

Agenda

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Audit and Governance Committee

This meeting will be held on:

Date: **Wednesday 27 July 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, Committee 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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Committee Membership

Councillors: Membership 7: Quorum 3: substitutes are permitted.

Councillor Tiago Corais

Councillor James Fry

Councillor Duncan Hall

Councillor Chris Jarvis

Councillor Dr Amar Latif

Councillor Chewe Munkonge

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 Election of Chair for 2022/23	
2 Election of Vice-Chair for 2022/23	
3 Apologies for absence and substitutions	
4 Declarations of Interest	
5 Minutes of the previous meeting To approve as a true and accurate record the minutes of the meeting held on 11 April 2022.	9 - 14
6 Investigation Team Annual Report 2021 - 2022 Report of the Head of Financial Services Purpose of report: to appraise Members of the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2021 to 31 March 2022. Recommendation: to discuss and note the report.	15 - 38
7 Risk Management Report: Quarter 1 30 June 2022 Report of the Head of Financial Services Purpose of report: to update the Committee on both corporate and service risks as at 30 June 2022. Recommendation: that the Committee reviews the risk management report and notes its contents.	39 - 50
8 External Audit Planning Report 2021-22 Report of the External Auditor EY Purpose of report: to set out for the Committee the draft audit planning report for the year ended 31 March 2022. Recommendation: to discuss and note the report.	51 - 98

9 Internal Audit Annual Report 2021-22

99 - 120

Report of the Internal Auditor BDO

Purpose of report: to inform the Committee on the details of the work undertaken by internal audit for Oxford City Council and provide an overview of the effectiveness of the controls in place for the full year.

Recommendation: to discuss and note the report

10 Internal Audit: Progress Report July 2022 - report to follow

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.

(Report to follow)

11 Internal Audit Follow Up Report 2022

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Report of the Internal Auditor BDO

Purpose of report: to inform the Committee on the on the implementation of the recommendations from their previous internal audit reviews.

Recommendation: to discuss and note the report.

12 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.

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

13	Private Rented Sector internal audit	131 - 152
	Report of the Internal Auditor BDO	
	Purpose of report: to inform the Committee of the internal audit report: Oxford City Council private rented sector, and recommendations thereof.	
	Recommendation: to discuss and note the report.	
14	Exempt Appendix 2: Internal Investigation	153 - 154
15	Dates and times of meetings	
	The Committee is scheduled to meet at 6.00pm in the Town Hall on the following dates:	
	28 September 2022	
	1 November 2022	
	18 January 2023	
	26 April 2023	

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.

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- 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.

Minutes of a meeting of the Audit and Governance Committee on Monday 11 April 2022

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Committee members present:

Councillor Fry (Chair)

Councillor Munkonge (Vice-Chair)

Councillor Chapman

Councillor Corais

Councillor Latif

Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Lucy Tyrrell, Committee and Member Services Officer

Andrew Brown, Committee and Member Services Manager

Also present:

Bill Lewis, Financial Accounting Manager

Yasmin Ahmed, Internal Auditor, BDO

Greg Rubins, Internal Auditor, BDO (remote attendance)

Maria Grindley, External Auditor, EY (remote attendance)

Emma Griffiths, Legal Services (remote attendance)

Tanya Bandekar, Service Manager for Revenue, Benefits and Income (remote attendance)

Phil McGaskill, Revenues Manager (remote attendance)

Apologies:

Councillor(s) Hall and Roz Smith sent apologies.

35. Declarations of Interest

None received.

36. Draft External Audit Results Report for 2020/21

Cllr Tiago Corais joined the meeting.

Maria Grindley, External Auditor (EY) introduced the report which provided 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. She highlighted that work that had held up the audit had now been completed and that the audit was in the final stages of sign off.

The following was noted:

- Errors identified in the treatment of Grants have now been rectified and the materiality revised as a result of additional testing across a number of significant accounts.
- Delays in obtaining required information delayed the audit, however the reasons for this were recognised and this information will be included in the post-audit wash up discussion with officers to ensure a smoother audit process next year.
- Final guidance supporting the WGA submission will not be available until later in the year, and an update will be provided at the October meeting.
- Valuation of land and buildings is complete following an adjustment to the covered market valuation and is under final review.
- Material errors found in the assessment of agent and principal in accounting for Covid-19 related grant expenditure has been reassessed and completed following additional testing across all significant accounts.
- As a result of updated ISA 540 regulations, additional information was required for assessment of further reasonableness checks on gross liability. EY Pensions specialists were satisfied that gross liability was within an acceptable limit and the IAS19 assurance letter from the auditor of Oxfordshire Pension Fund enabled this audit to be concluded, noting that the impact of these on OCC was not material.
- Additional information in respect of Group Cashflows has been requested to complete the work on going concern and this will be updated to the Committee at the next meeting.
- A review of the work by Wenn Townsend on OxWED and Mazaars on ODS, ODST and OCHL has been received which will finalise work on group consolidation to be reported to the Committee at the next meeting.

In response to a question from the Committee, Maria Grindley confirmed that the covered market valuation included PPE and investment property, and that whilst a sensible range was requested and valued, it was outside what was expected and therefore revalued.

Bill Lewis, Financial Accounting Manager, explained the difference between Agent and Principal for the Committee, highlighting how the issues evolved due to late guidance from the government on how these are accounted for within the Balance Sheet. He confirmed that the Council relied on EY's national experience for guidance on this and that these issues have now been accounted for correctly.

Maria Grindley explained how going concern is treated for in a local authority in comparison to the public sector and highlighted that there are still considerations to manage. Nigel Kennedy, Head of Financial Services confirmed that medium term financial planning is reviewed monthly alongside the monitoring of the budget which would flag up any concerns.

The Committee noted the contents of the report and confirmed that delegation of signing off the accounts be given to the Chair of the Audit & Governance Committee.

37. Internal Audit Progress Report April 2022

Yasmin Ahmed, Internal Auditor (BDO) presented the internal audit progress report which informed the Committee on progress made against the Internal Audit work plan and on the outcome of their reviews, highlighting that good progress has been made, including the following:

- Private rented sector, environment and housing rent audits will be finalised and presented to the Committee at the July meeting.
- The remote working audit will be completed following the Council's rollout of their Flexible Working Programme, and to avoid duplication, will be postponed until Q2 of the 2022/23 audit plan.
- The academy review will no longer be reviewed as KPMG are satisfied that the Council has adopted correct processes in migrating the claims from Academy to Civica.

In response to a question from the Committee, the Internal Auditors confirmed that the scope of the private sector housing review included reviewing controls and processes, discretionary housing payments and how these are paid, checking that policies are procedures are up to date and a review of tenancy agreements. It is expected that all audits excluding environment and housing rents will be completed and the Head of Audit opinion issued.

Cllr Amar Latif joined the meeting.

In response to questions from the Committee, the Head of Financial Services confirmed the following:

- Despite the high workload required, all recommendations received will be put into place and reported to the July Committee meeting.
- BDO will not spend a large amount of time reviewing the QL system as a separate 'lessons learnt' review is taking place with external assessors.
- Although the QL system is operating manually to ensure payments are processed, this will move to an automated state by May/June.

The Committee noted the report.

The Committee recorded their thanks to the Finance team and acknowledged their hard work in completing this piece of work.

38. Internal Audit Follow Up Report April 2022

Yasmin Ahmed, Internal Auditor (BDO) introduced the report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews. She highlighted that of the nine recommendations, five have been implemented and three of the remaining outstanding recommendations are part completed. All recommendations will be updated to the July Committee meeting.

In response to a question from the Committee, Nigel Kennedy, Head of Financial Services said that whilst the postponements were regretful, he assured the Committee that processes are in place that would prevent this happening again.

The Committee noted the report.

39. Internal Audit Annual Plan 2022-23 & Strategic Plan 2022-25

Greg Rubins, Internal Auditor (BDO) introduced the report which set out the proposed Internal Audit Annual Plan 2022/23 & Strategic Plan 2022/25 and highlighted the risk based approach to Internal Audit using the Council's own risk management process for new members' information. He further advised that it is a balanced plan to ensure consistency with the companies, and the protocols in place in reviewing those companies, to ensure assurances are supported.

The Committee discussed the priority order of strategic risks from the CRR and agreed the following:

- Planned maintenance and refurbishment moved to 2022/23 with specific work on town hall and community centre income slipped back to 2023-24 although some of this work may be able to be accommodated in other income audits in the 2022-23 audit programme.
- Contract management and procurement to remain for this year.
- Note that H&S was last reviewed in 2019/20, therefore keep to 2023/24.

The Committee approved the Internal Audit Annual Plan 2022/23 and Strategic Plan 2022/25 with the above amendments noted.

40. Risk Management Reporting as at 31 March 2022

Bill Lewis, Financial Accounting Manager introduced the report which updated the Committee on both corporate and service risks as at 31 March 2022. The following was highlighted:

- The number of red risks has remained at three, however the report provided additional context around how much control the Council has over these risks and how it seeks to influence this.
- There is an additional red risk for Planning which relates to the 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.
- There is a Risk Management Group which met four times in 2021 to ensure there is a clear and consistent approach to the management of risk across the organisation, and this information is given in the report.

In response to questions from the Committee, Nigel Kennedy, Head of Financial Services noted the following:

- The Council are aware that recruitment is becoming a bigger risk due to the pandemic and different working practices, and that it is now an employee's market. The Council experienced 11% turnover last year, and whilst this is not categorised as a red risk, it is one that is being monitored.
- The Council carries out a lot of checks on key suppliers within procurement and will consider the Committee's concerns to reassess if should be moved to a red risk.

The Committee reviewed the risk management report and noted its contents.

41. Empty Property Report

Tanya Bandekar, Service Manager for Revenues, Benefits and Income introduced the report which provided an update on empty properties, the Council Tax Premium, and how empty properties are being brought back into use. Tanya Bandekar, Phil McGaskill, Revenues Manager and Nigel Kennedy, Head of Financial Services answered the following questions from Members:

- The Long Term Empty Premium has been increased to the levels allowed.
- Any additional amounts raised are taken into general income and split between the Council and Police.

- Regular contact is made with owners who are reluctant to give back properties into use, however there can be emotional attachments which make this more difficult.
- There are a small number of properties that are not in use as residential homes, and are used by the University for short term housing or educational purposes. It was agreed that this distinction would be highlighted in future reports. **(ACTION)**
- The Tenancy Team will be able to supply information on the average length properties are left empty and will forward that information to the Committee. **(ACTION)**

The Committee noted that Tanya Bandekar would be leaving the authority in June to take up a position in another authority. The Committee thanked Tanya Bandekar for her hard work over the years and wished her well.

The Committee noted the contents of the report.

42. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 27 January 2022 as a true and accurate record.

43. Dates and times of meetings

The Committee noted the dates and times of future meetings.

44. Matters exempt from publication and exclusion of the public

45. Empty Property Report - Exempt Appendix 3

The meeting started at 6.00 pm and ended at 7.30 pm

Chair

Date: Wednesday 27 July 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.

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To: Audit & Governance Committee

Date: 27 July 2022

Report of: Head of Financial Services

Title of Report: Investigation Team Annual Report 2021-2022

Summary and Recommendations

Purpose of report:

1. To appraise Members of the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2021 to 31 March 2022

Key decision No

Executive lead member: Councillor Ed Turner

Policy Framework: Corporate Plan Priority – Efficient & Effective Council

Recommendation(s): That the report be noted

Appendix 1 – Internal Investigations – Exempt from publication

Background

1. The remit of the Counter Fraud Team (the Team) is to tackle fraud and irregularity across the Council, aligned to the services' fraud risks and the priorities as identified in the Council's own Organisational Fraud Risk Assessment 2019, as well as by the previous Audit Commission and also CIPFA's Fighting Fraud and Corruption Locally Strategy (FFCL) 2016-2019.
2. The aims and objectives of the Team are to provide high quality professional corporate fraud investigation services to the Council to prevent and detect fraud and error within the Council and also to partner organisations on a commercial basis, and to assist cross border agencies where possible. Through this activity, financial losses are prevented, additional revenue is identified for recovery, income is secured through the

supply of services and redress is sought in cases of civil or criminal offending.

Performance 2021/22

- For 2021/22, there were five Service Performance Indicators used to track performance on a monthly basis. The team were responsible for achieving fraud prevention, detection and identification values in excess of £6.81m in the period. Performance against these targets is shown in the table below.

Table 1 - Investigations Team Performance from 01 April 2021 to 31 March 2022			
Measure	Annual Target	Total Achieved	Comment
Number of social housing properties recovered and applications for housing stopped	22	12	7 applications for housing cancelled and 5 properties recovered. Resources monopolised by administration of Covid Business Grants to the detriment of core functions.
Achieve cost neutrality from identification of revenue through investigation activity	£550,000	£847,586	See Table 2 for breakdown
Prevent financial losses to the Council through investigation activity	£2,000,000	£5,799,356	See Table 2 for breakdown
Right to Buy Applications prevented (false or irregular)	18% of applications received	14%	15 applications prevented of 109 received in the period
Trading Income from commercial activity	£200,000	£164,272	Business development activity was adversely affected by the pandemic & resources were monopolised by the Covid Business Grants schemes

4. Table 2 below provides a breakdown of the income recovered or generated, and losses prevented by the Team.

Table 2 – Income generated and losses prevented from 01 April 2021 to 31 March 2022			
	Income	Loss	
	Generated	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	12,367	15,691	The loss avoided is based on the revised Oxford model calculation of 104 weeks future entitlement.
Housing Benefit	53,582	59,115	Although no longer tasked with investigating Housing Benefit, these values are the by-product of tenancy fraud and Council Tax Reduction Scheme investigations. 104 week future entitlement model used for loss avoidance
Right to Buy		1,269,000	15 Right To Buy applications prevented (14% of all applications received) following intervention / investigation. 14 x £84,600 (max discount)
Council Tax Discount / Exemption adjustments	445,481		Achieved through reactive investigation casework and rolling review of Single Person Discount accounts to identify presence of undeclared resident adults
Properties Recovered		120,000	The cost of keeping a family in temporary accommodation for one year calculated using the Oxford model (£24k x 5 properties)
Housing Applications		168,000	7 General Register Housing Applications stopped through investigation activity preventing temporary accommodation costs or property allocation - £24,000 per instance
New Homes Bonus	336,156		Proactive risk-based, data-led visiting exercise targeting long-term empty properties

Covid Business Grants		4,167,550	Enhanced due diligence and verification checks conducted by the team on all grant applications prevented fraudulent and irregular payments
Totals	847,586	5,799,356	6,646,942
Trading income from commercial activity	164,272	-	
Total income and fraud loss avoidance	1,011,858	5,799,356	6,811,214

5. The Team hosted its sixth annual fraud conference on 24th November 2021. After hosting a virtual event in 2020, the conference again returned to the Town Hall for an in-person event. With more than 150 attending, the aim of the event was to help raise awareness of fraud trends and emerging risks to attending organisations, and also raise awareness of the services that the Investigations Team can offer. The team is known to other organisations in a commercial capacity as the Oxford Investigation Service.
6. The event has remained a free-to-attend conference for delegates with the costs not only being entirely covered through exhibitor charging and sponsorship, but deriving a surplus which will be used to fund future counter fraud initiatives.
7. For the first time, the conference was delivered in conjunction with the Counter-Fraud Team of Reigate and Banstead Borough Council, the shared service partners of the Oxford Investigation Service. Staff from both teams were involved in planning and delivery.
8. A new team brochure was arranged for the event with hard copies added to delegate packs. The brochure provided detail on staffing and specialisms within the whole of the shared service partnership. A copy of the brochure can be found at **Appendix 1**.
9. Based on the ongoing success of the conference, the overwhelming positive feedback received and the reputation of the event as essential-to-attend for those in the profession, as well as the forming of new business relationships with partner organisations, the team remains committed to hosting the event annually with the next date set as 17th November 2022. Reigate and Banstead colleagues will again be involved in the planning and delivery.

