for Barton	31/03/22	Ongoing	100%	Nigel Kennedy
	CRR-005																			Reporting to shareholder for Oxwed	31/03/22	Ongoing	100%	Nigel Kennedy
	CRR-005																			Establish robust system of shareholder and scrutiny meetings for wholly owned companies. Changed the shareholder and scrutiny meeting arrangements earlier in the year.	31/03/22	Completed	100%	Susan Sale
Corporate Strategy	CRR-006	Local Government Reorganisation	Risk that the reorganisation or devolution is imposed to the detriment of the Council and the City	T	The 2017 bid for an Oxfordshire-wide unitary authority has not been pursued since Government made clear it has no appetite to pursue this while Growth Board partners deliver the Levelling up and Devo WP from government in coming weeks, current indications are it is not likely to mandate but may encourage councils to consider LGR. The financial landscape currently means emphasis of government investment in deals is likely to be outside the South East and current uncertainty about the future of the Ox-Cam Arc. There is currently little expressed interest from other Oxfordshire Authorities to pursue a bid, with preference for partnership working.	If debate is reopened: - Significant distraction of resources and focus into making City's case in argument - Significant disruption to partnership working and loss of opportunities for significant infrastructure investment - Risk of weakened focus on Oxford's priorities in a single Unitary - Potential negative impact on community through loss of local accountability for investment and services Adverse impact on resourcing Adverse impact on the growth deal and partnership working	Mish Tular	Mish Tular	Caroline Green	5	3	4	2	8	4	1	A		01/06/18					
	CRR-006																			Ongoing partnership work through the Growth Board, bilaterally with our neighbours and across the Ox-Cam Arc	13/05/22	In Progress		Mish Tular
	CRR-006																			Build understanding of new Government administration's view on devolution/unitary, Growth Deal, Ox-Cam Arc & seek levers to influence around Oxford Priorities. Maintain focus on delivering growth agenda & build consensual partnership governance	31/03/22	In Progress	90%	Mish Tular
Business Improvement	CRR-007	Business Continuity Planning and Disaster Recovery including ICT Recovery Plan	There is an adverse impact on continuous business operation due to unplanned events.	T	- Disruptive event hindering access to building - Disruptive event affecting full functionality of building - Major technology incident (physical or cyber).	Non-delivery of business operation	Helen Bishop	Bill Lewis	Nigel Kennedy	3	3	3	3	9	3	2	A		01/06/18					
	CRR-007																			Desktop review of BCP	31/03/23	Not yet started	0%	Bill Lewis
	CRR-007																			Re-establish Risk Management Group	20/02/19	Completed	100%	Bill Lewis
	CRR-007																			All Services to review and sign-off their BC plans to ensure up-to-date.	31/03/22	Ongoing	100%	Bill Lewis

