

Oxford City Council

Internal Audit Progress Report

7

September 2015

September 2015

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Agenda Item 5

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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 2014/15 internal audit plan.

Plan outturn

2015/16 Audit Plan (Q1 & Q2)

We have undertaken work in accordance with the 2015/16 Internal Audit Plan that was approved by the Audit and Governance Committee at its meeting in April 2015.

A statement tracking progress against the reviews scheduled for completion in Quarters 1 and 2 is shown in Appendix One. The remainder of the audit plan will be addressed by the Council's new internal auditors.

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
2015/16 Reviews							
B5	Investment Properties	Low Risk	27/8/15	0	0	1	0
B2	Housing Allocations	Low Risk	26/8/15	0	0	1	3
2014/15 Reviews							
Managing Capital Projects		n/a	26/8/15				

We summarise the findings from these reviews below:

Investment Properties

We highlighted one medium risk issue relating to the processes for managing rent arrears. There has been a lack of clarity of roles and responsibilities and inadequate communication between the teams involved, resulting in a number of tenancy management issues.

Housing Allocations

We raised one medium risk finding relating to the timeliness and monitoring of housing application processing. The current systems do not allow performance to be accurately measured against the published target for processing complete applications within 10 working days of receipt. The team are aware of a backlog in the assessing of applications, although are unable to accurately quantify this. The backlog has arisen due to factors including:

- a reduced number of staff in the Assessment and Support team; from 6 to 4.2. Staffing reductions were based on the understanding that online applications would have been introduced but they have not yet been;
- there have only been 2 members of staff in the support team recently both part time, and reliance on temporary staff which involves a lot of training; and
- the large volume of manual processes and data input. Paper application forms are often handed in incomplete or with missing information which must be requested before the form can be assessed.

We also identified three low risk issues:

- Re-registration - Applicants on the housing register are required to re-register periodically (normally each year). We noted 1237 (of 2966) records that had a re-registration date that had passed, and in 727 cases the re-registration date was over a year old. There is no regular monitoring report flagging the number of applicants that have re-registration dates that have passed.
- Reporting on appeals - The Information@work system does not allow separate identification or reporting of appeals made for different reasons. The number of appeals and the time taken to resolve appeals is also not monitored.
- Assessment process - For 1 of 11 applications tested the letter confirming movement from a Band 4 to a Band 2 was missing.

Managing Capital Projects

We reviewed the governance processes over the capital programme and performed a high level review of the project management documentation for a sample of 20 projects with total budget expenditure of £13.4m. We noted areas of good practice programme governance and saw evidence that controls were operating effectively. We raised a number of advisory recommendations, summarised as follows:

- greater clarity over whether a Project Initiation Document (PID) is required for each project, and whether it has been prepared
- consideration of whether the £100k threshold for the gateway process is appropriate; other factors may result in the project being considered higher risk such as public profile
- regarding budget slippage, further support and training may be needed to improve budget profiling, and challenge at the outset to ensure phasing is correct
- consideration of a corporate level risk around major capital projects given the increased activity in this area and the high profile nature of the projects
- future audits to deep dive into major projects, and/or hot reviews on a rolling sample basis going forward.

Our detailed report has been presented to the Audit & Governance Committee in full.

Fieldwork and draft reports

As at the date of preparing this report, field work has been completed and draft reports are being prepared for the following reviews:

- Housing rents
- Housing Benefits
- Collection Fund
- Procurement
- Post implementation review: Recovery team restructure

These reviews are scheduled to be finalised by 30 September 2015.

Appendix 1 - Internal audit detailed progress tracker

Ref	Auditable unit	Indicative number of days*	Actual audit days to date	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
2015/16 Reviews planned for Q1 and Q2							
A.3	Collection Fund	12	12	11/9/15	18/9/15	25/9/15	December 2015
A.4	Housing Benefits	10	10	11/9/15	18/9/15	25/9/15	December 2015
A.5	Housing Rents	10	10	11/9/15	18/9/15	25/9/15	December 2015
B.2	Housing Allocations	12	12		Completed		September 2015
B.5	Investment Properties	10	10		Completed		September 2015
VE.1	Year-end financial reporting timetable	-	-		Agreed with management to defer review to Q3/Q4		
VE.2	Trading Services	-	-		Agreed with management to defer review to Q3/Q4		
VE.4	Procurement	12	12	7/9/15	10/9/15	18/9/15	December 2015
2014/15 Reviews							
Managing Capital Projects		-	-		Completed		September 2015
Post implementation review: Recovery team restructure		-	-	7/9/15	10/9/15	18/9/15	December 2015