Internal Investigations

10. **Appendix 2** details staff investigations involving the Counter-Fraud team in the period.

Commercial Activity

11. Fraud Hub working arrangements remain in place with services being contractually provided to multiple partner organisations in the public and private sector. Business development activity is embedded as part of the team culture and efforts to bring new partners on board continued through the year.
12. The team is known externally as The Oxford Investigation Service and it has a brochure, dedicated website and promotional materials to assist the objective of business development. The website can be found at www.oxfordinvestigationsservice.co.uk
13. Promotional activity, in addition to the Oxford Open Day event, includes speaking slots at relevant conferences, mailshots, meetings with prospective clients and attending conferences as exhibitors with a dedicated trade stand. These activities are aligned to a departmental Marketing Strategy.
14. The increasing number of successful projects and activities delivered for Oxford City Council has assisted in developing a range of services that can be offered to partner organisations and prospective clients. For each marketable service, pricing options are developed with the assistance of Financial Services Accountants to ensure compliance with financial regulations, ethical trading, and financial feasibility.

Partnership Working

15. The Team provided Counter-Fraud and Investigation services to multiple client organisations during the financial year, the result of which delivered an end-of-year trading income of £164,272 against a budgeted income of £200,000. In the period, the Team has provided either products and / or services to the following 23 organisations:

- Ascendant Solutions
- Cabinet Office (National Fraud Initiative)
- Chorus Intelligece
- CIFAS
- D4S Digistaff
- Destin Solutions Ltd
- Devonshire Solicitirs
- East Staffordshire District Council
- Housing Plus Group
- Intec for Business
- ITS Training

- LoCTA
- MRI Software
- NEC Software Solutions
- Peter Darby Associates
- Reigate and Banstead Borough Council
- Riverside Housing Association
- Slough Borough Council
- Technology4Business
- Trust ID
- Wandle Housing
- Warwick District Council
- West Northamptonshire Council

16. In the process of delivering Counter Fraud services to partner organisations, the Oxford Investigation Service have identified fraud and financial irregularity to the value of £2.1m during the financial year, made up of £945k in additional revenue and £1.2m in prevented fraud losses. In addition, a full suite of services were delivered externally including training, fraud risk assessments, quality assurance, consultancy, empty property reviews, tenancy audits, intelligence and due diligence provision.
17. The Team have been the sole provider of Counter Fraud services to Warwick District Council (WDC) since February 2017. The existing contract was due to expire at the end of March 2022. On review, WDC commissioned the Oxford Investigation Service for a further three years, with a new contract expiry date of 31st March 2025.
18. In 2018, the Team was commissioned to become the sole provider of Counter Fraud services for Cherwell District Council (CDC) and South Northants Councils (SNC). The partnership working arrangements between the authorities dissolved in mid-2019 but the supply of counter-fraud services continued through to July 2020. After this point, separate agreements were put in place for both authorities for ongoing service supply into 2021.
19. The contract for service supply to CDC concluded at the end of March 2021. SNC became part of a new authority, West Northamptonshire Council (WNC) and a counter fraud service was supplied throughout the period, concluding at the end of March 2022.
20. Partnership working with Reigate and Banstead Borough Council was prevalent throughout the financial year with a number of proactive projects, involving officers from both organisations, working together on behalf of local authorities in various parts of the country including West Bromwich, Rochester, Mansfield, Northampton, City of York, Lincoln and North Kestevan.

21. The team has been supplying services to Riverside Housing for a number of years by way of an on-demand contract with intermittent work taking place. During the period, the team worked with Riverside to secure the second highest ever value Unlawful Profit Order against a tenant who was illegally subletting their social housing property. The value of the award was £145,178, plus rent arrears of £3,000 plus court costs of £9,955. At the end of the period, Riverside moved to a new contract for the supply of 1 full-time equivalent staff member, commencing 1st April 2022. The Press Release from Riverside detailing the case is found at **Appendix 3**.
22. In October 2021, submissions made to the IRRV Performance Award scheme were successful. The Excellence in Partnership Working award was presented to the Shared Service (OCC & RBBC). Additionally, the Excellence in Counter Fraud Award was won by OCC. Since 2016, the Oxford Counter Fraud team has achieved multiple excellence awards year on year. The awards provide independent validation of excellence, professionalism and best practice. They also provide assurance to client partners that they are working with a service supplier of the highest calibre.

Covid-19

23. In partnership with the Revenues Team, the Economic Development Team and the Payments Team, the Counter-Fraud Team continued to apply enhanced due diligence measures to applications received for the multiple Covid Business Support grant schemes in effect during the period. As a direct result of this work, grants to the value of £4,167,550 were not awarded. This amount is made up of applications which were either fraudulent, irregular, duplicitous, erroneous or where requests for supporting information was not supplied.

Legal Implications

24. The continuing work of the Investigation Team, coupled with the Council's Avoiding Bribery, Fraud and Corruption, Whistle Blowing and Money Laundering policies and procedures give assurance that the Authority is compliant with the Bribery Act 2010, the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002. Failure to adhere to the Policies would impact on the legal and reputational risk to the Council.
25. All data sharing, both internally and externally, is covered by Data Sharing Protocols and Agreements, and is conducted in the interests of prevention and detection of fraud, crime and other financial irregularity, in accordance with the provisions and exemptions of the European General Data Protection Regulation and the Data Protection Act 2018.
26. Contractual agreements devised for joint working with other organisations have been reviewed and approved by Legal Services.

The Council has relied upon its powers under the Section 1 of the Local Authorities (Goods and Services) Act 1970 (the “1970 Act”) to provide services to other local authorities and public bodies. The 1970 Act enables local authorities to supply goods and services (subject to certain restrictions) to other local authorities and to public bodies. “*Public body*” means a person or description of persons appearing to the Secretary of State to be exercising functions of a public nature.

Financial Implications

27. The team continues to prevent and detect fraud and financial irregularity, first and foremost, for Oxford City Council. Engaging in a number of innovative, proactive initiatives has ensured the continued delivery of a robust counter fraud service, even with operational challenges brought about by the pandemic, remote working and officer time monopolised by the various grants schemes. The value of prevented fraud losses, additional revenue identified as well as income from external trading was over £6,811,214 in the financial year 2021-2022.
28. Contractual agreements devised for joint working with other organisations have been reviewed and approved by Financial Services for compliance with financial regulations and economic feasibility.
29. The gross cost of running the team for 2021-2022 was £438,524 equating to a return in investment for the year of approximately 1,553%

Environmental Implications

30. All staff are conscious of the environmental implications of service delivery and will always seek the lowest impact route where possible. This will include journey sharing where feasible, remote working by default to reduce number of journeys taken, reducing use of paper and sourcing products and materials from sustainable origins.

Risk Implications

31. Team specific risks are managed through periodic assessments and are mitigated accordingly with appropriate response and control measures.

Name and contact details of author:-

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Counter Fraud Manager

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www.oxford.gov.uk



OXFORD investigation service

Professional Counter Fraud Services





Introducing Oxford Investigation Service

The Oxford Investigation Service (OIS) is an integral part of Oxford City Council's on going commitment to protecting public funds and ensuring value for money for the local community and beyond.

In early 2020, OIS joined forces with the Counter Fraud team of Reigate and Banstead Borough Council to form a shared service partnership.

The teams have each been independently recognised for excellence in Counter Fraud, by the Institute of Revenues, Ratings and Valuations. In 2021, they were again successful in the awards scheme but this time, winning Excellence in Partnership Working as a joint entity.

Together, the partnership brings considerable fraud investigation experience, with a track record of delivering high value, positive results and significant experience in dealing with both civil and criminal investigations.

Officers are fully trained to an accredited professional standard and receive regular refresher training to ensure they are up-to-date with developments and changes to legislation.

The suite of services offered has grown considerably over the years and with the amalgamation of the two teams, each having their own areas of specialisms; organisations who work with the service get the best of both.

Business as usual activity includes formal interviews under caution in accordance with the Police and Criminal Evidence Act (PACE), gathering intelligence and evidence, carrying out covert surveillance using the latest technology, investigation casework, providing detailed reports, preparing court files, obtaining witness statements and attending hearings to give evidence when required.

Specialist risk-based data-matching software is utilised, which uses algorithms designed by the team. This enables proactive matching initiatives to identify fraud and error, as well as bulk reviews, such as Housing Waiting Lists, Council Tax and NDR discounts and exemptions, Tenancy Fraud and Empty Properties at the touch of a few buttons. Staff are available to investigate the output from these matching initiatives, to give a fully managed, end to end service where required.

With access to accredited Financial Investigation Officers, the partnership will utilise powers under the Proceeds of Crime Act to restrain bank accounts, confiscate assets and compensate where financial losses have occurred through criminality.

The Oxford and Reigate teams work corporately across multiple

Council Service areas where there is a risk of fraud, theft or financial irregularity, carrying out investigations on their behalf.

Tackling social housing fraud is high on the agenda for both teams, given the pressure on housing needs in the respective communities and affordable rental accommodation being in such high demand.

Both teams have a proven track record in returning misused social housing properties to stock and preventing false applications, particularly housing and Right to Buy applications.

The partnership can deliver all this and more for your organisation; both teams have been providing services externally since 2015. With a diverse portfolio of client organisations and financial outcomes in excess of £67m, client partners take assurance from working with top performers and experienced professionals from two of the UK's best counter fraud teams.

OIS performance and nationally estimated losses

During 2019/20, CIPFA estimated that the total value of fraud identified and prevented is approximately £239.4m, which is an average value of £5,090 per fraud case.

Council Tax fraud represents almost two-thirds (65%) of these identified instances of fraud with an estimated value of £35.9m. This is followed by disabled parking concession and housing fraud, which represent 17% and 11% of the total cases of UK public sector fraud, respectively.

According to the Public Accounts Committee, vital support schemes, introduced by BEIS, DWP and HMRC in response to the CV-19 pandemic, are identified as having the highest risk of fraud and error. Between April 2020 and March 2021, fraud within Universal Credit rose to an all-time high of 14.5% and BEIS estimates that it could lose up to £27 billion through fraud or credit issues related to the bounce-back loan scheme.

Before 2019/20, there was a steady decline of around 20% a year in the number of housing and tenancy related frauds detected or prevented according to the CIPFA fraud and corruption tracker 2020. However, this year there was an increase of 37% overall.

For the 2020-2021 financial year, in spite of significant upheaval and challenge arising from the pandemic, Oxford Investigation Service achieved a total value for the Council of £9,760,072 in additional revenue generation and prevented fraud losses. This represents the best year of performance since the team became corporate in 2015.

Why choose OIS?

- An experienced team of specialist professional investigators
- The ability to ensure resilience and continuation of service
- Value for money
- A multi-award winning, high quality service
- Experience of working with registered providers of social housing
- Advanced case management and data matching technology
- Established working relationships with local authorities, government agencies and private sector companies
- National recognition as one of the leaders in the field
- Innovative fraud detection and prevention techniques
- Access to specialist in-house legal advice and support
- Fast response and bespoke service provision
- Competitive rates

Our Performance

From April 2016 to March 2021, the Oxford Investigation Service has achieved:

- ▶ £26.5m in financial savings and income (prevention of losses to fraud and revenue generation for Oxford City Council alone)
- ▶ £12.5m fraudulent and irregular payments prevented from Business COVID Grants
- ▶ Second highest Unlawful Profit Order ever obtained, of £145,178 for Riverside Housing

Services offered

- Due diligence checks and advice to prevent application fraud
- High revenue-generating data matching services such as Empty Properties/New Homes Bonus and Council Tax Single Person Discount reviews
- Risk analysis service*
- Anti-money laundering advice and assistance (e.g. Right to Buy, Right to Acquire)
- Interviews (PACE and informal)
- Visiting individually and jointly, in and out of normal working hours
- Joint working
- Covert surveillance
- Evidence and intelligence gathering through legal gateways
- Obtaining and providing witness statements
- Preparation of court files to prosecution standard
- Professionally prepared reports of findings
- Feedback on concerns and recommendations, both process and systems
- Training
- Advice on the prevention of all types of fraud
- Service of Legal Notices
- Specialised legal advice
- Obtaining Profit Orders

* Regularly scheduled or one-off services





Meet the Oxford Team

Our Managers



Scott Warner Counter Fraud Manager

Scott has been working in the local government counter fraud arena since 1991. An accredited Counter Fraud Manager specialising in covert surveillance, he has trained international police forces in surveillance techniques. Scott took on his current role in 2014 and under his leadership, Oxford Investigation Service has prevented fraud losses and generated revenue of over £26.5 million for Oxford City Council and over £14 million for partner organisations.

Scott successfully commercialised the work of the team with the formation of the Oxford Investigation Service in 2015. Developing the service and growing the client portfolio since inception, Scott has embedded a high level of business acumen into the team. All team members share the ongoing desire to ensure the Oxford Investigation Service retains its place as a centre of excellence in countering fraud.

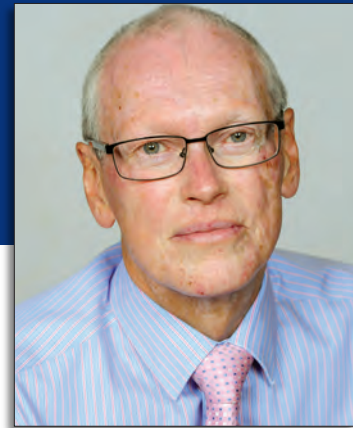


Mick Hopkins Senior Investigation Officer/Project Manager

Mick has worked in the fraud arena for over 30 years. This has been mainly with local authorities, though he started his career in Central Government. More recently he has been working in the technology sector developing smart-data analytics solutions, and in the gambling sector where he dealt with fraud, organised crime and money laundering in an international online environment.

Mick is Senior Investigation Officer/Project Manager at Oxford City Council and leads on fraud risk assessment and the development of a data-matching service. His experience from the business sector is helping with the aims and ambitions of Oxford Investigation Services around innovation.

Mick has represented local authorities at the LGA and on the Counter Fraud Professional Accreditation Board. He established a national CPD scheme and a set of professional standards and is currently part of the Cabinet Office Cross Sector Advisory Group.



Rob Ducker Senior Investigation Office

Rob joined Oxford City Council as a Senior Investigation Officer in 2016, having previously retired from Thames Valley Police after 25 years. Whilst in the police, he managed a team of detectives dealing with highly sensitive intelligence and giving advice to senior detectives around covert tactics and deployment. He spent the majority of his police career in the Criminal Investigation Department and has dealt with cases such as murder, rape, serious assaults, firearm incidents and terrorist related enquiries. Since joining the Council, he has managed a team of investigators and intelligence officers dealing with reactive and proactive investigations. Rob is the Chair of the Thames Valley Tenancy Fraud Forum and he also sits on the National Executive Board of the Tenancy Fraud Forum.

Investigation officers



Dan Barker Investigation Officer

Dan has been a Local Authority Investigator since 2007. He spent the first six years investigating environmental crime and anti-social behaviour and has worked in fraud for the last eight years. Dan is currently leading on the use of a data warehouse and data-matching service to detect housing and Council Tax discount fraud, where significant savings are being made. He is passionate about making the best use of technology and data in the fight against fraud.