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Updater	Escalation Owner	Gross Impact	Gross Probability	Current Impact	Current Probability	Risk Score	Residual Impact	Residual Probability	RAG	Comments	Date Added	Control description	Due date	Control Status	Progress	Action Owner
	CRR-007																			CMT to approve software priority restoration list from all Services BC plans.	30/06/19	Completed	100%	Mike Newman
	CRR-007																			Include ICT systems outages in business continuity plan tests.	01/10/18	Completed	100%	Mike Newman
	CRR-007																			Assure ICT backup and restore capabilities	30/09/18	Ongoing	100%	Rocco Labellarte
	CRR-007																			Review existing ICT recovery plan to ensure up-to-date.	30/09/18	Ongoing	100%	Rocco Labellarte
	CRR-007																			Implement alternative software to CITRIX to allow homeworking for own user devices	31/03/22	Completed	100%	Rocco Labellarte
Community Services	CRR-012	Delivery of Services by External Suppliers/Partnerships / Supply Chain	The negative performance of suppliers has a direct impact on the Councils ability to achieve its goals /demands on the council and poorer services outcomes for citizens and potential risks to our supply chain.	T	Failure of key supplier (i.e. Fusion) or reductions in funding and/or financial pressures on the councils critical service partners may place additional burdens /demands on the council and poorer services outcomes for citizens and potential risks to our supply chain.	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.	Ian Brooke	Lucy Cherry	Nigel Kennedy	3	3	3	3	9	3	3	A	Fusion continue to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge, cashless systems, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. The past month has remained difficult, continuing to try to balance Fusion's focus on safely embedding their new delivery model alongside the increased demands from the decarbonisation programme. Alongside some of Fusion's front line staff having to self-isolate and staff vacancies. Fusion are still finding it very challenging to recruit staff, which is also apparent in other sectors such as hospitality. When recruited, there is a requirement for safeguarding checks, induction and mandatory training to be completed before employees operationally starting duties. It's a delicate balance of carefully and constructively challenging Fusion and being clear about responsibilities, trying to nudge them forwards whilst trying to avoid a scenario where given the state of the leisure industry, that Fusion are somehow manoeuvred into a position where they are unable to deliver on the contract and OCC get it back with all of the costs and risks anyway.	01/06/18					
	CRR-007																			Work collectively and coherently with key partners to find solutions.Effective relationship management across partners will help to manage risks around service delivery and reputational risk.	31/03/22	In Progress	60%	Ian Brooke
Corporate Strategy	CRR-008	Negative Impacts of Climate Change	Climate Change leads to a number of adverse social, health and environmental impacts on the City	T	Oxford is prone to flood risk from fluvial or river sources (Cherwell and Thames/Isis) and in specific areas to pluvial or surface flooding from heavy rainfall. For fluvial flooding heavy rainfall upstream normally gives Oxford between 24-48 hours to prepare and respond with flood protection. There is no warning for pluvial flooding.	Flooding, which is highly weather dependent; poor air quality and increased episodes of excess heat.	Mish Tular	Mish Tular	Caroline Green	4	3	4	4	16	3	3	R		01/06/18					
	CRR-008																			Oxford City Council's Carbon Management Plan, our work delivered through the Zero Carbon Oxford Partnership, and ongoing work around flood mitigation and treeplanting	31/03/24	In Progress	30%	Mish Tular
	CRR-008																			Partnership with the EA led programme to deliver the Oxford Flood Alleviation Scheme	31/03/22	In Progress	30%	Mish Tular
	CRR-008																			Control measures relating to advocacy, clear communication, negotiation over our land assets, in particular at Seacourt and Redbridge Park and Ride sites (Seacourt extension)	30/12/22	Ongoing	50%	Mish Tular
Regulatory Services and Community Safety	CRR-009	Terrorism	Terrorist incident in the city (most likely in the city centre) that adversely affects normal life in the city, including a negative impact on the Council's business, or targets an individual event (e.g. May Morning, St Giles' Fair, events in South Park)	T	Oxford is an internationally known city and is a more likely target than cities and towns of a similar size. There are several areas where large numbers of people congregate - primary shopping areas and tourist attractions, transport hubs - that may be conducive and prone to attack	Dependent on nature of attack and where it occurs. Could result in lock down of buildings, including Council offices, severe travel disruption, need to disperse large numbers of people (to places of safety). Non-delivery of Council services	Ian Wright	Richard J Adams	Ian Wright	5	2	5	2	10	5	2	A		01/06/18					
	CRR-009																			Work with partners, particularly the Police and County Council, on the Crowded Places Plan that includes mitigation interventions.	31/05/22	In Progress	50%	Richard J Adams
	CRR-009																			Council's emergency plan includes link to Crowded Spaces Evacuation Plan	31/03/22	Ongoing	100%	Imogen Hughes
	CRR-009																			Emergency plans for Council-operated buildings include dealing with a terrorist attack (including building lock-down procedure)	31/03/22	Ongoing	20%	David Hunt
	CRR-009																			Physical barriers in place - temporary and permanent. County Council leading on design and development.	31/05/22	Ongoing	50%	Richard J Adams
Business Improvement	CRR-010	Cyber Attack	Cyber security incident which impedes the operation of the business	T	Global attack from outside the business Internal hacker	Non-delivery of business operation	Helen Bishop	Helen Bishop	Stephen Gabriel	3	4	3	3	9	3	2	A		01/06/18					
	CRR-010																			Ensure any security breaches are dealt with appropriately, in line with policies.	31/03/22	Ongoing	100%	Helen Bishop

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	Owner	Updater	Escalation Owner	Gross Impact	Gross Probability	Current Impact	Current Probability	Risk Score	Residual Impact	Residual Probability	RAG	Comments	Date Added	Control description	Due date	Control Status	Progress	Action Owner
	CRR-010																			Ensure PSN accreditation is achievable. Allocate funding as necessary to ensure remedial work can be delivered.	31/03/22	Ongoing	100%	Nigel Kennedy
	CRR-010																			Carry out PSN remedial work.	31/03/22	Ongoing	100%	Rocco Labellarte
	CRR-010																			Ensure cyber defences (firewalls, anti-virus, anti-malware, password protection, two-factor authentication) is in place	31/03/22	Ongoing	100%	Rocco Labellarte
	CRR-010																			Ensure cyber security policies are in place.	31/03/22	Completed	100%	Rocco Labellarte
Housing Services	CRR-011	Health and Safety - Buildings	Failure to comply with the various H&S legislative requirements which ensure the safety of buildings	T	Inadequate training, poor systems and procedures, failure to robustly monitor performance and address this. Inadequate resourcing and skills. Inadequate maintenance of buildings	Corporate manslaughter. HSE investigation and substantial fines. Loss of reputation	Stephen Clarke	Lena Haapalahti, Ossi Mosley, Richard Wood	Stephen Clarke	4	4	4	3	12	3	2	A		01/06/18					
	CRR-011																			Following CDM audit, implement revised and strengthened governance arrangements.	31/03/22	In Progress	50%	Nick Brown
	CRR-011																			Ongoing monitoring and surveillance of property to ensure compliance.	31/03/22	In Progress	60%	Stephen Clarke
	CRR-011																			Continued progress with tower blocks, ensuring remaining planned work is complete, including at Hockmore, and continued monitoring to identify and implement any further improvements needed.	31/03/22	In Progress	80%	Stephen Clarke
	CRR-011																			Health & Safety team have been allocated key areas of responsibilities and are progressing the area highlighted from FRA and Asbestos surveys are rectified to ensure OCC are fully compliant.	31/03/22	In Progress	80%	Stephen Clarke

