

Oxford City Council

Internal Audit Progress Monitoring
Report

February 2014

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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 one revision to our audit plan since those communicated to the Audit and Governance Committee at its meeting in November 2013. We have made one revision to our audit plan since our last update to the Audit and Governance Committee at its meeting in November 2013. We will complete our review of Temple Cowley Pool during 2014/15. We feel that a review of this nature is likely to provide more value to the Council after the initial phase of implementation has been completed. We have agreed to roll forward the days allocated to that review to the new audit plan.

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	Cash and Card Payments	Value Enhancement review – No risk rating	January 2014	N/A N/A N/A N/A
2	Corporate Assets – Asset Management Strategy	Value Enhancement review – No risk rating	January 2014	N/A N/A N/A N/A
3	Fixed Asset and General Ledger	Low Risk for both areas	January 2014	0 0 0 1
4	Housing Benefits	Low Risk	January 2014	0 0 0 4

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

1) Cash and Card Payments - No risk rating

This review focused on the Council's plan for becoming cash free, understand and evaluate the existing controls surrounding the receipt, banking and allocation of cash and card payments.

The Council has made progress and is using technology to help reduce cash receipts, but cash receipts at the time of our review had already exceeded those collected in 2012/13. Our testing found some key controls were not operating as designed. The Council needs a plan to achieve the reduction in cash receipts and we welcome the opportunity to review and future plans to provide further support and challenge.

We compared the level of cash received to date in 2013/14 against the total received in 2012/13 which showed the proportion of total income (excluding car parking) received in cash has increased.

There were a small number of controls which could be improved: -

- Unallocated income is posted to a suspense account. The balance at the time of our review was £28,097.85 which included items dated back to 2010. The Council should review the suspense account to clear outstanding items; and
- Access to the Paris system is restricted to authorized personnel. Our testing identified one leaver who still had access to the system. The Council should review processes in place for the removal of leavers from the system on a timely basis.

2) Corporate Assets – Asset Management Strategy - No risk rating

This review focussed on the Council's existing Asset Management Strategy to identify areas of strength, weakness and key areas of risk, and provide suggested areas of improvement for future iterations of the Asset Management Strategy.

We found the strategy was a well written document which clearly demonstrated an understanding of the associated policies, objectives and priorities, and the relationship with other strategies and the Corporate Plan.

We reviewed the Strategy against the Department for Communities and Local Government "Building on Strong Foundations – A framework for Local Authority Asset Management" guidance to identify opportunities for improvement. We also asked an Asset Management specialist to review the document. This highlighted areas for the Council to consider for future iterations of the strategy:

- General improvements – including making the links between corporate strategy, policy and asset strategy more explicit;
- General fund assets – including how the Council's objectives for its portfolio are to be met; and
- Housing Revenue Account assets – including how elements of the strategy are to be refreshed, value for money and financing options.

3) Fixed Asset and General Ledger – Low Risk

This review is performed annually on the key controls over the general ledger and over the fixed asset register. The review was combined from 2 reviews previously to a joint review in the current year.

The Council has maintained its strong general ledger performance from last year. The only issue found was that there was no evidence of review of payroll to general ledger reconciliations.

The fixed asset control environment is strong; we only one advisory issue. A new fixed asset register is being implemented in March 2014.

4) Housing Benefits – Low Risk

This review is performed annually on the key controls over the Housing Benefits process.

Progress has been made since our review last year, but some controls are not yet operating effectively.

The review identified two operating effectiveness issues:

- **Quality checking:** addressing errors identified as a result of the quality checking.
- **Overpayments:** there was an increased level of overpayments despite an increase in write-offs.

We looked at the controls which the Authority has in place to ensure the successful implementation of changes as a result of welfare reform. We found the Authority has set up a team to oversee pilot schemes. The Authority is currently piloting schemes on direct payments (to prepare for universal credit) and customer support as a result of changes such as bedroom tax and the benefit cap.

Fieldwork and draft reports

Fieldwork will be underway or complete for the following reviews as at the date of the February 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.

- Business Improvement and Technology System Implementation (draft report issued);
- Collection Fund (draft report issued);
- Direct Services Income Generation through DSOs (Draft report issued);
- Finance Town Hall Income (Draft report issued);
- Human Resources and Facilities – Payroll including Tax, NI and Compliance (Draft report issued);
- Fraud Risk Assessment (Fieldwork complete);
- Grant Payments (Fieldwork complete); and
- Community Development – Community Centres and Associations (Fieldwork complete).

Appendix 1 - Internal audit detailed progress tracker

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	w/c 3 March 2014	w/c 10 March 2014	w/c 24 March 2014	w/c 31 March 2014	w/c 7 April 2014	April 2014
A2	Collection Fund	10	Held	Held	Held	Issued	w/c 17 February 2014	w/c 24 February 2014	April 2014
A5	Budgetary Control, Risk Management and Performance	15	TBC	-	-	-	-	-	April 2014
A7	I.T. General Controls	7	Held	w/c 10 March 2014	w/c 17 March 2014	w/c 31 March 2014	w/c 7 April 2014	w/c 14 April 2014	April 2014
A8	Fraud Risk Assessment	6	Held	Held	Held	w/c 10 February 2014	w/c 24 February 2014	w/c 3 March 2014	April 2014
A10	Grant Payments	7	Held	Held	w/c 10 February 2014	w/c 24 February 2014	w/c 3 March 2014	w/c 10 March 2014	April 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>
B3	Community Development – Community Centres and Associations	10	Held	Held	w/c 10 February 2014	w/c 24 February 2014	w/c 3 March 2014	w/c 10 March 2014	April 2014
B5	Finance Town Hall Income	7	Held	Held	Held	Issued	Issued	w/c 10 February 2014	April 2014
B6	Business Improvement and Technology – System Implementation	6	Held	Held	Held	Issued	Issued	w/c 10 February 2014	April 2014
VE1	Environmental Development – Carbon Budgeting	10	Held	TBC	-	-	-	-	April 2014
VE2	Human Resources and Facilities – Payroll including Tax, NI and compliance	16	Held	Held	Held	Issued	w/c 17 February 2014	w/c 24 February 2014	April 2014
VE3	Direct Services – Income Generation through DSOs	10	Held	Held	Held	Issued	w/c 10 February 2014	w/c 17 February 2014	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.

The Future of Government

- 1. Delivering on the Citizen Promise**
In the face of recurrent budget cuts to reduce fiscal deficits in many countries, affordable government has become the watchword. This means doing more for less – meeting rising citizens' expectations by doing things differently to deliver services more effectively and efficiently.
- 2. Where Next for public services?**
Public sector organisations need to re-evaluate their purpose and role and decide if current visions and missions, and ways of operating to achieve them, are relevant enough to ride the waves of these shifts, or be overwhelmed by them. Government and public sector organisations will also need to respond to these shifts proactively and pre-emptively, to avoid falling one or more steps behind.
- 3. What guides and shapes the future public body?**
As such, tomorrow's public bodies need to navigate themselves by first formulating a strong and clear vision and mission. Together, these will capture the organisation's strategic ambition and purpose and serve to influence decisions and behavior within the organisation



http://www.pwc.com/en_GX/gx/psrc/publications/assets/pwc_future_of_government.pdf.

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