Gareth Luscombe Investigation Officer

Gareth joined the Oxford Investigation Service in 2018. Prior to this, he had eight years experience as a police officer and worked in a local CID team of detectives. In this time, he gained a Policing Diploma. Gareth has extensive investigative experience, latterly in complex cases with a particular focus on robberies, burglaries, sexual assaults and frauds.

Gareth jointly provides fraud investigation services to a partner authority and is involved in the delivery of fraud awareness and conflict resolution training sessions.



Chris Morbey Investigation Officer

Chris joined Oxford City Council as an Investigation Officer in May 2019.

He has worked as an Investigator since 2000, previously working for Ealing Council and the DWP.

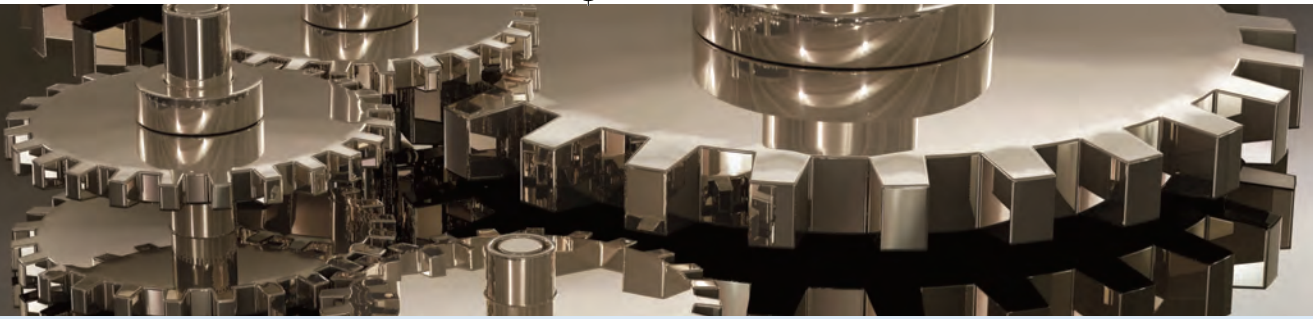
Most of his work has involved investigating benefit fraud and he has a wealth of experience in serious, sensitive and complex investigations. One of these cases resulted in an appearance on the BBC 1 programme 'Saints and Scroungers'.

He also has experience conducting covert surveillance, as he was on the Surveillance team at the DWP for two years.



Dawn Burford Investigation Officer

Dawn began her investigative career in 1992 and she has worked for several local government organisations as well as the DWP. Dawn joined the Oxford Investigation Service in August 2019, and after many years of investigating mainly benefit fraud, she is now enjoying a greater variety of investigation casework. Dawn has a keen eye for detail and a particular interest in complex investigations.



Investigation officers



Richard Farrow Investigation Officer

Richard joined the team in February 2020 and had previously worked as an Investigator for local authorities since 2010. Most of this work involved benefit fraud cases and joint working with the DWP. Richard has experience of working with housing Associations on housing fraud cases and he is a qualified Counter Fraud Technician in housing fraud.

Richard jointly provides fraud investigation services to a partner authority and is involved in the delivery of Fraud Awareness training sessions.

Intelligence officers



Nathalia Odwin Intelligence Officer

Nathalia started work at the Council as a Customer Service Officer in 2016 after completing a Graduate Diploma in Law at BPP Law School. Prior to this, Nathalia gained a BA in Political Science and International Relations from Oxford Brookes University and went on to pursue a Masters in International History at the London School of Economics. She then moved to the Czech Republic where she interned for two non-governmental organisations focusing on human rights and cross cultural educational programmes.

Nathalia joined the Investigations team in 2017 as an Intelligence Officer. She is responsible for building high-quality intelligence packages, as well as jointly leading the Right to Buy due diligence process. Nathalia also represents the team's interests at Customer Service Excellence Meetings, feeding back and contributing towards Oxford City Council's ongoing accreditation.



Aleksi Sorsa Intelligence Officer

Aleksi is an accredited Intelligence Officer and since 2017, he has worked in both the public and private sector in this capacity.

He provides both operational support and contributes to overall fraud strategy. His experience ranges from data matching, analytics, and investigations to providing consultation both internally and for external organisations.

In addition, he also holds a number of qualifications, being accredited by the University of Portsmouth as a Counter Fraud Technician and also holds a Level 4 Diploma in Intelligence Operations.

Meet the Reigate and Banstead Team

Our Managers



Simon Rosser

Head of Revenues, Benefits & Fraud

Simon has worked at Reigate & Banstead Borough Council for over 25 years, initially working in Benefits and Fraud Investigations. Since 2012, Simon has run the Revenues, Benefits & Fraud service, and in 2015 embarked in a new direction by expanding the service to support other local authorities and housing providers under the Council's commercial agenda. The service now has a portfolio of clients, providing help with debt recovery, business rates, fraud investigations and property inspections



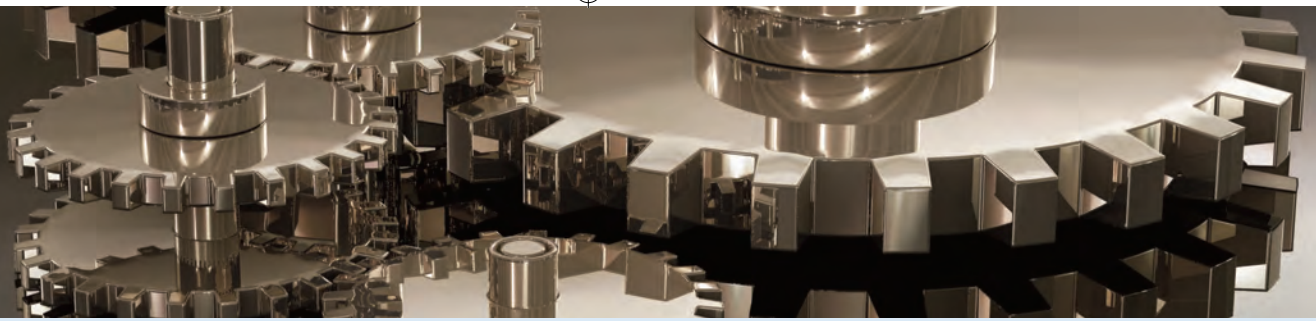
Michaela Lambart

Fraud Manager

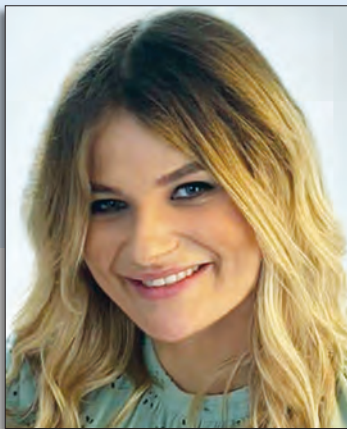
Michaela joined Reigate & Banstead Borough Council in 2006 as an Investigation Officer specialising in Benefit Investigation. In 2015, she took on the role of Fraud Manager. As an accredited Counter Fraud Manager, she has expanded the team since this time and now has four fully qualified Investigation Officers, and eight Intelligence Officers working for clients to reduce the risk, and to prevent and detect fraud within Local Authorities and partner Organisations.

More recently, Michaela has been working on a project with Samuel Roberts – Investigation Officer to provide a cost-effective surveillance operation that deals with the end to end process of covert surveillance under the Regulation of Investigatory Powers Act 2000.





Investigation officers



Remy Sylvester Investigation Officer

Remy joined Reigate & Banstead Borough Council in October 2014 as a Legal Services Apprentice and went on to join the Fraud and Financial Investigations Team in November 2017 as an Intelligence Officer. During this role she completed the Level 5 Professional Certificate in Investigation and has been an Investigation Officer since March 2019.

Reigate & Banstead Borough Council work closely with Spelthorne Borough Council to investigate allegations of fraud against their authority, and Remy is responsible for overseeing this contract. Most of her work has involved investigating housing fraud, including the allocation of social housing, social housing fraud, false homelessness and claims for Housing Benefit & Council Tax Reduction Support. Remy is an Authorised Officer under PoSHFA and CTRS powers.



Samuel Roberts Investigation Officer

Samuel Roberts is an Investigation Officer with the Reigate & Banstead Borough Council Fraud and Financial Investigations team – he joined in 2017, after having graduated from the Institute of Criminology in Cambridge. Samuel is responsible for overseeing our Guildford contract. Since joining, Samuel has helped to redesign and streamline open source intelligence gathering procedures, in addition to covert directed surveillance operations.



James Martin Investigation Officer

James has been working within Local Government since 2002 after graduating from university with a History and Law degree. He joined the Fraud team in 2015 as an Investigation Officer and is a qualified counter fraud specialist with accreditation from multiple professional bodies. He is currently working across all areas of reactive and proactive fraud within multiple contracts.



Colette Goward Investigation Officer

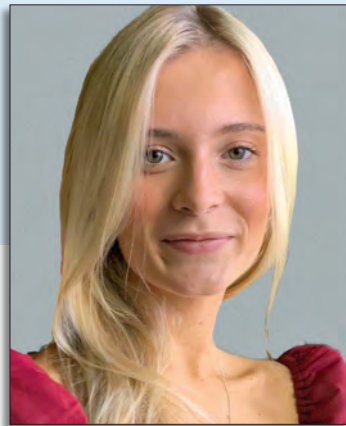
Colette joined Reigate & Banstead Borough Council in November 2018 to work within the Benefits Team. Having previously worked for the Metropolitan Police Service, Colette moved across to the Fraud and Financial Investigations team as an Intelligence Officer. She completed the Level 7 Advanced Professional Certificate in Investigative Practice and has been an Investigation Officer since April 2020. Reigate & Banstead Borough Council work closely with Runnymede Borough Council to investigate allegations of fraud, and Colette is responsible for overseeing this contract. Colette is an Authorised Officer under PoSHFA and CTRS powers.

Intelligence officers



Becky Sales Intelligence Officer

Becky started working for Reigate & Banstead Borough Council in 1992, originally working as a temp within the Benefits team. She joined the Fraud team in 1994, where she has worked in a fraud support role and more recently as an Intelligence Officer. Becky has seen many changes during her time in the Fraud team and has been key to many of the changes being implemented.



Saskia Clarke Intelligence Officer

Saskia joined the Fraud team in Reigate in April 2020 on a short-term contract, following a period of casual working for the team to assist with the National Fraud Initiative. In April 2021, she took on an Intelligence Officer role, assisting the team with all levels of Intelligence work. In addition, she started an apprenticeship with CIPFA in April 2021 and is working towards her qualifications to become a Fraud Investigation Officer.



Ana Parker Intelligence Officer

Ana has previously worked at the BBC and The Royal Botanical Gardens in Kew. She joined the Fraud team in January 2020, working within an Admin Support role. She very quickly identified she had a passion for fraud investigation, and in April 2021 she became an Intelligence Officer. Ana began the CIPFA two-year apprenticeship qualification to become a Fraud Investigator in April 2021.



Tristana Boylan Intelligence Officer

Tristana has been working in various Local Authorities for nearly 20 years. Her initial role was as a Revenues Recovery Officer. In 2019, she joined the Fraud team as a Trainee Intelligence Officer, and in April 2021, she commenced a two year CIPFA apprenticeship training to be an Investigation Officer.

Intelligence officers



Suman Chaudhary Intelligence Officer

Suman has been working as an Intelligence Officer at Reigate & Banstead Borough Council since 2019, having initially joined the Fraud team as an Admin Support Officer in 2018. Suman has previous experience as a Clinical Investigator for a Medical Insurance Company, which inspired her to join the team. Suman enrolled in a Counter Fraud apprenticeship to become a Fraud Investigator in April 2021.



Zara Collip Intelligence Officer

Zara joined the Fraud team in 2015, through a DWP Worker Scheme. She initially supported the Fraud Investigation Officers in an admin support role. In 2018, she was taken on as an Intelligence Officer dealing with all areas at the start of an investigation.



Ian Sharpling Intelligence Officer

Ian has previously worked for the NHS and Surrey Police. He has always been interested in intelligence and investigation and was fortunate to secure a placement within the Force Intelligence Bureau of Surrey Police. It was this placement that inspired Ian to take on the role as an Intelligence Officer for Reigate & Banstead Borough Council. Ian is the newest recruit in the team, joining in August 2021. He is hoping whilst in this role to further his interest in open source intelligence.



John Lambart Visiting Officer

John joined the Fraud team in 2017 as a Visiting Officer. He conducts visits for Reigate & Banstead Borough Council, as well as contracts in relation to Revenues, Fraud and POCA. John plays a key part in the implementation of the New Homes Bonus visits conducted for various authorities during August and September each year. John has worked with other partners to develop the ICT equipment and software to use during these large-scale exercises, which has been key in reducing the admin required in this work and delivering great results for our clients.



Testimonials

“Following an introduction at the 2019 IRRV awards, we soon realised that the Counter Fraud teams at Oxford City Council and Reigate & Banstead BC have similar goals and aspirations around prevention and investigation of fraud. It became apparent that by working together, we could enhance the services that we offer to other local authorities and organisations, and we signed a partnership agreement in 2020. Since then, we have worked on several projects together and are looking to develop the partnership further.

Scott and the team have demonstrated that they provide a very effective Counter Fraud service, which has generated significant savings for local authorities, in a time when local authorities are facing greater financial pressures. They are a fantastic team to work with, and we look forward to working with them for many years.”

Simon Rosser, Head of Revenues, Benefits & Fraud (May 2021)

“We wanted to learn from the best when we started our Tenancy Fraud service in 2018 and whilst attending the Tenancy Fraud Forum conference that year, we came across Oxford Investigation Services. Their credentials were very impressive and after speaking with Mick and Scott, we knew these were the people we wanted to work with. In partnership, we have built up our internal service over the past years to a point where we are making a difference in the fight against tenancy fraud. We work together in a number of ways, including: training, proactive fraud initiatives, supporting our network of counter fraud champions, and supporting our counter fraud officer in her case work. There is so much more we want to achieve, so we will continue in partnership with Oxford Investigation Service.”

Michael Anderson, Regional Services Manager (March 2021)

“The two investigators assigned to us, Dawn and Rich, exhibit high levels of knowledge, expertise and professionalism. Equally, they are forging excellent relationships across the Council. In short we are very pleased with the service being provided.”

Richard Barr, Audit and Risk Manager, Warwick District Council

“Oxford CC have repeatedly been a key partner in looking at new areas or work, both for them and other organisations, and have been heavily involved in trialling the vast majority of INTEC’s new solutions.

To support Oxford CC’s vision of supplying fraud services to local authorities around the country, we have also developed a unique re-seller agreement with Scott and his team, allowing them to market and re-sell INTEC’s software. A good example of the trust and partnership working we have with Oxford CC is the fact that they are the only local authority in the UK authorised to deliver training on INTEC’s product suite to other organisations.”

Mark Grimley, Director, Intec For Business



OXFORD investigation service

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Working Together to Combat Fraud





Second largest ever Unlawful Profit Order after huge tenancy fraud

18 Jun 2021 IN Riverside news

A woman who unlawfully sub-let her social housing property has been ordered to pay more than £155,000 in one of the largest cases of its kind.

Miss Adejoke Patience Ologe, aged 56, had rented out the two-bedroom flat in Camberwell, South London to two women and their children despite renting the accommodation herself from Riverside Housing.

After a long period with no contact from the tenant, it was initially suspected that the property had been abandoned.