To: Audit and Governance Committee
Date: 11 April 2022
Report of: Head of Financial Services
Title of Report: Empty Property Report

Summary and recommendations	
Purpose of report:	To provide an update on empty properties, the Council Tax Premium, and how empty properties are being brought back in to use
Key decision:	No
Cabinet Member with responsibility:	Councillor Mike Rowley, Cabinet Member for Customer Focused Services
Corporate Priority:	All
Policy Framework:	Council Strategy 2020-24
Recommendation(s): That the Committee resolves to:	
1. Note the content of this report.	

Appendices	
Appendix 1	Council Tax Exemption Classes, numbers and value of relief granted
Appendix 2	Flow chart detailing processes used to bring an empty property back into use
Appendix 3	Exempt information on specific empty properties
Appendix 4	Template letter and questionnaire

Introduction and background

1. The Council collects Council Tax for properties within its administrative area. This report explains the impact of empty properties, the Empty Property Premium and the work that the Council is doing to bring empty properties back into use.

Council Tax

2. The Council's net annual collectable debit for Council Tax is approx. £98 million per annum, which can fluctuate due to changes in property bands, discounts and exemptions etc.
3. Within the Council Tax legislation there are also a number of discounts, exemptions, and reduction schemes available for the Council Tax payer to apply for. These are explained in more detail below.

Exempt properties

4. Council Tax is not payable on exempt dwellings. Exemptions are prescribed by the Secretary of State and would include properties wholly occupied by students, student halls of residence and where the taxpayer is deceased, or is receiving care elsewhere. A more detailed list of all eligible reasons for exemption is given in Appendix 1.
5. As at 1 February 2022, 5,938 properties in Oxford were classified as being exempt from Council Tax out of 62,682 dwellings shown on the banding list at this date. If all those properties were occupied at an Average Band D figure of £2,130.64, the annual loss of income before any other reductions such as discounts or benefits etc. would be in the region of £12.6m.

Empty properties

6. Council Tax is payable on empty properties at 100% after the expiry of a period of one month up to 2 years after which an additional 'long term empty premium' is levied as discussed below. Empty properties as at 1st February 2022 are shown in Table 1 below:

Total number of dwellings	Total number of empty dwellings	%	Empty for more than 6 months	%	Empty for 2 years or more	%
62,682	901	1.44	525	0.84	94	0.15

7. A snapshot taken on 21 February 2022 shows there were 634 properties that had been empty for between 1 month and 2 years that would be liable for 100% Council Tax.
8. These figures fluctuate daily as the Council is advised of changes to occupancy.

Long Term Empty Premium

9. Long term empty properties i.e. those that are empty for 2 years or more can have their Council Tax liability charge increased. This is referred to as the Long Term Empty Premium. The Council has discretion under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to increase the amount of Council Tax payable dependant on how long a property has been empty.

10. At its meeting on 13 February 2019 the Council resolved the Long Term Empty Property Premium, as an addition to the Council Tax charge, (then set at 50%) be increased in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to:

- 100% from 1 April 2019 for those properties which are empty for 2 years and over
- 200% from 1 April 2020 for those properties which are empty for 5 years and over
- 300% from 1 April 2021 for those properties which are empty for 10 years and over

11. The premiums have been charged in line with the rates above. As the premium applies to a property, should that property remain empty following a change of ownership or tenancy, the premium is not removed.

Table 2 : Council Tax premium as at 21/3/22				
Type of premium	Empty properties	Additional premium	Total Charge	Collection rate
	Nos.	%	£	%
Premium (empty over 2 to ≤ 5 years)	94	100	340,337	87.57
Premium 1 (empty over 5 to ≤10 years)	22	200	112,370	77.72
Premium 2 (empty over 10 years)	9	300	75,327	98.50
Totals	125		528,034	

12. The additional annual income collected from raising the Long Term Empty Premium (“the Premium”) is approximately £528,034 per annum. Collection rates of this premium together with the associated Council Tax charge are shown above. The confidential Appendix 3 provides details of properties which have been empty for more than 10 years. Advertising the property addresses and details of action being taken could lead to increased criminal activity.

13. The government is looking at allowing councils the discretion to increase the Premium after a property has been empty for 1 year rather than 2 years. As this may require primary legislation to change, it is unlikely to come into effect until 2024.

