

Oxford City Council

Internal Audit Progress Monitoring
Report

November 2013



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Distribution list: Audit and Governance Committee, Executive Team

Background and scope: The purpose of this report is to provide a progress update on the agreed 2013/14 plan, including details of the reports we have completed to date.

Plan outturn

2013/14 Audit Plan

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






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

We have continued to review our Audit Plan on an ongoing basis to ensure that it meets Oxford City Council's (the Council) risks. We have made no further revisions to our audit plan since those communicated to the Audit and Governance Committee at its meeting in September 2013. We have undertaken an additional review of the Council's English Heritage Grant outside the plan. Our findings from that review are included in this report. All prior year reports have now been finalised.

At the time of drafting this report we have delivered 92 days, or 39%, of our 230 day plan. This is against a detailed profiled budget of 47% for year to date. We remain confident we will deliver the plan in full and are on track to do so.

Reporting Activity and Progress

Final reports issued since the previous Committee meeting

Ref	Name of audit	Conclusion	Date final report issued	No of recommendations made			
				 Critical	 High	 Medium	 Low
1	English Heritage Grant 2011/12	N/a: Agreed upon procedures for grant claim certification requirements	October 2013	N/A	N/A	N/A	N/A
2	Business Continuity Management	High risk 	October 2013	-	2	2	-

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

English Heritage Grant 2011/12

Management requested we undertake an examination of the Council's English Heritage grant claim for the year ended 31 March 2012. The objective was to satisfy the grant provider that expenditure incurred was fully and solely expended on the purposes for which it was granted as set out in English Heritage's grant funding letter. Consequently, no overall classification has been provided.

We examined the claim form in accordance with the terms of the English Heritage grant offer letter in line with the limited scope procedures agreed in our engagement letter. We have found a small number of compliance exceptions that we reported. These included:

- Delays were experienced providing English Heritage with the *mid-year report and the audited account and annual report*.
- No specific controls and producers had been introduced for the recording of English Heritage expenditure.
- The Council has under claimed for associated staff costs by £11,943.16.

Business Continuity Management

We have classified our findings in this area as **High Risk**.

Performance has improved slightly since we last carried out the review in 2009/10 with fewer high risk issues identified. The review identified four key findings:

- Business Continuity Plans are out of date and contain details that are no longer valid.
- Dependencies and assumptions within plans are not comprehensive including reliance on third party support for critical activities.
- Some plans are missing key content or have content that is considered unnecessary.
- There is inconsistent use of templates for the Service Area plans.

As a result of these issues our assurance rating is high risk and management have accepted the findings and agreed actions to remedy them as soon as practicable to improve the control environment. The report has been included in full as part of these papers.

Fieldwork and draft reports

Fieldwork will be underway or complete for the following reviews as at the date of the November Audit and Governance Committee. In some cases the draft report will have been issued but the final report will not be available until the next Audit and Governance Committee meeting. We are due to issue a number of final reports before Christmas and will liaise with Senior Officers to agree how any significant findings emerging from these reports will be shared with you prior to the February 2014 Audit and Governance meeting.

- Cash and Card Payments;
- Corporate Assets – Asset Management Strategy;
- Direct Services Income Generation through DSOs;
- Fraud Risk Assessment;
- Business Improvement and Technology System Implementation;
- Finance – Town Hall Income;
- Fixed Assets and General Ledger;
- Collection Fund;
- Housing Benefits;
- Community Development – Community Centres and Associations; and
- Human Resources and Facilities – Payroll including Tax, NI and Compliance.

Appendix 1 - Internal audit detailed progress tracker – Q1, Q2 and Q3 Reviews

Ref	Auditable unit	Indicative number of days*	Scoping meeting date	Proposed fieldwork dates	Proposed clearance meeting dates	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
A1	Debtors and Creditors	14	Held	TBC	-	-	-	-	February 2014
A2	Collection Fund	10	Held	Held	w/c 11 November 2013	w/c 25 November 2013	w/c 2 December 2013	w/c 9 December 2013	February 2014
A3	Housing Benefits	7	Held	w/c 18 November 2013	w/c 25 November 2013	w/c 9 December 2013	w/c 16 December 2013	w/c 23 December 2013	February 2014
A4	Fixed Assets and General Ledger	12	Held	Held	w/c 11 November 2013	w/c 25 November 2013	w/c 2 December 2013	w/c 9 December 2013	February 2014
A5	Budgetary Control, Risk Management and Performance	15	TBC	-	-	-	-	-	TBC
A7	I.T. General Controls	7	Held	TBC	-	-	-	-	February 2014
A8	Fraud Risk Assessment	6	Held	Held	Held	w/c 18 November 2013	w/c 25 November 2013	w/c 2 December 2013	February 2014

<i>Ref</i>	<i>Auditable unit</i>	<i>Indicative number of days*</i>	<i>Scoping meeting date</i>	<i>Proposed fieldwork dates</i>	<i>Proposed clearance meeting dates</i>	<i>Proposed draft report date</i>	<i>Proposed management response date</i>	<i>Proposed final report date</i>	<i>Audit Committee reporting date</i>
A9	Cash and Card Payments (VE)	10	Held	Held	Held	w/c 11 November 2013	w/c 18 November 2013	w/c 25 November 2013	February 2014
B3	Community Development – Community Centres and Associations	10	Held	w/c 18 November 2013	w/c 2 December 2013	w/c 16 December 2013	w/c 23 December 2013	w/c 30 December 2013	February 2014
B5	Finance Town Hall Income	7	Held	Held	Held	Issued	w/c 18 November 2013	w/c 25 November 2013	February 2014
B6	Business Improvement and Technology – System Implementation	6	Held	Held	w/c 11 November 2013	w/c 18 November 2013	w/c 25 November 2013	w/c 2 December 2013	February 2014
VE1	Environmental Development – Carbon Budgeting	10	Held	TBC	-	-	-	-	February 2014
VE2	Human Resources and Facilities – Payroll including Tax, NI and compliance	16	Held	w/c 11 November 2013	w/c 25 November 2013	w/c 9 December 2013	w/c 16 December 2013	w/c 23 December 2013	February 2014
VE3	Direct Services – Income Generation through DSOs	10	Held	Held	Held	w/c 11 November 2013	w/c 18 November 2013	w/c 25 November 2013	February 2014

Ref	Auditable unit	Indicative number of days*	Scoping meeting date	Proposed fieldwork dates	Proposed clearance meeting dates	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
RF2	Corporate Asset – Asset Management Strategy	5	Held	Held	Held	Issued	w/c 11 November 2013	w/c 18 November 2013	February 2014

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

Appendix 2 – *Thought leadership publications*

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

Housing Revenue Account (HRA) reform: one year on

Reform of the HRA framework transferred around £28bn of housing debt to stock-owning local authorities with limits imposed on the amount councils could borrow against their housing assets.

The new system is forecast over the next 30 years to give councils control over £300bn of rental income and surplus rental streams that can support significant levels of new build. Under current debt caps stock-retaining councils could, collectively, borrow around £3bn to build 15,000 new homes over the next 5 years (or as many as 60,000 without the cap). The reforms are also intended to increase local transparency and accountability; improve management, maintenance and repairs; and encourage partnership working with housing providers.

This Talking Points publication explores the impact of the reforms, based on a survey and roundtables with housing professionals and experts from local authorities and housing associations, as well as senior policy makers and government officials.

<http://www.pwc.co.uk/government-public-sector/local-government/publications/housing-revenue-account-hra-reform-one-year-on.jhtml>

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