The Counter-Fraud Team at Riverside worked in partnership with Oxford City Council and other local authorities to investigate.

Through the partnership, investigators uncovered the unlawful sublet and obtained evidence demonstrating that Miss Ologe had not been living at the property since at least 2008.

At Clerkenwell & Shoreditch County Court on 3 June 2021, a judge dismissed her account. In addition to granting Riverside Housing outright possession, the judge made an Unlawful Profit Order in the sum of £145,178 together with a demand that she repay £3,000 of rent arrears and £9,955 of legal costs

The Unlawful Profit Order is believed to be the second largest of its kind, ever issued in the UK, and was based on a calculation that suggested Miss Ologe had received £216,000 over the 12 year period.

Andrea Thorn, Director of Homes and Communities at Riverside, said: “This was a blatant, dishonest fraud. With social housing in huge demand, it’s vital we pursue such cases in order to make properties available to families and individuals who will act honestly and deserve them.

“When I speak to our customers, I know nothing annoys them more than when they follow the rules and others flout them and get away with it, so, I hope this sends a clear message to them – we can and will take action.”

Scott Warner, Counter Fraud Manager of Oxford City Council added “This is a landmark case that really demonstrates the value of our partnership working approach with Riverside.

“Social Housing fraud is often seen as a hidden crime but the effect is felt far and wide. With the demand for social housing, unlawfully subletting a property means a deserving family are unable to occupy a home and may need to reside in expensive, unsuitable temporary accommodation for longer than is necessary.”

Katrina Robinson MBE, Associate Solicitor at Capsticks who dealt with the legal case said: “The perseverance and hard work of Riverside’s Counter Fraud Specialist and Oxford City Council was more than enough to convince the judge to make the Order.

“The judge said ‘This was a serious abuse of public housing resources for personal gain. The court cannot condone it’.

“It is fantastic that the law and the judiciary are recognising the seriousness of tenancy fraud and the negative effects on communities across the country.

“It’s even better that social landlords such as Riverside are saying enough is enough.”

Councillor Ed Turner, Oxford City Council’s Cabinet Member for Finance and Asset Management said: “The City Council is committed to countering public sector fraud in all its aspects, while making sure people claim what they are entitled to.

“We made a decision some years ago to invest in a dedicated, professional investigation service when many other councils were cutting back theirs.

“The result has been not only beneficial for Oxford but it also means we have been able to offer our services to other public bodies.

“This case serves as a warning to fraudsters that we will uncover fraud and deal with it.”

To report suspected social housing fraud, you can contact your local council or Housing Association.

For Riverside properties, email info@riverside.org.uk.

©2022 Riverside | A charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014

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To: Audit and Governance Committee
Date: 27 July 2022
Report of: Head of Financial Services
Title of Report: Risk Management Reporting as at 30 June 2022

Summary and recommendations	
Purpose of report:	To update the Committee on both corporate and service risks as at 30 June 2022
Key decision:	No
Cabinet Member with responsibility:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	
Policy Framework:	
Recommendations: that the Committee reviews the risk management report and notes its contents	

Appendices	
Appendix A	Corporate Risk Register

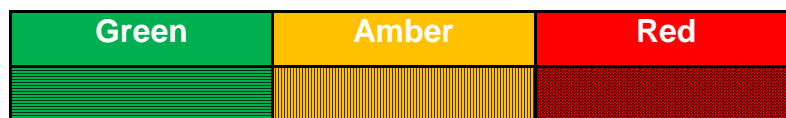
Risk Scoring Matrix

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 30 June 2022 is attached at Appendix A and B.

Corporate Risk Register – 30 June 2022

8. The number of Red risks has increased to five. Two former Amber Risks have increased to Red. These are Terrorism and Delivery of Services by External Suppliers/Partners/Supply Chain.

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 the social housing elements will be purchased by the Council

- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Whilst COVID 19 restrictions are currently 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, tree planting 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.

- **Terrorism** – this relates to a potential terrorist incident 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 such as May Morning, St Giles’ Fair. Dependent on nature of attack and where it occurs could result in lock down of buildings, including Council offices, severe travel disruption and a need to disperse large numbers of people to places of safety.

The Council cannot prevent a terrorist attack but working with partners, particularly the Police and County Council on the Crowded Places Plan, which includes mitigation interventions, it can hopefully help reduce the impact.

- **Delivery of Services by External Suppliers/Partners/Supply Chain** – this relates to the Councils arrangements for the management of its leisure centres by an external body. The external partner continues to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge cashless system, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. Recruitment is a challenge and there is a requirement for safeguarding checks, induction and mandatory training before employees can commence duties. Given the state of the leisure industry at present, the risk is that partner is manoeuvred into a position where they are unable to deliver on the contract and the Council will need to take back responsibility of delivering the services.

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

Current Risk	Q2 2021/22	Q3 2021/22	Q4 2021/22	Q1 2022/23
Red	3	3	3	5
Amber	10	11	11	9
Green	1	0	0	0
Total risks	14	14	14	14

Service Risk Registers – 30 June 2022

10. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.
11. The table below shows the number of service risks as at 30 June compared with the last 12 months.

Current Risk	Q2 2021/22	Q3 2021/22	Q4 2021/22	Q1 2022/23
Red	8	6	7	6
Amber	49	50	48	47
Green	10	12	13	16
Total risks	67	68	68	69
New risks in quarter	2	1	0	1
Closed	0	0	0	0

12. The number of Red risks has reduced to six. Two former Red risks; **Planning - Partnership Challenges** and **Regeneration & Major Projects** – Support Team Capacity have been reduced to Amber as adequate mitigation controls are in place. One former Amber risk in relation to **Community Services -Service Standards & Quality Provision** has increased to Red.

13. 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 on-line 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. News of the Planning Bill is still awaited. 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.
- **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. Covid-19 cases are increasing but public health impacts remain stable.
- **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 Department for Levelling Up, Housing and Communities (DLUHC) to help fund provision for rough sleepers

- **Community Services** – this relates to Service Standards and Quality Provision and the Councils arrangements for the management of its leisure centres by an external body. The external partner continues to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge cashless system, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. Recruitment is a challenge and there is a requirement for safeguarding checks, induction and mandatory training before employees can commence duties. Given the state of the leisure industry at present, the risk is that partner is manoeuvred into a position where they are unable to deliver on the contract and the Council will need to take back responsibility of delivering the services.

Business Continuity

14. The City Council is continuing to review 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.
15. 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

16. 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 Risk Management Group will be implementing the following action plan during 2022:-

1. Review of Corporate Risk Register – Risk Management Group (RMG) and Operational Delivery Group (ODG).
2. Sample check review of risks in connection with projects - RMG
3. Sample check review of service risks- RMG
4. Review of risk in companies and joint ventures – RMG
5. Review all Red Risks on a quarterly basis – RMG

17. The Risk Management Group met on the 22nd June 2022. On the Agenda was:-

- GDPR and the need for a refresh of the guidelines produced in 2018 and a reminder to all staff of the importance of Data Protection. The Council's Data Protection Officer will be responsible for fulfilling this action.
- Risk Register Reviews:-
 - a. Partnerships – Potential risks in connection with the external body managing the Council's leisure centres. Covid-19 has had a severe impact on the leisure industry. Recruitment is an issue. The Council's Community Services Team are working to engage partners across the County to assist with recruitment. A comprehensive business continuity plan is in place in the event the Council has to take back responsibility for delivering the services.
 - b. Business Improvement – Some areas of the Risk Register were incomplete. A referral was made back to the Head of Business Improvement to revisit a number of risks in the register. RMG will review the completed risk register at the next meeting.
 - c. Project Risks – RMG had requested that the format of the Project Risk Registers be updated to align with the Corporate and Service Risk Registers.
 - The Blackbird Leys Risk Register has yet to be changed over to the requested format. The risks are very detailed, but need to be more concise. Due to the rapidly changing situation with the project, it is not always possible to update the risks on a regular basis. Project Manager to action.
 - The Gasworks Pipe Bridge Risk Register confirmed that risks are on target and updated regularly. However, the Gross Risk and Target Risk requires completion and additional details are required in the Consequence section. Project Manager to action.

- d. Cabinet Risk Register – this requires updating to be in the same format as the Corporate, Service and Project Risk Registers.
- e) Review of quality of risk analysis in Cabinet Reports – it was noted that the reports are not completed adequately, and more training and quality control checks need to be in place. A request was made to Law & Governance to be more diligent when checking risk registers in reports to Cabinet.
- f) The Financial Services Risk Register was reviewed and the risk relating to staffing capacity also appears on the Risk Registers for Corporate Property, Housing Services, Community Services, and Law and Governance. This is to be referred to the Head of Business Improvement for a review of staffing capacity across the organisation to consider whether this risk should be escalated to a corporate risk.
- g) It was identified that a number of HR policies are not aligned with the Council’s flexible working policy. This is to be referred to the Head of Business Improvement and the Head of Corporate Property.

Next RMG Meeting is due to be held on 20 September 2022.

Climate Change/Environmental Impact

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

Equalities Impact

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

Financial Implications

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

Legal Implications

21. 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.

Report author	Alison Nash
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e-mail	Email: anash@oxford.gov.uk

List of background papers: None.

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	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	4	5	3	3	9	2	3	A		31/03/21															
	CE001																															
	CE001																															
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	4	4	3	3	9	2	3	A		31/03/21															
	CE002																															
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	5	4	5	5	25	4	4	R		01/06/18															
	CRR-001																															
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	4	3	4	3	12	4	2	A		01/06/18															
	CRR-002																															
	CRR-002																															
	CRR-002																															
	CRR-002																															
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	CRR-002																															
	CRR-002																															
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	5	4	5	4	20	4	3	R		01/06/18															
	CRR-003																															
	CRR-003																															
	CRR-003																															
	CRR-003																															
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Service	Ref	Title	Risk description	Opp/ Cause threat	Consequence	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																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
	CRR-003																Deliver OCHL business plan to increase scale and speed of delivery.	31/03/23	In Progress	70%	Stephen Clarke
	CRR-003																Reevaluate financial appraisals of development sites and make any adjustment to ensure continued viability.	31/03/23	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	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]	31/03/23	In Progress	25%	Justin Thorne
	CRR-004																Develop employer brand	31/03/23	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	31/03/23	In Progress	40%	Justin Thorne
	CRR-004																Development of 'talent pipeline' including work experience, apprenticeships, graduate placement, sponsoring students through qualification, etc.	31/03/23	In Progress	40%	Justin Thorne
	CRR-004																Review of employment offer for hard to fill and specialist roles [pay, flexible working practices, employee benefits]	31/03/23	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	4	3	4	3	12	3	3	A		01/06/18					
	CRR-005																Update and improve ODS Operating Model	31/03/23	In Progress	30%	Nigel Kennedy
	CRR-005																Delivery of Improved systems	31/03/23	In Progress	50%	Nigel Kennedy
	CRR-005																Governance over all joint ventures and companies	31/03/23	In Progress	50%	Nigel Kennedy
	CRR-005																Strategic Review of OCHL	31/03/23	In Progress	50%	Nigel Kennedy
	CRR-005																Review dividend policy - OCHL	31/03/23	In Progress	70%	Nigel Kennedy
	CRR-005																Internal audit of companies review by BDO	31/03/23	In Progress	80%	Nigel Kennedy
	CRR-005																Presentation of updated business plan on a quarterly basis to shareholder - ODS & OCHL shareholders	31/03/23	In Progress	80%	Nigel Kennedy
	CRR-005																Reporting to shareholder for Barton	31/03/23	Ongoing	100%	Nigel Kennedy
	CRR-005																Reporting to shareholder for Oxwed	31/03/23	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 sat dormant since Government made clear it has no appetite to pursue this while Future Oxfordshire Partnership partners deliver the Growth Deal. The Levelling Up White Paper has reduced the risk of an imposed Unitary settlement. However, there is now some risk to the Oxfordshire 2050 Plan that is part of the Growth Deal, and there is an widening gap in views among councils around the need for sustainable growth in housing, economy and infrastructure. There is also greater uncertainty about the future of the OxCam Arc.	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 though loss of local accountability for investment and services Adverse impact on resourcing Adverse impact on the growth deal and partnership working	Mish Tullar	5	3	4	2	8	4	1	A		01/06/18					
	CRR-006																Partnership working with County Council on Transport ongoing. New workstream with Fast Growth Cities Group to seek to develop a narrative and database response to the risk that Government re-prioritises investment in the Arc area - as a result of the Levelling Up White Paper.	30/09/22	In Progress		Mish Tullar

Service	Ref	Title	Risk description	Opp/ threat	Cause	Consequence	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-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	31/10/22	In Progress	80%	Mish Tullar
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	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.	31/03/23	Ongoing	100%	Bill Lewis
	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	31/03/23	Ongoing	100%	Rocco Labellarte
	CRR-007																	Review existing ICT recovery plan to ensure up-to-date.	31/03/23	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 Council's ability to achieve its goals	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	3	3	4	4	16	4	4	R	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. 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 maneuvered into a position where they are unable to deliver on the contract and OOC 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.	06/06/22	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 Tullar	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 Tullar
	CRR-008																	Partnership with the EA led programme to deliver the Oxford Flood Alleviation Scheme	31/03/23	In Progress	30%	Mish Tullar
	CRR-008																	Control measures relating to advocacy and clear communication to residents, tenants and businesses around behaviours and measures needed for decarbonisation. Also consideration over use of our land assets for mitigation measures including renewables and tree planting.	30/12/22	In Progress	30%	Mish Tullar
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	5	2	5	4	20	5	3	R		01/06/18					

Service	Ref	Title	Risk description	Opp/ Cause threat	Consequence	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-009																Work with partners, particularly the Police and County Council, on the Crowded Places Plan that includes mitigation interventions.	01/08/22	In Progress	75	Richard J Adams
	CRR-009																Council's emergency plan includes link to Crowded Spaces Evacuation Plan	31/03/23	Ongoing	100%	Imogen Hughes
	CRR-009																Emergency plans for Council-operated buildings include dealing with a terrorist attack (including building lock-down procedure)	31/07/22	In Progress	20%	David Hunt
	CRR-009																Physical barriers in place - temporary and permanent. County Council leading on design and development. Difficulties in getting progress updates from the County Council on the design commissioning.	01/08/22	In Progress	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	Internal Non-delivery of business operation	Helen Bishop	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.	31/03/23	Ongoing	100%	Helen Bishop
	CRR-010																Ensure PSN accreditation is achievable. Allocate funding as necessary to ensure remedial work can be delivered.	31/03/23	Ongoing	100%	Nigel Kennedy
	CRR-010																Carry out PSN remedial work.	31/03/23	Ongoing	100%	Rocco Labellarte
	CRR-010																Ensure cyber defences (firewalls, anti-virus, anti-malware, password protection, two-factor authentication) is in place	31/03/23	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	4	4	4	3	12	3	2	A		01/06/18					
	CRR-011																Following CDM audit, implement revised and strengthened governance arrangements.	31/03/23	In Progress	50%	Nick Brown
	CRR-011																Ongoing monitoring and surveillance of property to ensure compliance.	31/03/23	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.	31/03/23	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.	31/03/23	In Progress	80%	Stephen Clarke

Oxford City Council & Group Draft Audit planning report

Year ended 31 March 2022

July 2022

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Audit & Governance Committee
Oxford City Council
St Aldate's Chambers,
Oxford
OX1 1DS

14 July 2022

Dear Audit & Governance Committee Members

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit & Governance Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for Oxford City Council & Group, and outlines our planned audit strategy in response to those risks.