Action to ensure re-occupation of empty properties

14. All Council Tax properties that are empty for more than 6 months are referred to the Council’s Empty Homes Officer for action.

15. The Empty Homes Officer sends a mailshot twice yearly to owners of empty properties encouraging contact and bringing the properties back into use. See Appendix 4 for the template letter and questionnaire that is used.
16. The most recent mailshot was sent to 232 owners in relation to properties that have been empty for between 6 months to 2 years. This also included a letter regarding the potential to let the empty properties to refugees. One response has been received in relation to the letter. The last mailshot in relation to properties paying a Premium Council Tax was sent to 78 owners in June 2021.

What the Council does and what can be done to encourage property usage

17. Appendix 2 to the report provides a flow chart illustrating the processes undertaken by the Council to bring empty properties back into use. All empty property owners are written to at least twice a year. A sample of the letter is shown in Appendix 4. Regular contact via site visits, emails and telephone conversations with owners are made in respect of those properties that have been empty for over 2 years.
18. In conjunction with the Council's Investigations Team and the Valuation Office Agency the Council conducts a review exercise annually to attempt to bring empty homes into use, checking on those that are currently recorded as empty and ensuring new properties are quickly banded for Council Tax purposes. This feeds into the process for calculating the amount of New Burdens funding that the Council receives each year. For the 2022/23 financial year the Council's provisional allocation is £471k.
19. The Council has, at its discretion, the option to take possession of empty dwellings and bring them back into use by either:
 - Empty Dwelling Management Order (EDMO) for a period of up to seven years; or
 - Ownership through Compulsory Purchase Orders (CPO).
20. Previously the council has applied for three EDMOs, one was withdrawn prior to the hearing and 2 were confirmed but later withdrawn due to one owner selling and the other renting their property out.
21. In 2017 the council implemented a CPO following the order being granted. The property was refurbished and adapted for a family from the Council's housing register and is now occupied. The property had been unoccupied for over 30 years during which no Council Tax had been paid. The property had been granted a Council Tax Exemption Class F (owner deceased and no probate applied for or granted). EDMOs cannot be used for properties in this situation.
22. Both EDMOs and CPOs require financial and officer commitment from several internal services. Obtaining a CPO costs the Council the value of the property (c£300,000), advertisements in local press (£10,000) and legal support, internal and external, which can be anywhere between £5000 and £20000 dependant on whether the application is dealt with by written representations only or a public inquiry.

23. The latest property identified for a potential EDMO would require c£30,000 to bring it up to good habitable condition. Of note is that all monies spent are recoverable through rent throughout the term of the order, including interest on refurbishment costs. Management of the property would be organised through the Council's Tenancy Management Team and again a fee may be charged for this service, also recovered through rent.
24. Whilst regular contact with owners to encourage them to bring their properties back into use continues, and for the majority a gentle nudge by the Council is enough to achieve this, it is less likely to be as successful in respect of the long term empty dwellings. A flow chart of process adopted by the council is at Appendix 2.

Other implications

25. Health and safety - Empty properties that are left unoccupied can become neglected and potentially become unsafe and require remedial works to protect their surroundings.
26. Crime and disorder - An empty property could attract criminal behaviour.
27. Environmental - A neglected property could lead to vermin in the vicinity and require action.

Financial implications

28. There are no financial implications arising directly from the report. The Premium does not deter people from leaving a property empty. However, by applying a premium the Council does receive more income.

Legal issues

29. There are no legal implications arising directly from the report. The Council has some discretion in applying exemptions and premiums in relation to Council Tax but must act within the constraints of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. Completing an EDMO or CPO can take time and can be expensive. The Council will only seek to go down these routes when other measures and communications have failed.

Report author	Tanya Bandekar and Melanie Mutch
Job title	Service Manager, Revenues and Benefits and Empty Property Officer
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Background Papers: None	

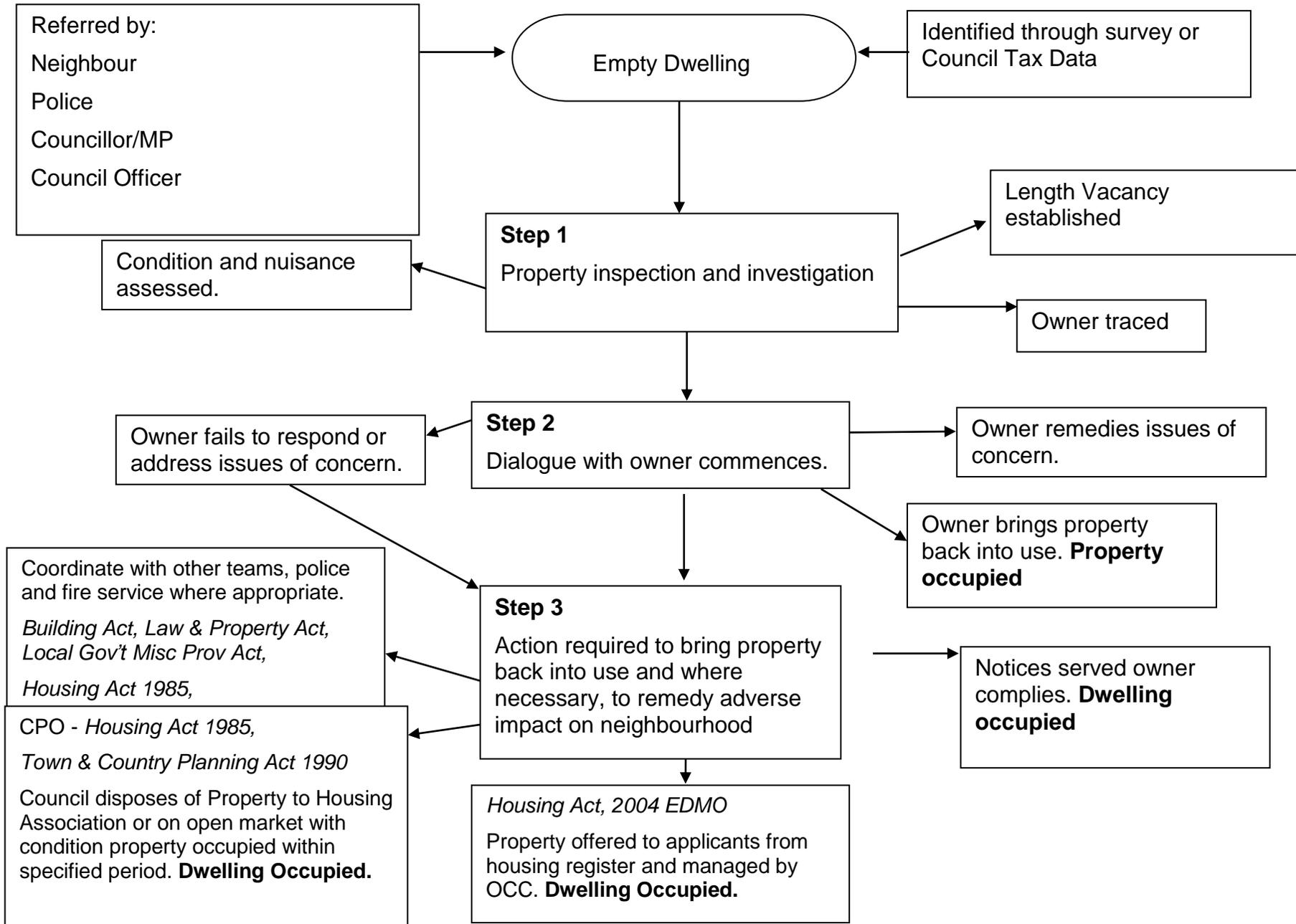
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Appendix 1: Council Tax Exemption Classes, numbers and value of Relief granted at 15th March 2022

Class	Description	Restrictions	Cases of Relief Awarded	Value of Relief
B	Unoccupied, owned by a charity	Can be furnished or unfurnished	15	£8,295.94
D	Empty due to person being in prison	Must have a relevant absentee	4	£6,619.78
E	Empty due to a person having gone to live in a care home	Have a relevant absentee	50	£102,255.98
F	Council Tax payer deceased	Can be furnished or unfurnished	276	£437,887.49
G	Occupation prohibited by law	Can be furnished or unfurnished	6	£8,786.12
H	Dwelling held for a minister of religion	Can be furnished or unfurnished	1	£1,195.41
I	Person living elsewhere to receive personal care	Have a relevant absentee	5	£6,925.68
J	Person living elsewhere to provide personal care	Have a relevant absentee	5	£10,402.10
K	Dwelling left empty by a student	Can be furnished or unfurnished	0	£0.00
L	Mortgagee in possession	Can be furnished or unfurnished	0	£0.00
M	Students' halls of residence	Occupied	2,407	£5,863,384.54
N	Dwellings occupied only by students, school or college leavers, or by certain spouses or dependants of students	Occupied	2,967	£4,844,513.07
O	UK armed forces accommodation	Occupied	0	£0.00
P	Visiting forces accommodation	Occupied	24	£52,595.84
Q	Property left empty by a bankrupt person	Can be furnished or unfurnished	0	£0.00
R	Unoccupied caravan pitch or boat mooring	Unoccupied by a caravan or boat	4	£4,374.96
S	Occupied only by persons under 18	Occupied	44	£103,493.77
T	Unoccupied annexe to an occupied dwelling	Can be furnished or unfurnished	19	£28,779.05
U	Dwellings occupied only by severely mentally impaired persons	Occupied	113	£215,644.78
V	Main residence of a person with diplomatic privilege or immunity	Occupied	30	£84,831.65
W	Occupied annexe to an occupied building	Occupied	11	£16,380.13
Totals			5,981	£11,796,366.29

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Appendix 2: Flow chart detailing processes used to bring an empty property back into use



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APPENDIX 4: Template letter and questionnaire

Name of Directorate

Regulatory Services and Community
Safety

Private Sector Safety Team

www.oxford.gov.uk

To contact us please use,

Ref: NHB/MMMP

Tel: 01865 252280

Email: mmutch@oxford.gov.uk



31 March 2022

Dear Sir/Madam

Address:

Subject: Request for information regarding occupancy status.