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

We welcome the opportunity to discuss this report with you on 27 July 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Maria Grindley

Partner

For and on behalf of Ernst & Young LLP

Enc

Contents



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.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). 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 July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) 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** 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 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 for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2021/22 audit strategy



Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

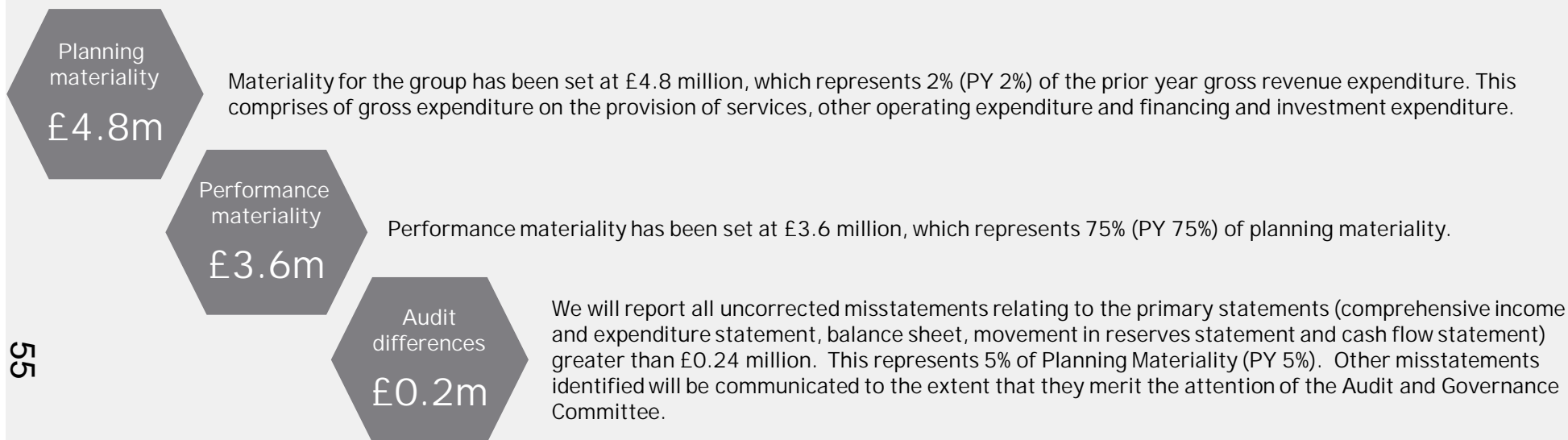
Risk / area of focus	Risk identified	Change from PY	Details
53 Inappropriate capitalisation of revenue expenditure due to fraud or error	Fraud risk	No change in risk or focus	<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, 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.</p> <p>Our judgement is the significant risk at the Council may manifest itself in the improper capitalisation of revenue expenditure.</p>
	Valuation of Land and Buildings	Significant risk	No change in risk or focus
Accounting for Covid-19 grants	Inherent risk	No change in risk or focus	<p>The Authority received a series of grants from the UK government during 2021/22 in support for the pandemic crisis management. We identified the accounting treatment of those grants as an area of focus since this was a new and significant development for the Council as a result of the Pandemic.</p>

Overview of our 2021/22 audit strategy

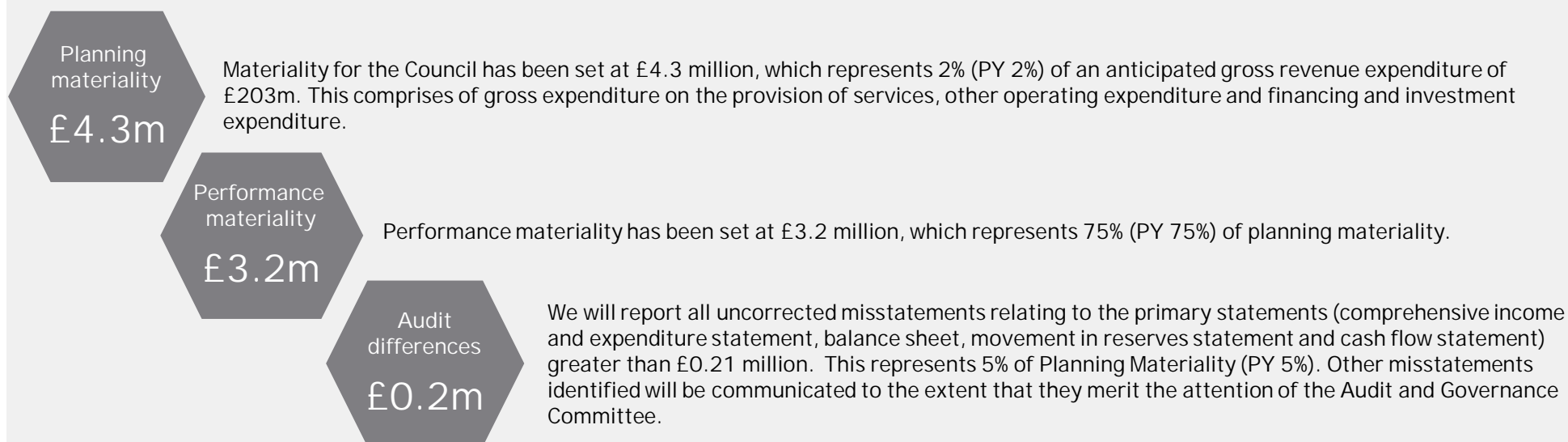
Risk / area of focus	Risk identified	Change from PY	Details
54 Pension Liability Valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Oxfordshire County Council.</p> <p>The Council's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>For 2021/22 the Council will need to consider the potential for the ongoing impact of the national issues in relation to the Goodwin and McCloud cases.</p>
Group Consolidation	Inherent risk	No change in risk or focus	<p>The Council's group structure has changed in recent years terms of the number and size of the companies within the group. This adds complexity for both the auditors and preparers of the accounts. In December 2021 we saw further changes to the Group Structure with a restructure of OxWED into a Limited Liability Partnership (LLP).</p> <p>As part of our Group scoping we have also identified 1 subsidiary, Oxford Direct Services, as being in full Group scope. This will involve full consideration of ODS as well as extensive liaison with the external auditors of ODS, Mazars, as well as EY review of Mazars documentation and testing schedules.</p> <p>In addition we have also identified two of the components as being specific Group scope for our purposes of review and consolidation. This is because these entities have significant individual balances which we need to consider. The two entities where this is the case are: Oxford City Housing Limited (OCHL) and Oxford West-End Development (OxWED). Mazars and Wenn Townsend are the auditors for OCHL and OxWED respectively and so we have written to them to understand their approach to testing at these 2 subsidiaries.</p>

Overview of our 2021/22 audit strategy

Group Materiality



Council Only Materiality



Overview of our 2021/22 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Oxford City Council & Group give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Oxford City Council's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Overview of our 2021/22 audit strategy

Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Council's arrangements against three reporting criteria:
 - 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.

57 The commentary on VFM arrangements will be included in the Auditor's Annual Report.

Timeline

The Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years).

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November for 2021/22.

We are working with the Council to deliver the audit ahead of 30 November. In Section 07 we include a provisional timeline for the audit. Given the delays in the 2020/21 audit due to the additional work required as a result of the errors identified as well as the delayed receipt of the Draft 2021/22 Accounts due to some system issues we will need to assess if this will be feasible. We will provide an update at the next Audit & Governance Committee meeting.



02

Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Inappropriate capitalisation of revenue expenditure due to fraud or error*</p>	<p>What is the risk?</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. 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.</p> <p>From our risk assessment, we have assessed that the risk manifests itself solely through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.</p>	<p>What will we do?</p> <p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ For significant additions we will examine invoices, capital expenditure authorisations, leases and other data that support these additions. We review the sample selected against the definition of capital expenditure in IAS 16. ▶ Journal testing – we will use our testing of Journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.
<p>Financial statement impact</p> <p>Inappropriate capitalisation of revenue expenditure would decrease the net expenditure from the general fund, and increase the value of non-current assets.</p>		

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Our response to significant risks (continued)

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks
- Understanding the oversight given by those charged with governance of management's processes over fraud
- Consideration of the effectiveness of management's controls designed to address the risk of fraud
- Determining an appropriate strategy to address those identified risks of fraud
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- Reviewing any significant unusual transactions
- Reviewing accounting estimates

Our response to significant risks (continued)

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Potential misstatement in valuation of land, buildings and investment properties due to significant judgements involved</p>	<p>What is the risk?</p> <p>The carrying amount of PPE and the fair value of IP represent significant balances in the Council's accounts and are subject to impairment reviews, depreciation charges and valuation changes, respectively.</p> <p>The management through the external valuers performed valuation of the PPE and IP and incorporate material judgemental inputs and apply estimation techniques to calculate the year-end balances of PPE and IP in the balance sheet.</p> <p>As a result of the above matters, we considered the related risk on the valuation of PPE (specifically land and building) and IP as significant for the financial year 2019/20.</p>	<p>What will we do?</p> <ul style="list-style-type: none"> • Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Engage our EY Real Estate team to perform a review the valuation of selected PPE and IP performed by the valuers. EY Real Estate will provide us a report which we will be using to test the valuation (including all key asset information) of the sample PPE and IP we selected for testing. • Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the CIPFA Code for PPE and annually for IP. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; • Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated; • Consider changes to useful economic lives as a result of the most recent valuation; and • Test that accounting entries have been correctly processed in the financial statements.
<p>Financial statement impact</p> <p>Misstatements that occur in relation to above risk would affect the value of the report other land and buildings and investment property as well as the revaluation increases (decreases) recognised in revaluation reserve or surplus/deficit on the provision of services and income and expenditure in relation to the changes in fair value of investment</p> <p>In 2020/21 draft statement of account, the council reported the value of PPE and IP at £890 m and £119 m, respectively.</p>		

Audit risks

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 key audit matters we will include in our audit report.

What is the risk/area of focus?

Covid-19 funding streams.

This is the second substantive year of significant Covid-19 funding streams. 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.

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 2021/22. We will also need to understand that where conditions have not been met that any clawback requirements have been appropriately met.

We identified material errors in this area in the prior year which had significant implications for the work required to complete the audit.

Pension Liability Valuation

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.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2021 this totalled £213 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

On a sample of the grant and funding population we will:

- Review the Council's decision for new grant or funding arrangements whether it is acting as principal or agent;
- Review whether any initial conditions are attached to grants impacting their recognition;
- Assess whether the accounting appropriately follows those judgements; and
- Check the Council has adequately disclosed grant income received in the year, under both principal and agent arrangements.

We will:

- Liaise with the auditors of Oxfordshire County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Oxford City Council;
- Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team;
- Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's actuarial model; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

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 key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Group Structure</p> <p>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. In December 2021 we saw further changes to the Group Structure with a restructure of OxWED into a Limited Liability Partnership (LLP). We are awaiting further information from the Council to fully understand this change.</p> <p>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: OCHL and OxWED.</p> <p>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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Examine the group structure and determine which elements are in scope; • Review the new LLP structure at OxWED and consider the implications for reporting and year end consolidation; • Monitor the position to identify any other components that might move into scope by the year end; • Review the Council's approach to consolidation and production of group accounts to ensure that this meets the requirements of the Code of Audit Practice; • Liaise with the external auditor of ODS and OCHL, Mazars, asking them to undertake a programme of work in line with Group audits. • Liaise with the external auditor of OxWED, Wenn Townsend, asking them to undertake a programme of work in line with Group audits.



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03

Value for Money Risks





Council's responsibilities for value for money

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.

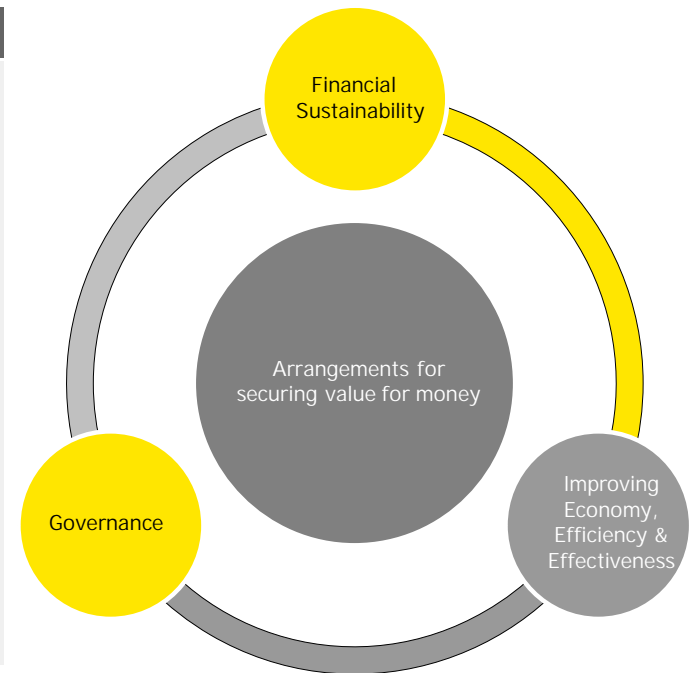
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its 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 arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 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.
- 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.





Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the Council to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



Value for Money

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit & Governance Committee.

Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

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Status of our 2021/22 VFM planning

We have yet to complete our detailed VFM planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability – including the impact of Covid-19 on the medium term financial planning.

We will update the next Audit & Governance Committee meeting on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.



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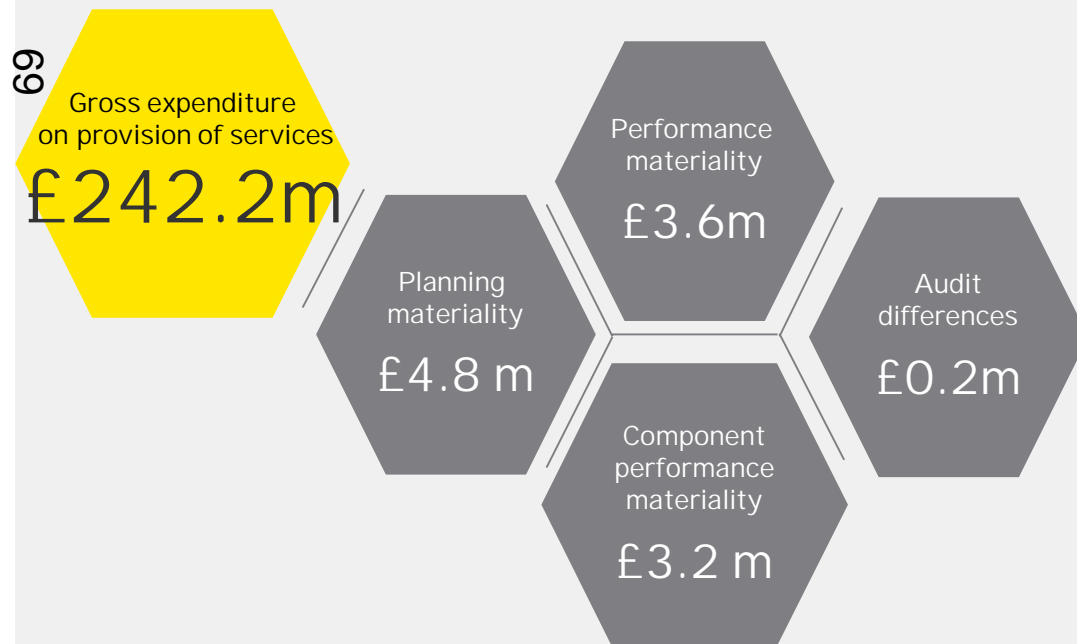
Audit materiality



Materiality

Materiality

For planning purposes, Group materiality for 2021/22 has been set at £4.8 m. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Audit & Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £3.6 m which represents 75% of planning materiality for the Group.

Component performance materiality range – we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income. For the Group this is £0.24 m.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit & governance committee, or are important from a qualitative perspective.

Specific materiality – We have set a materiality of £1 k for the audit fee and £5 k remuneration disclosures and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.

Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures including councillor allowances: we will agree all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- Audit Fee: we will ensure that the audit fee is reconciled to the latest position including any agreed scale fee variations.



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05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit & Governance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. Significant components: A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. Not significant components: The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope details for each component within Appendix A.

1	A	Full scope audits
2	B	Specific scope audits
2	C	Review scope audits
0	D	Specified procedures
0	E	Other procedures

Scope definitions

Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations. Oxford Direct Services (ODS) is Full Scope for 2021/22.

Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts. Oxford City Housing Limited (OCHL) and OxWED are specific scope for 2021/22.

Review scope: locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally. Oxford Direct Services Trading Limited (ODST) and Barton LLP.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.



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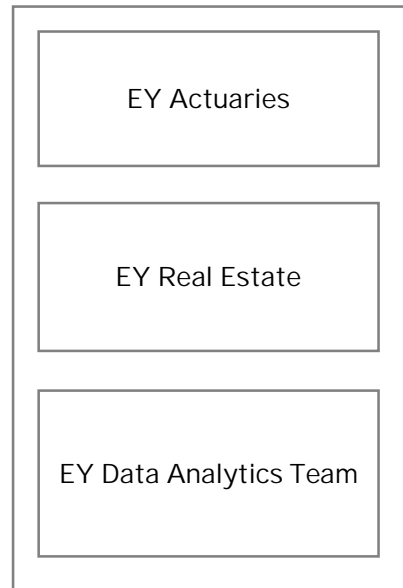
Audit team



Audit team

Audit team structure:

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Working together with the Authority

We are working together with officers to identify continuing improvements in communication and processes for the 2021/22 audit.

We will continue to keep our audit approach under review to streamline it where possible.

* Key Audit Partner

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team
Pensions disclosure	EY Actuaries

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In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.



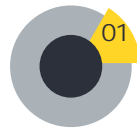
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Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

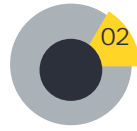
1. Our people are focused on a common purpose. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
 - Right resources – We team with competent people, investing in audit technology, methodology and support
 - Right first time – Our teams execute and review their work, consulting where required to meet the required standard
 - Right reward – We align our reward and recognition to reinforce the right behaviours

3. The six pillars of Sustainable Audit Quality are implemented.



Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



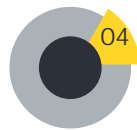
Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



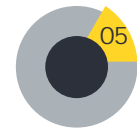
Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



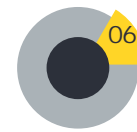
Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are encouraged and empowered to challenge and exercise professional scepticism across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

"A series of company collapses linked to unhealthy cultures....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success."

Sir John Thompson
Chief Executive of the FRC



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Audit timeline





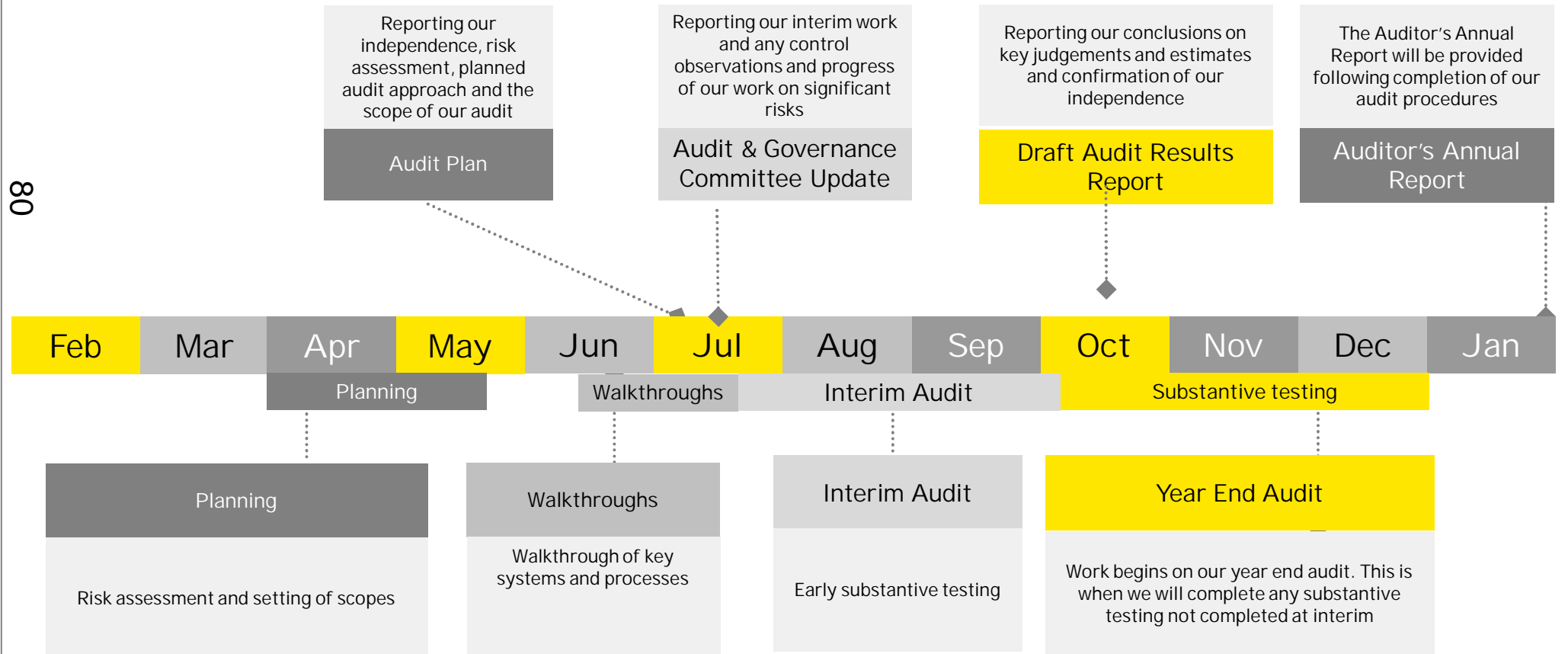
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Audit & Governance Committee and we will discuss them with the Audit & Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





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Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

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Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Maria Grindley, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval.

In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, there are no non-audit services.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Relationships, services and related threats and safeguards

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



Other communications

EY Transparency Report 2021

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 2021: https://www.ey.com/en_uk/about-us/transparency-report-2021



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Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table below.

	Planned fee 2021/22	Scale fee 2021/22	Final Fee 2020/21
	£	£	£
Total Fee - Code work	Note 2	71,440	66,355
Additional Fee	TBC	TBC	(Note 1)
Total audit	TBC		0
Total fees	0		0

All fees exclude VAT

(1) The 2020/21 Code work included additional work in a number of areas. We are currently assessing the impact and will discuss the additional fee with officers. Once we have agreed the variation with officers we will then need to seek approval from PSAA.

(2) For 2021/22, the scale fee will be impacted by a range of factors which will result in additional work. We set out an estimate of the potential additional fee for this below. The issues we have identified at the planning stage which will impact on the fee include:

- Additional procedures to consider the Council's going concern assessment, including our internal consultation requirement.
- The need to engage EY Real Estate to review the valuation of investments in retail assets.
- The need to engage EY Pensions to review assumptions used in the Pensions IAS19 liability.
- Additional work that will be required to address the work in Group consolidation including the restructure in place at OxWED

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.



Appendix B

Required communications with the Audit & Governance Committee

We have detailed the communications that we must provide to the Audit & Governance Committee.








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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report presented at the July 2022 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 	Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting. Auditor's Annual Report.




Appendix B

Required communications with the Audit & Governance Committee (continued)

 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 • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.
 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 to be presented at the October 2022 Audit & Governance Committee meeting.
Subsequent events	<ul style="list-style-type: none"> • Enquiries of the Audit & Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements 	Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.
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 to be presented at the October 2022 Audit & Governance Committee meeting.




Appendix B

Required communications with the Audit & Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • 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 to be presented at the October 2022 Audit & Governance Committee meeting.
06 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 <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report presented at the July 2022 Audit & Governance Committee meeting.</p> <p>Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.</p>



Appendix B

Required communications with the Audit & Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
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 to be presented at the October 2022 Audit & Governance Committee meeting.
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 to be presented at the October 2022 Audit & Governance Committee meeting.
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.



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Required communications with the Audit & Governance Committee (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
<p>Group audits</p> <p style="font-size: 2em; font-weight: bold; margin-top: 20px;">92</p>	<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 	<p> Audit planning report presented at the July 2022 Audit & Governance Committee meeting. Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.</p>
Representations	Written representations we are requesting from management and/or those charged with governance	Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified that affect the form and content of our auditor’s report 	Draft Audit results report presented at the October 2022 Audit & Governance Committee meeting.

Appendix B

Required communications with the Audit & Governance Committee (continued)

		Our Reporting to you
Required communications	What is reported?	When and where
Fee Reporting	 Breakdown of fee information when the audit plan is agreed <ul style="list-style-type: none"> Breakdown of fee information at the completion of the audit Any non-audit work 	 Audit planning report presented at the July 2022 Audit & Governance Committee meeting. Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting.
Value for Money	<ul style="list-style-type: none"> Risks of significant weakness identified in planning work Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses. 	Audit planning report presented at the July 2022 Audit & Governance Committee meeting. Draft Audit results report to be presented at the October 2022 Audit & Governance Committee meeting. Auditor's Annual Report

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Additional audit information

Objective of our audit

Our objective is to form an opinion on the Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit & Governance Committee. The audit does not relieve management or the Audit & Governance Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit & Governance Committee reporting appropriately addresses matters communicated by us to the Audit & Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> • Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. • Examining and reporting on the consistency of consolidation schedules or returns with the Council's audited financial statements for the relevant reporting period
Other procedures	<ul style="list-style-type: none"> • We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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**INTERNAL AUDIT ANNUAL REPORT AND ANNUAL
STATEMENT OF ASSURANCE 2021-22**

Oxford City Council

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2021/22 WORK

Internal Audit 2021/22

This report details the work undertaken by internal audit for Oxford City Council (the Council) provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Audit 1. Private Rented Sector
- Audit 2. Environment
- Audit 3. Data Analytics
- Audit 4. Project Management
- Audit 5. Accounts Payable
- Audit 6. Business Continuity and Disaster Recovery
- Audit 7. General Ledger
- Audit 8. Insurance

We have detailed the opinions of each report and key findings on pages 5-13. Our internal audit work for the 12-month period from 1 April 2021 to 31 March 2022 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council through the Audit and Governance Committee (A&G), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

Overall, we are able to provide **Moderate Assurance** that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The Pandemic has caused a £23m hit to the Council's finances between 2020 and 2026, which the authority plans to address by using half of its reserves (£11m), alongside making savings and finding additional income. However, increased service demand and soaring inflation will put further pressure on resources with the council forecasting the need to save £5.5m from its annual budget by 2026-27 - 20% of its £27m yearly spend.
- Our last follow up noted that all 2020-21 recommendations have been completed. However, there are some outstanding recommendations remaining for 2021-22; Private

Rented Sector, Environment, Business Continuity and Disaster Recovery and Insurance. We have continued to maintain a refined escalation process for follow up whereby all non-responses and recommendations with several revised due dates were reported to the Council's head of Finance and the Corresponding Heads of Services. This has improved the follow up process and implementation of recommendations

- 7/8 of our reports this year which contained an opinion, have provided either Substantial or Moderate assurance, including one with substantial assurance on both design and effectiveness (Insurance), five with moderate assurance on both design and effectiveness (Environment, Data Analytics, Project Management, Accounts Payable and Business Continuity & Disaster Recovery) and one (General Ledger) with a substantial/moderate opinion. One review Private Rented Sector resulted in a limited assurance on Operational effectiveness. The charts on pages 16 and 17 show a large increase in recommendations but we have carried out more reviews this year and have been directed towards problem areas.

REVIEW OF 2021/22 WORK

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Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Audit 1. Private Rented Sector	4	2	-	Moderate	Limited	<p>This review was requested by Oxford City Council's (the Council) Counter Fraud Team. There have been four investigations since 2015 (2015 whistleblowing and 2016-2021 grievance) undertaken within the Private Rented Sector Team with the most recent resulting in employee dismissal. Each fraud investigation concluded that there was a lack of audit trails and management controls within the PRS systems, and therefore an audit review within this area has been undertaken.</p> <p><u>Conclusion</u></p> <p>Whilst we have evidenced some areas of good practice, we have noted several areas where a strengthening of controls is required.</p> <p>Annual declarations were not completed by landlords regularly to confirm they remain fit and proper. This can impact on the safety of tenants and have a negative financial impact on the Council if the landlord is not compliant with the terms and conditions. In addition, there is not a process currently in place to communicate with wider teams such as HMO enforcement to ensure landlords are compliant with terms and conditions throughout the duration of their contract with the Council. The incentive schemes such as finders' fees require rigour and detailed audit trails to evidence negotiations undertaken prior to payments made. There was also no regular payment monitoring of both finder's fee payment to measure the success of the incentive.</p> <p><u>Findings/Recommendations</u></p> <ul style="list-style-type: none"> Information was not recorded/retained to confirm whether landlords had any unspent convictions or whether landlords had completed a self-declaration form. Therefore, annual Self declarations should be completed by landlords on the PRS register Tenancy agreements to be signed by both Landlords and tenants and filed properly and reasons for making Rent in advance payment should

			<p>be established and deemed as satisfactory before payments are made</p> <ul style="list-style-type: none"> • We reviewed a sample of five landlord incentives and noted that the fees paid to landlords on two occasions were not in line with policy. Therefore, there should be clear reasons on file for payment of landlord incentives and monthly reports to monitor the volume and value of incentives paid to landlords • Several policies were outdated, not regularly reviewed and a duplication of criteria throughout these documents and therefore an update on policies is required • There was a lack of record keeping of bank detail changes by the PRS Team. Therefore, a tracker of all bank detail change requests should be made, and changes should be approved before changes are made by the Finance team.
<p>Audit 2. Environment</p> <p>1 7 2</p>	<p>Moderate</p>	<p>Moderate</p>	<p>We assessed the Council's progress against its net zero carbon ambitions and examine the governance processes in place to achieve this. It was not within the scope of this audit to review ZCOP and other partnership arrangements, or to verify the data quality on emissions reporting.</p> <p><u>Conclusion</u></p> <ul style="list-style-type: none"> • The Council has set itself ambitious environmental targets and holds itself to extremely high environmental standards. This audit found that these standards was not always met in practice. However, it is important to place the Council in context. Interviews with officers demonstrated sophisticated knowledge around environmental concerns, surpassing that of some other organisations we audit, and significant amounts of work is being undertaken across the Council to meet its targets. The scale of the projects undertaken by the Council and its willingness to take bold and decisive action on this issue, the most pressing of our time, particularly in the context of extremely challenging financial considerations for all local government, is impressive. <p>To progress to a substantial opinion report, and to implement the actions the Council itself wishes to, substantial funding is required. This unfortunately is partially dependent upon central government decision making. Notwithstanding this, there are also some practical</p>