I am writing to you in respect of the above property. The Council has it on record that your property is unoccupied. It may be that our records are not up to date and that your property is in fact occupied. Responding to this letter will ensure we have up to date records in respect of the occupancy status of your property.

Why have I been sent a letter?

Oxford City has a severe housing shortage. With over 3000 households on the Council's housing register and according to local letting agents, waiting lists for rental properties, it is in the interest of the community of Oxford to ensure empty dwellings do not remain so. Whilst it is not the intention of the Council to contact owners of empty dwellings unnecessarily, it is an important part of the council's commitment to ensure no dwelling remains empty without good reason.

The Council also has a legal duty to maintain accurate records for billing and collection of Council Tax. You must tell the Council if the property is occupied or not. If we do not receive a response to this letter, an inspection of the property will be necessary. Your cooperation will enable the Council to have up to date information in respect of your property and therefore enable accurate council tax charge to be applied. The Council will charge an additional premium of 100% on dwellings recorded as being empty for over 2 years.

Please be aware that providing inaccurate or false information may lead to a penalty of £70, under Schedule 3 of the Local Government Finance Act 1992. Repeat offences may lead to a penalty of £280.

If you do not contact me and our records continue to identify your property as unoccupied the council will contact you again.

In most instances owners bring empty dwellings back into use voluntarily, however some owners are unable or unwilling to do so. It is important that you are made aware of how a local authority can deal with an empty dwelling if it considers it will remain empty without intervention.

If it is considered that a dwelling will remain unoccupied without intervention, the Council may apply for an Empty Dwelling Management Order (EDMO) under the Housing Act 2004. If the Council is successful in obtaining the Order, it can take over the running of the property and bring it back into use by force. Alternatively and where appropriate, the Council may consider compulsorily purchasing your property in order to ensure it is occupied.

If I have written to you before and you have responded with information about your property, I would ask that you still complete the attached questionnaire so that we have an update on your property and any intentions you have to bring it back into use.

Please complete the attached questionnaire and return it to me at your earliest convenience. I have enclosed a prepaid return envelope for your convenience

Thank you in anticipation of your response.

Yours faithfully,



Melanie Mutch
Empty Property Officer

Empty Dwelling Questionnaire REF: 600963620

SECTION A - The property is now occupied: Please enter all occupiers aged 18 years and over.

Occupier(s) Name(s) PRINT NAME(S)			Tenancy/ Ownership Start Date			Move In Date			Relationship to Property (Owner/Tenant / Other)
Title	Forename	Surname	(DD)	(MM)	(YY)	(DD)	(MM)	(YY)	

Occupier Details		Landlord/Agent Details (if Rented)	
		Name	
Daytime Telephone Number		Contact Telephone Number	
e-mail address		Contact e-mail address	
Previous Address		Correspondence Address	
Postcode		Postcode	

If the property is rented is it let furnished? (Please tick) YES NO

Unfurnished

SECTION B – The property remains unoccupied

DECLARATION: I declare that the property is still unoccupied. Please note, we may contact you to discuss the information you provide, please provide your contact details below for this purpose.

Name		Home Telephone	
------	--	----------------	--

		Number	
Residential Address		Mobile Telephone Number	
		Work Telephone Number	
		E-mail Address	
Postcode			
Relationship to the Property			

If your property remains unoccupied please confirm the unoccupied status of the property and the expected date of occupancy if known:

Unoccupied Status (please tick)		Expected Date of Occupancy if Known
Property for sale		
Property to let		
Property sold		
Property under renovation		
Other Please State Reason		

SECTION C – Declaration: I confirm that the information I have provided in this form is correct to the best of my knowledge.

Signature		Print Name	
Date (DD/MM/YY)	/ /		

Minutes of a meeting of the Audit and Governance Committee on Thursday 27 January 2022



Committee members present:

Councillor Fry (Chair)

Councillor Corais

Councillor Roz Smith

Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Alice Courtney, Committee and Member Services Officer

Also present:

Councillor Chewe Munkonge (remote attendance, non-voting)

Councillor Nigel Chapman (remote attendance, non-voting)

Councillor Dr Amar Latif (remote attendance, non-voting)

Bill Lewis, Financial Accounting Manager (remote attendance)

Greg Rubins, BDO

Adrian Balmer (External Auditor), EY (remote attendance)

Maria Grindley (External Auditor), EY (remote attendance)

Emma Griffiths, Lawyer (remote attendance)

Helen Bishop, Head of Business Improvement (remote attendance)

Apologies:

No apologies were received

27. Declarations of Interest

There were no declarations of interest.

28. Internal Audit Progress Report January 2022

Greg Rubins, Internal Auditor (BDO) introduced the report, highlighting that:

- Two reports had been finalised – General Ledger and Insurance.
- The planned Community Strategy and Cyber Security audits had been deferred to next year to fit in with when the Council's own plans and strategies would be ready.
- The main issue included in the General Ledger report related to the QL system and a plan was in place to fix the issue.

In response to questions, the Head of Financial Services advised that there were two key milestones related to the QL system:

- Steady state – where all processes were in place, but operated with additional processes (known as workarounds) and resources to keep the system going. It was expected to reach ‘steady state’ by the end of February, at which point full financial information for ODS and the Council would be available.
- Business as usual – where the system was being used as intended, with all workarounds removed. It was unlikely that this stage would be reached until the end of May.

The Head of Financial Services assured the Committee that he was confident those targets would be met and confirmed that the additional resource required in the steady state stage was in the region of £200,000 over the last 12-month period. He confirmed that the QL system implementation was not seen as a major risk at the time, but that an external review of the implementation would be undertaken and the results presented to the Committee.

In response to questions, Bill Lewis, Financial Accounting Manager advised that the Council planned to (internally) close and draft the accounts in line with the previous 31 July timescale, but following the Redmond Review that external audit dates would be pushed out closer to the revised November date as the primary reason for the Government changes was the pressure/resourcing issues related to external audit. It was confirmed that the allocation of the additional £45m Government funding for external audit nationally was unknown.

Cllr Amar Latif joined the meeting.

In reference to the information on the Omicron grant boost contained in the report, the Head of Financial Services explained that the Council received a £300,000 boost to its Additional Restrictions Grant (ARG) and an estimated £2.8m through the Omicron Variant Grant, which was required to be paid out to around 800 businesses by 31 March 2022. He advised that the Council had written to BEIS and the LGA highlighting concerns about the tight timescales for grant payment and that since the inception of the business grants in 2020, the Council’s fraud team had staved off around £17.5m of grant payment in fraudulent claims, involving around 2,700 claims made to the Council – which demonstrated that taking time to pay the grants and do due diligence had proved beneficial.

Responding to a question about penalties for the Council failing to disperse all of the grant money within the specified timescales, the Head of Financial Services advised that if businesses had not applied by 18 March 2022, with all the due diligence the Council needed to do this would mean that those businesses would not be eligible for the grant – as it was important that the due diligence was done to ensure the grant was paid to the right businesses, which took time.

In response to a question, the Head of Financial Services advised that councils nationally still had £250m unspent ARG funding due to the similarly tight timescales conflicting with the need for due diligence in order to protect the public purse.

The Committee:

- **Noted the contents of the report.**
- **Requested that the findings of the external review of the QL system implementation be presented at a future meeting.**
- **Noted concern about the Government’s tight timescales for the payment of the Omicron Variant Grant and that with proper care the fraud team can save the Government an awful lot of money.**

- **Noted that it would like the Government to give serious consideration to a more realistic deadline for payment of grants to allow for appropriate due diligence.**

29. Internal Audit Follow Up Report January 2022

Greg Rubins, Internal Auditor (BDO) introduced the report, raising concerns that there were three recommendations to pick up which were all related to the Companies Oversight report produced in August of last year. He said that the recommendations now had revised dates. The commentary highlighted that there had been some action on the recommendations, but not enough to close them down.

In response to questions, Helen Bishop, Head of Business Improvement apologised that the actions had not been completed. She highlighted that the process of updating the job descriptions was quite simple once she had all of the information and then it was a case of consulting with post holders and publishing the changes. She said that the team was currently trying to collate the specific information that needed to be included in the job descriptions. The Committee was assured that this piece of work would be completed by 1 March 2022 and it would be able to note that at its next meeting in April.

The Committee highlighted that the job descriptions work was important to ensure Councillors and officers had clarity on the roles officers were performing in various company meetings.

The Head of Business Improvement left the meeting and did not return.

The Committee noted the contents of the report and the revised deadlines for completion of the three recommendations.

30. Setting of the Council Tax Base 2022-23

Bill Lewis, Financial Accounting Manager introduced the report which asked the Committee to consider and approve the Council Tax Base for 2022-23. He advised there was a reduction in the Council Tax Base compared to 2021-22 and a breakdown of the reasons for this was available in paragraph 12 of the report. Key areas of impact were the level of exemptions and the Council Tax Support caseload. The Financial Accounting Manager advised that the increase in the number of properties had been negated by the number of student dwellings, as outlined in paragraphs 6 and 9 of the report.