					<p>considerations in these findings which, if implemented, would quickly lead to a substantial opinion report.</p> <p><u>Findings/Recommendations</u></p> <ul style="list-style-type: none"> • Progress to document further costing detail for the CMP should be made. It would be useful to compile these into one document to try and get an overview of what the realistic costs (money and time), and future benefits of each of the actions are. From our benchmarking we noted that the City of Edinburgh Council has taken a useful approach that the Council may wish to emulate. It codes its actions (resource secured; costs known; costs unknown) and includes a full list of potential funding streams. It also indicates the level of staff time as a resource • There are governance issues surrounding the SG which are impeding it in delivering on its purpose. Therefore, the SG should define its place within corporate governance structure of the Council as a whole, particularly in relation to the Development Board, Housing Supply Programme Board, ODG and corporate management team (CMT) • The embedding of the net zero carbon agenda in decision-making processes could be strengthened in several areas and the use and timeliness of Environmental Impact Assessments (EIAs) in Cabinet reporting should be clarified • Concerns within environmental staff positions around over-reliance on individual staff, potential disparities in staff gradings and confusion over the funding of some positions, which may all negatively impact on the morale of staff essential to meeting the zero carbon agenda • The role of IT was highlighted in relation to two risk areas reviewed (biodiversity and retrofitting). The lack of adequate systems and accompanying IT professionals able to support such systems was raised as a key potential risk in being able to meet environmental ambitions. 	
Audit 3. Data Analytics	-	2	1	Moderate	Moderate	<p><u>Conclusion</u></p> <p>Overall we provided an opinion of “Moderate” assurance for both control design and operational effectiveness.</p> <p><u>Accounts Payable</u></p>

			<p>Our review identified some exceptions in the accounts payable datasets provided such as POs approved over SoD limits, and retrospective POs raised. This has led us to two medium and one low finding. We have also raised one observation on duplicate supplier accounts that currently sit within Agresso. This was raised in the prior year's audit review and will be removed as part of the Council's cleansing exercise.</p> <p><u>Accounts Receivables and Payroll</u></p> <p>Our review identified no significant findings but we have raised two observations in order to raise awareness of the housekeeping required relating to debtor accounts. Management has agreed with the audit recommendation and confirmed that the department is already working towards data cleansing. In addition, our review identified no significant findings for Payroll.</p>
Audit 4. Project Management	- 3 -	Moderate	<p>Following up on our work undertaken in 2018-19 we reviewed the methodology and practice in the Council to manage Capital Development projects, operational projects, and Rolling Programmes. We reviewed particular projects in detail and assessed whether the Council's approach was adhered to. Furthermore, we assessed where projects have failed to meet objectives, to consider the root-cause of this with the aim of improving future project management arrangements. We also reviewed the financial monitoring arrangements within the PMO office/function.</p> <p><u>Conclusion</u></p> <p>The Council has a Capital Strategy which outlines effective project management processes. However, we have noted that Smartsheets 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.</p> <p><u>Findings/Recommendations</u></p> <ul style="list-style-type: none"> 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.

						<p>Officers are reminded to complete these to a detailed standard</p> <ul style="list-style-type: none"> To formalise and better promote a lessons learnt process, which involves the PMO Team to report the lessons learnt log to the Development Review Group on a quarterly basis. The PMO Team should consolidate the lessons learnt into a report and distribute to Project Managers for wider learning. The Development Review Group should monitor the lessons learnt and ensure that actions are taken to mitigate the issues from occurring in the future The Council's Capital Strategy should be amended to include a risk scoring matrix to ensure that Project Boards understand how to score the risks.
Audit 5. Accounts Payable	-	4	2	Moderate	Moderate	<p>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.</p> <p><u>Conclusion</u></p> <p>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.</p> <p><u>Findings/Recommendations</u></p> <ul style="list-style-type: none"> To attach supporting documents for amendments to supplier details to maintain for all supplier amendments To ensure transactions are approved in line with the Scheme of Delegation and to remind all relevant staff of their approval limits to ensure approvals are actioned in line with the scheme of delegations. A process should be implemented within the system to limit individuals from approving requisitions beyond their delegated limit The Accounts Team should ensure that GRN's are actioned correctly on

					<p>the Key2 system to achieve consistency and attain accurate transactions. Staff members should be reminded that GRN work-flow tasks are mandatory and where it is persistently not completed, this would be escalated with Line Managers</p> <ul style="list-style-type: none"> To send monthly reminder emails to cardholders reminding them to attach receipts against the transactions on the BCOS system. This should be made as a mandatory action within BCOS. 	
Audit 6. Business Continuity and Disaster Recovery	-	2	2	Moderate	Moderate	<p>We assessed the Council's arrangements in place for the overall Business Continuity and Disaster Recovery Plan. This included how the corporate plan interacts with local service plans and whether there was adequate oversight that these all remain up-to-date. As part of this we looked at the plans of three service areas (ICT, the Development Directorate and Finance Directorate) to determine how these interact with the corporate plan. We also looked at how relevant personnel are trained to enact business continuity and how testing of the plan is conducted.</p> <p><u>Conclusion</u></p> <p>Overall, the Council is in a good position with regards to Business Continuity and Disaster Recovery. Risks relating to business continuity are contained within the corporate risk register and appropriate mitigations are in place. Additionally, we found that the local plans (including the plan from Oxford Direct Services) interact with the corporate plan and are reviewed concurrently on an annual basis. Furthermore, a test of the business continuity plan has been conducted in February 2021 in which the plan was shown to work effectively, and lessons learned identified and discussed with service heads.</p> <p>Whilst the elements of disaster recovery are contained over documents such as the ICT business continuity plan, we found that there is currently no unified document in place for disaster recovery which outlines the recovery process, including a single agreed priority order for the recovery of business systems. Moreover, no action has been taken on the desktop review for local business continuity plans which occurred in March 2021. In addition, the corporate plan does not contain a commitment to test the plan on a regular basis despite a test of the plan having been conducted in 2021.</p> <p>Lastly, a disaster recovery test of one or more key business systems has not yet taken place although this is currently subject to confirmation with SCC to</p>

			<p>arrange a test of the plan. Testing disaster recovery is important because it covers how business will return to normal following an incident.</p> <p><u>Findings/Recommendations</u></p> <ul style="list-style-type: none"> • Management should look to implement a unified Disaster Recovery Plan that is aligned to and supports the Council's priorities and includes, but not limited to: <ul style="list-style-type: none"> - The recovery procedures for the Council's IT infrastructure, hardware and systems - The procedures for invoking the Council's IT Disaster Recovery plan - The contact details for all key members of IT, the Council, Oxford direct Services and Third Party suppliers (to include in the DR plan as well) - The location of alternative sites. • Management should look to arrange a full end-to-end disaster recovery test on one or more business systems with SCC on a regular (annual) basis, in order to ensure that arrangements are feasible and can be effectively relied upon. This should be clearly documented within the disaster recovery plan.
<p>Audit 7. General Ledger - 5 1</p>	<p>Substantial</p>	<p>Moderate</p>	<p>We reviewed the general ledger controls from access controls, suspense accounts, journals, chart of accounts and upgrades. We focussed particularly on the new ledgers for companies set up and ensure income/expenditure is being coded to the right areas.</p> <p><u>Conclusion</u></p> <p>Overall, the Council and its trading companies (ODS/ODST and OCHL) has good controls in place for the General Ledger systems. The Council's Constitution provides a comprehensive framework for the General Ledger and Officer responsibilities in the Finance Team are strongly articulated within the procedure notes. However, as the QL Housing system is in a status of 'recovery' interfacing with Agresso is not being undertaken for a majority of the QL interfaces resulting in unbilled repairs to external customers and the Council.</p> <p><u>Findings/Recommendations</u></p> <ul style="list-style-type: none"> • To continue to actively work on the testing and invoice interfaces and to plan for the testing on sales order processing. The Council should re-

						<p>automate supplier payment interfaces as part of the QL recovery process</p> <ul style="list-style-type: none"> • Officers should be reminded of the correct procedure for journal processing There should be a schedule generated for all procedure notes which details their review date, the Officer responsible for updating procedure notes and the date they are due to be completed • A reconciliation schedule should be created to monitor the reconciliations due to be performed. It should include the date and the responsible officer it should be completed by.
Audit 8. Insurance	-	1	1	Substantial	Substantial	<p>We assessed the processes in place for managing its IT assets in accordance with its strategic objectives and that the controls are consistently applied. Particular focus was applied to the management and tracking of mobile devices such as laptops and iPads/tablets.</p> <p><u>Conclusion</u></p> <p>Overall, the Council has demonstrated that it has robust policies and procedures in place in relation to Insurance cover and handling claims, ensuring continuous compliance with the Insurance Act 2015.</p> <p><u>Findings/ Recommendations</u></p> <ul style="list-style-type: none"> • To create an insurance risk strategy which outlines the following areas: <ul style="list-style-type: none"> - Council's Insurance arrangements - The Council's approach to insurance risk appetite and risk tolerance - The Council's approach to risk modelling (including how the Council calculates and maintains its provisions and insurance reserve) - The Council's recharge policy for insurance premiums (including its trading companies) - Insurance claims handling process - Insurance Governance Arrangements. • We identified that risk assessments for property fire were last undertaken in September 2019. The Council should work with Zurich to advise on potential risk assessments to be undertaken within 2022.

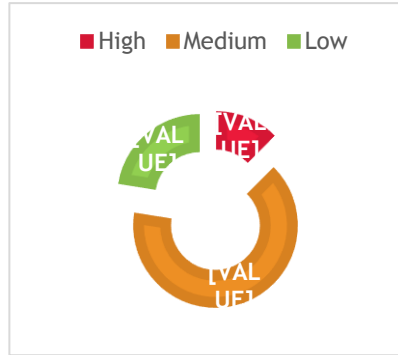
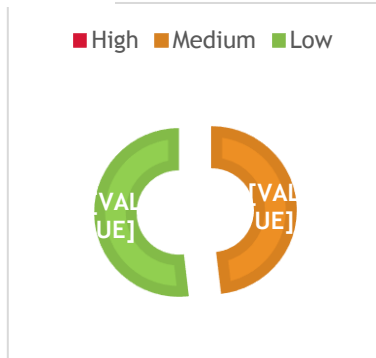
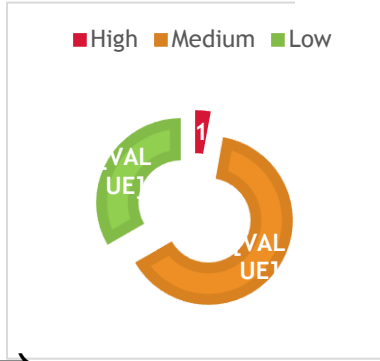
SUMMARY OF FINDINGS

RECOMMENDATIONS AND ASSURANCE DASHBOARD

Recommendations

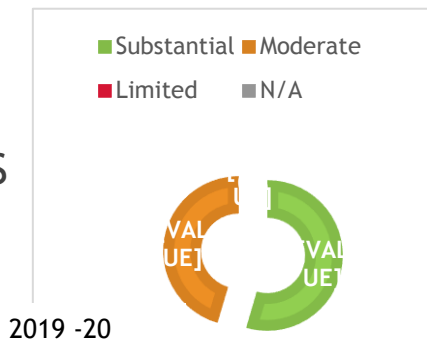
2019 -20

2021-22



In 2021-22, there were a total of 40 recommendations issued; Five High, 26 Medium and 9 Low recommendations. In comparison, in 2020-21 there were a total of 27 recommendations issued; 13 Medium and 14 Low recommendations. There has been an increase of 48% of recommendations since 2020-21. The pandemic led us to undertaking fewer reviews in 2020-21 (seven reviews). In addition, the Council is in a state of recovery from the pandemic.

Control Design



RECOMMENDATIONS AND ASSURANCE DASHBOARD

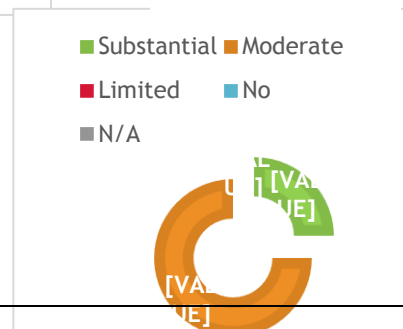
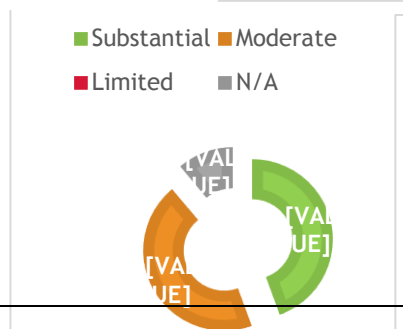
In 2021 - 22 there were two Substantial and Six Moderate control design opinions. In comparison to 2020 - 21 there were four substantial and four moderate control design opinions issued. The Council continue to point us to high-risk/ new areas of focus eg Environment and Private Rented Sector however, good control designs are in place.

Operational Effectiveness

2019 -20

2021-22

2020-21



In 2021-22 there was one Substantial, six Moderate and one limited design effectiveness opinion issued. In comparison to 2020 - 21 there was three Substantial and eight Moderate opinions issued. Although the Council has become better at applying policies further work is required in areas such as the private rented sector to promote wider learning across the Council consistently.

ADDED VALUE



USE OF SPECIALISTS

We utilised a specialist to undertake the Data Analytics Reviews



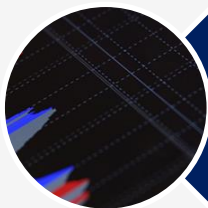
RESPONSIVENESS

We agreed to undertake carry forward audit reviews such as Cyber Security, Community Strategy and Enforcement restructure. In addition, we worked with the Council's Fraud team to undertake the Private Rented Sector audit review. We continue to have regular monthly updates with the Head of Finance to discuss the progress of the audit plan.



BENCHMARKING AND BEST PRACTICE

Sector updates were provided during the year and presented in reports. We provided best practice in the Environment Report



INNOVATION

All recommendations that were not addressed and had several revised due dates were reported as overdue and presented quarterly to the Council's Head of Finance.

KEY THEMES



PEOPLE

The Council present a good attitude towards internal audit and welcome audit reviews.



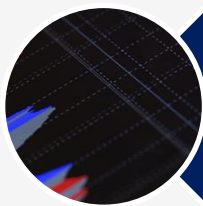
SYSTEMS & PROCESSES

Overall the systems and processes enable the Council to complete the daily activities and extract relevant information. However, effective work around processes are required to ensure the relevant financial data can be extracted from systems such as QL Areon.



POLICIES & PROCEDURES

The policies and procedures for a majority of the audit reviews were applied consistently; However, further work is required on policies for Private Rented Sector.



GOVERNANCE & FOLLOW UP

All recommendations that were not addressed and had several revised due dates were presented to the Audit Committee on a quarterly basis. This provided transparency to executives and also increased accountability. Heads of services were able to escalate or address responses when responsible officers did not respond or implement recommendations in a timely manner.

BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to Oxford City Council is to provide an opinion to the Council, through the Audit and Governance Committee (A&G), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2021 to 31 March 2022 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Scope and Approach

Audit Approach

We have reviewed the control policies and procedures employed by Oxford City Council to manage risks in business areas identified by management set out in the 2020-21 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Oxford City Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

Management actions on our recommendations

The Council have a good approach whereby reports go through Executives so there is collective approval. In some instances reports have gone through sub-committees such as Quality and Safety to ensure good buy-in has been achieved.

Recommendations follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Good progress has been made on recommendations and those followed up during the year have broadly been engaged with well. There were no overdue recommendations for 2019-20 as all recommendations were implemented. All 2020-21 recommendations are due to be reviewed as part of the follow up process. Completion of recommendations is broadly good with limited concerns at this stage.

Relationship with external audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

Report by BDO LLP to Oxford City Council

As the internal auditors of Oxford City Council we are required to provide the Audit Committee, and the Director with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.





In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Oxford City Council with **Moderate** assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2021-22. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2021-22
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Oxford City Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.







KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
Quality of work	<p>Feedback on particular reviews around Data Analytics, Private Rented Sector, Insurance and Environment have been positive in discussions with Executives and auditees. As the Council is recovering from the Pandemic, we will look to start undertaking work on site for the 2022-23 plan where required. 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).</p> <p>This is the highest of the three ratings categories.</p>	
Responsiveness of the service	We have responded to deadlines and targets well. We have continued to be flexible and have reviewed the Audit Plan mid-way through the year to accommodate for any changes required	
Completion of audit plan	We have completed the 2021-22 Internal Audit Plan.	
Follow-up of recommendations	We have followed a clearer and more proactive process which has been received positively by the Audit Committee. In addition, we regularly escalate all non - responses and recommendations with several revised due dates to the Council's Head of Finance and Heads of Services.	



APPENDIX I

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
Moderate - Significantly meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
Limited - Partly meets expectations	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
No - Does not meet expectations	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
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 noncompliance 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	
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.

FOR MORE INFORMATION:

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**INTERNAL AUDIT FOLLOW UP
OF RECOMMENDATIONS REPORT**

OXFORD CITY COUNCIL

2022/2023

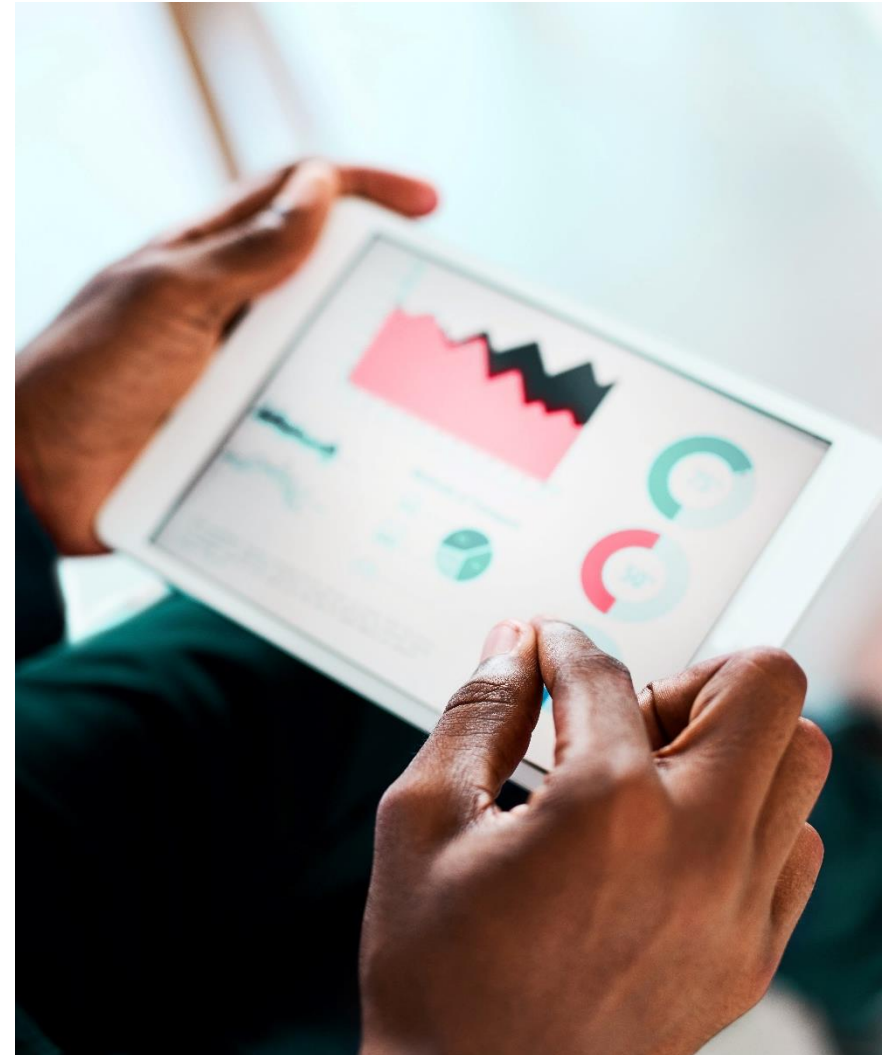
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SUMMARY

2020/2021	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		Not Due	
						H	M	H	M	H	M	H	M
Key Financial Systems - Data Analytics	2	-	2	-	1	-	1	-	-	-	-	-	-
Channel Shift	4	-	3	1	1	-	1	-	-	-	-	-	-
Total	6	-	5	1	2	-	2	-	-	-	-	-	-

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2022/2023	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		Not Due	
						H	M	H	M	H	M	H	M
Business Continuity & Disaster Recovery	4	-	2	2	2	-	-	-	2	-	-	-	-
Insurance	3	-	2	1	2	-	-	-	2	-	-	-	-
Accounts Payable	13	-	9	4	9	-	8	-	1	-	-	-	-
Total	20	-	13	7	13	-	8	-	5	-	-	-	-

SUMMARY

2020/21

Please find below a summary of the status of implementation of recommendations arising from reports issued in 2022/20231.

- ▶ Two Medium recommendations have been implemented from the Channel Shift and Key Financial Systems - Data Analytics review. All recommendations from these reviews have now been fully implemented.

2021/2022

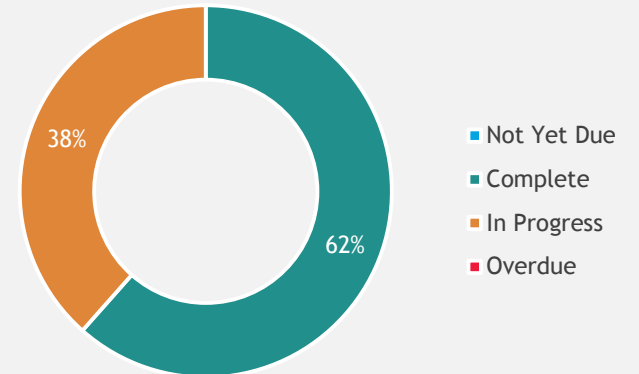
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2022/2023.

- 122
- ▶ Eight Medium recommendations have been implemented in the Accounts Payable review by the first due date
 - ▶ There were five Medium recommendations from the Business Continuity & Disaster Recovery and the Insurance reviews and all have had the first revised due date for implementation and will be followed up by Internal Audit prior to subsequent Audit Committees.






REQUIRED AUDIT COMMITTEE ACTION:





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

2022/2023 Recommendation Implementation



RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2020/21 Key Financial Systems Data Analytics	We will undergo a cleansing process and closedown accounts no longer in use however there was no fraudulent activity suspected.	MEDIUM 	Anna Winship, Management Accounting Manager	Feb 21 May 21 Oct 21 Jun 22	Management Comments: Work has been undertaken on this, and it will now be reviewed on a regular or rolling basis. Suppliers that have not been used in the past 12 months have been reviewed and will be closed. Internal Audit Comments: It was confirmed that suppliers accounts have been reviewed and closed where appropriate.
2020/21 Channel Shift	The Council should formalise the KPIs that they will be using to monitor each of the objectives set out in the Customer Experience Strategy. These should be specific, measurable, achievable, realistic and time-bound (SMART). These should be reported regularly to provide management with updates on the progress of the objectives in the strategy	MEDIUM 	Helen Bishop, Head of Business Improvement	Mar 22	Management Comments: Three corporate KPIs to measure the increased opportunity for customers to self-serve have now been formally agreed as part of the 2022/23 Business Improvement Service Plan. They are: (1) Number of online forms completed and submitted as a proportion of total enquiries related to that service for top 10 services; (2) Reduction of call volume into Customer Contact Centre; and (3) Reduction of number of face to face enquiries. Internal Audit Comments: We reviewed the Business Improvement Service Plan and confirmed that the KPIs have been developed and are time limited to the financial year.
2021/22 Accounts Payable	The Payments Team should keep sufficient audit trails to retain records of the notification of change, verification email and response from suppliers verifying the accuracy of information, and supporting evidence on the supplier account on Agresso for consistency in supplier records	MEDIUM 	Sue Allen, Payments Team Leader	Jan 22	Management Comments: This process had commenced during the audit and records are now retained on the supplier's Agresso file. Internal Audit Comments: We confirmed this process has commenced and records are retained on Agresso.
2021/22 Accounts Payable	The Payments Team should complete the amendments requested within a month from the notification of change	MEDIUM 	Sue Allen, Payments Team Leader	Jan 22	Management Comments: This timeline was always the Payments Team's target for completing the amendments within the date of the notification of the change. This has been reinforced to the Team. Internal Audit Comments: We confirmed that the timeline was reinforced to the Payments team.
2021/22 Accounts	The Payments Team should maintain segregation of duties between the person	MEDIUM 	Sue Allen, Payments Team	Jan 22	Management Comments: A spreadsheet has been set up to evidence a separation of duties between the officer processing

Payable	processing the amendment and the reviewer		Leader		the amendment to supplier details and the officer approving it. <i>Internal Audit Comments: We reviewed the supplier amendment log and confirmed that there are separate columns for the processor and approver of the change.</i>
2021/22 Accounts Payable	A reconciliation should be completed to identify all staff members that are not listed on the Scheme of Delegations and approval limits should be assigned on QL and embedded within the workflow.	MEDIUM 	Graham Eagle, Business Improvement Manager	Apr 22	Management Comments: All QL Users that have access to raise orders now have an Approval Limit of actual value or of 0.01. ICT will add the approval limit as 0.01 by default and managers need to request an update to this spend limit via a vFire service request to ICT. <i>Internal Audit Comments: We reviewed the approval limits to confirm that the recommendation has been implemented.</i>
2021/22 Accounts Payable	Remind all relevant staff of their approval limits to ensure approvals are actioned in line with the scheme of delegations. A process should be implemented within the system to limit individuals from approving requisitions beyond their delegated limit	MEDIUM 	Graham Eagle, Business Improvement Manager	Apr 22	Management Comments: All approval limits have been reviewed and updated where necessary and the approval parameters have been set in QL to use the approval limits. A report has been written to show all orders at 'Awaiting Approval' status. A task has been written to email the relevant business areas in ODS every weekday at 8am showing any orders for their area awaiting approval <i>Internal Audit Comments: We reviewed the approval limits and the current 'awaiting approval' tasks and confirmed that these were hard-coded in to be sent to relevant business areas.</i>
2021/22 Accounts Payable	The Accounts Team should ensure that GRN's are actioned correctly on the Key2 system to achieve consistency and attain accurate transactions. Staff members should be reminded that GRN work-flow tasks are mandatory and where it is persistently not completed, this would be escalated with Line Managers. Management reports should be run monthly to identify transactions where GRN's have not been receipted for over 30 days.	MEDIUM 	Anna Winship, Management Accounting Manager	May 22	Management Comments: Reminders have been provided across the business, and we are reviewing those that are not doing this. These were presented to the Heads of Service at the Operational Delivery Group meetings. <i>Internal Audit Comments: We confirmed that the recommendations were implemented.</i>
2021/22 Accounts Payable	To send monthly reminder emails to cardholders reminding them to attach receipts against the transactions on the BCOS system. This should be made as a mandatory action within BCOS	MEDIUM 	Sue Allen, Payments Team Leader	Jun 22	Management Comments: There are automated emails in the BCOS system to remind officers to attach the receipts for transactions to evidence credit card spend. <i>Internal Audit Comments: We reviewed the automated email templates and confirmed that these had been set up.</i>

2021/22
Accounts
Payable

Transactions should be reviewed and approved by an appropriate member of staff to confirm the accuracy and the validity of the transactions. The use of the credit cards should be temporarily paused for further transactions where staff members persistently do not complete BCOS tasks

MEDIUM



Sue Allen,
Payments Team
Leader




Jun 22



Management Comments: The responsibility for approving transactions lies with the cardholder's line managers but the Payments Team will be monitoring repeat offenders. The Payments team log into BCOS and review a report which outlines where each transaction is in the process. For transactions which are not approved and are more than one month old, an email is sent to the cardholder or approver reminding to do so. If they still have not done this by the following month, they are emailed again giving them two weeks to do so with failure resulting in their card being blocked.

Internal Audit Comments: *It was confirmed that no credit cards have been blocked yet following the implementation of this process and the automatic emails sent to cardholder's line managers.*

RECOMMENDATIONS: IN PROGRESS

These recommendations have been marked as In Progress as they have not been implemented by their original date; a revised date has been provided.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22 Business Continuity & Disaster Recovery	<p>Management should look to implement a unified Disaster Recovery Plan that is aligned to and supports the Council's priorities and includes, but not limited to:</p> <ul style="list-style-type: none"> The recovery procedures for the Council's IT infrastructure, hardware and systems The procedures for invoking the Council's IT Disaster Recovery plan The contact details for all key members of IT, the Council, Oxford direct Services and Third Party suppliers (to include in the DR plan as well) The location of alternative sites <p>This should also include a unified list of systems which are to be restored in order of priority and should be subject to review on an annual basis in line with the annual review of the business continuity plan.</p>	MEDIUM 	Rocco Labellarte, Chief Technology, and Information Officer	Apr 22 Dec 22	Management Comments: ICT do not own the overarching corporate Disaster Recovery Plan which would include contact details. The matter of alternative sites is being reviewed by the Head of Regeneration & Major Projects. ICT hold the list of systems and the order of restoration in priority order.
2021/22 Business Continuity & Disaster Recovery	Management should look to arrange a full end-to-end disaster recovery test on one or more business systems with SCC on a regular (annual) basis, in order to ensure that arrangements are feasible and can be effectively relied upon. This should be clearly documented within the disaster recovery plan.	MEDIUM 	Rocco Labellarte, Chief Technology, and Information Officer	Apr 22 Apr 23	Management Comments: We carried out a successful full recovery of the vFire system in April/May 2022. Further annual tests would require wider business engagement.
2021/22 Insurance	<p>The Council should create an insurance risk strategy which outlines the following areas:</p> <ul style="list-style-type: none"> Council's Insurance arrangements The Council's approach to insurance risk 	MEDIUM 	Alison Nash, Insurance Officer	Apr 22 Aug 22	Management Comments: The Insurance Officer has not yet commenced preparing the Insurance Risk Strategy due to limited capacity and a heavy workload on preparing tenders.

	<p>appetite and risk tolerance</p> <ul style="list-style-type: none"> • The Council’s approach to risk modelling (including how the Council calculates and maintains its provisions and insurance reserve) • The Council’s recharge policy for insurance premiums (including its trading companies) • Insurance claims handling process • Insurance Governance Arrangements. 				
2021/22 Insurance	Once this strategy/guidance has been created, it should be reviewed by the Head of Finance and ratified at the relevant committee/subcommittee prior to being published.	MEDIUM 	Alison Nash, Insurance Officer	Apr 22 Aug 22	Management Comments: The Insurance Officer has not yet commenced preparing the Insurance Risk Strategy due to limited capacity and a heavy workload on preparing tenders.
2021/ 22 Accounts Payable	Management reports should be run monthly to identify transactions where GRN’s have not been receipted for over 30 days	MEDIUM 	Anna Winship, Management Accounting Manager	May 22 Aug 22	Management Comments: Reports are run monthly but further work is required on reporting these to senior management.

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