In response to questions, the Committee was advised that:

- It was likely Band H dwellings were where people received an exemption for living alone, rather than being student dwellings.
- The student exemption had the biggest impact on the Council Tax Base and those dwellings tended to be in the lower bandings.
- Legislation set out the maximum percentage premium and when it could be applied to long-term empty properties. There were currently 82 properties on 100% premium (empty for 2 years or over), 18 properties on 200% premium (empty for 5 years or over) and 9 properties on 300% premium (empty for 10 years or over).
- The Council's Empty Property Officer frequently contacted the owners of empty properties and responses were mixed.

- The Council benefitted from the Government’s New Homes Bonus, aimed at new properties and returning empty properties back into use, which would continue for 2022/23.
- The Council had instigated Compulsory Purchase Orders on a handful of occasions, but the process was not straightforward as the Council had to find the money to instigate them and the empty properties usually had difficult circumstances surrounding them.
- It was felt that the estimated 2% non-collection rate was realistic for the coming year.

The Committee requested a confidential report for its next meeting on the properties which had been empty for 10 years or over in order to understand the circumstances surrounding them and whether the Council could be more aggressive in pushing Compulsory Purchase. The Head of Financial Services agreed to include the Council Tax collection rate on empty properties within the report.

In response to comments, the Financial Accounting Manager corrected that the last sentence of paragraph 11 of the report should have stated that there were no new dwellings in the parished areas of the City over the next 12 months.

The Committee resolved to agree:

1. That the 2022/23 Council Tax Base for the City Council’s area as a whole is set at 45,193.2 (as shown in Appendix 1 of the report).
2. That the projected level of collection is set at 98%.
3. That the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2 of the report) be set as follows:

Unparished Area of the City	37,645.9
Littlemore Parish	1,818.4
Old Marston Parish	1,273.0
Risinghurst & Sandhills Parish	1,547.5
Blackbird Leys Parish	2,908.4
City Council Total	45,193.2

31. Risk Management Reporting as at 31 December 2021

Bill Lewis, Financial Accounting Manager introduced the report, highlighting that the number of Red risks on the Corporate Risk Register had remained at three and the number of Red risks on the Service Risk Registers had reduced to six. He added that the level of control the Council had over risks was varied as there were areas where it had more limited control, such as local government reorganisation, the negative impacts of climate change and terrorism – but that there were measures in place to influence and mitigate risk.

The Committee asked whether it was possible to distinguish between risks that the Council could and could not control. It was explained that removing risks that the Council could not control risked them becoming a lower priority and in some cases there were mitigations that could be implemented locally despite the fact that they would not influence the national picture. The Financial Accounting Manager agreed to indicate those risks which the Council had more and less control over in future reports.

The Committee noted the importance of registering external risks that were outside the Council's control, but agreed the focus on external risks should be whether Council policies and strategies were working to mitigate risk.

The Committee noted the contents of the report.

32. Statement of Accounts 2020-21

Bill Lewis, Financial Accounting Manager provided a verbal update on the Statement of Accounts audit process. He explained that the conditions for a number of Government grants received by the Council in 2020 were mostly poor, non-existent or incomplete. This was problematic due to different accounting treatment depending on whether grants were principal or agent. Principal meant the Council could decide how the money was spent and this was accounted for in revenue. Agent meant that spend was predefined and was accounted for on the balance sheet.

The Financial Accounting Manager said that the external auditor had undertaken a national review of the grants to develop a consistent accounting methodology for its clients. The Council had worked with the external auditor in relation to its grants, which resulted in a £43m adjustment to come out of the income and expenditure statement into the balance sheet. This changed materiality by approximately 20% of its original value and increased the required sample size by over 100. The Council and external auditor were currently working through the additional audits, which were expected to be completed in the next few weeks.

The Committee was assured that there was no overall impact on the Council's revenue position in the Accounts, but the process of reviewing and reallocating the grants had generated a lot of work. Adrian Balmer, External Auditor (EY) advised that the same issue was replicated in a large number of other local authorities and meant that many councils' 2020-21 Accounts were not yet certified.

In response to questions, the External Auditor confirmed that there was still a delay with the consolidation of company accounts with the Council accounts for group accounts purposes, but the delay related to the Government grants had made it less prominent. It was added that better alignment of audit timings between EY and Mazars was being explored.

The Committee reconfirmed its decision taken on 20 October 2021 to authorise the Chair to sign the Accounts on behalf of the Committee ahead of the next meeting, as it agreed there were no net material changes.

The Head of Financial Services added that he would look at setting some training up for the Committee.

The Committee resolved to:

- 1. Note the verbal update on the Statement of Accounts audit process.**
- 2. Authorise the Chair of the Committee to sign the Accounts, as it agreed there were no net material changes.**

33. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 20 October 2021 as a true and accurate record.

34. Dates and times of meetings

The Committee noted the dates and times of future meetings.

The meeting started at 6.10 pm and ended at 7.11 pm

Chair

Date: Monday 11 April 2022

When decisions take effect:

Cabinet: after the call-in and review period has expired

Planning Committees: after the call-in and review period has expired and the formal decision notice is issued

All other committees: immediately.

Details are in the Council's Constitution.

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

Document is Restricted

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