Ref	Auditable unit	Indicative number of days*	Actual audit days to date	Proposed draft report date	Proposed management response date	Proposed final report date	Audit Committee reporting date
	Follow up & audit management	20	20	n/a	n/a	n/a	n/a
	Total days	86	86				

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 produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector. All publications can be read in full at www.psrc.pwc.com/

You can also read our blogs on Public Sector Matters Globally http://pwc.blogs.com/psm_globally/

Towards a new era in government accounting and reporting – July 2015

The second edition of the PwC global survey analyses key aspects of government accounting and reporting around four themes:

1. Accounting practices - To establish a baseline understanding of current government accounting and reporting rules, and show the trends in terms of reform initiatives that are currently in progress around the world.
2. Budgeting practices - To develop a general understanding of current budgeting practices, and identify possible developments and budgeting reforms launched or envisaged by governments in the next five years.
3. IT environment - To understand the IT capacity within governments to implement accrual accounting and support good public finance management, and learn more about the resulting challenges.
4. Finance function - To put government accounting in the context of the wider finance function and evaluate governments' performance in various aspects of financial management, and get insight into how governments envision moving forward.



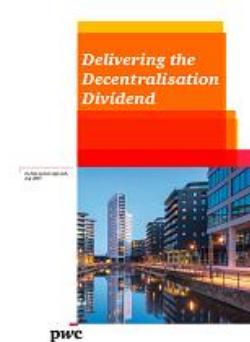
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Delivering the decentralisation dividend – July 2015

With decentralisation high on the agenda in the UK our report, Delivering the Decentralisation Dividend, sets out the potential prize of decentralisation - good growth, public service reform and public engagement - and the barriers to be overcome if local places are truly to deliver the decentralisation dividend.

Our local government polling has found growing confidence behind decentralisation following the 2015 General Election, with a third of council chief executives and leaders now agreeing their council will have significantly more powers and responsibilities by 2020, up from 22% in March 2015.

Key barriers to decentralisation identified by local authorities include the sustained and growing financial pressures on councils, difficulty in establishing effective collaborative relationships with local government partners, and the requirement for a directly elected mayor. To deliver on decentralisation, localities need to take a whole system approach and keep a keen focus on the outcomes that collaborative working can achieve, embracing 'decentralisation by design' to rethink public services and investment for growth across a place.



Key local institutions - local authorities, combined authorities and LEPs - need to ensure they have the leadership, capability, capacity and accountability in place to make their case to central government and to then deliver on their plans.

Delivering growth: Where next for Local Enterprise Partnerships? – June 2015

Local Enterprise Partnerships (LEPs) in England have come a long way since their inception in 2010. The LEPs may all have started out from different points and evolved at different speeds, but as a group they are now firmly established as the lead agencies for promoting local growth. LEPs can't solve all the problems facing local economies but as a group, they have demonstrated they can make a difference.

The challenge ahead will be to see through their plans and programmes and deliver their economic strategies. Some of the LEPs, however, are arguably under-powered and under-resourced for the tasks they face and their immediate. Despite their varying capabilities and limited core funding they will all have to ensure that public and private funds are spent effectively and deliver results in terms of improved productivity and local economic growth.

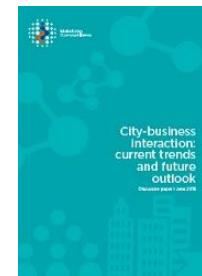
Our Talking Points with the Smith Institute draws on interviews with 22 LEP leaders (mainly chairs and chief Executives) and a briefing event hosted at the LEP Annual Conference in March 2015 to explore 'where next' for Local Enterprise Partnerships.

City-business interaction: current trends and future outlook – June 2015

Cities are centres of society, commerce and politics, home to more than half of the world's population, and key drivers of economic growth, generating more than 80 percent of the world's GDP.

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Global economic activity is predominantly centred on those business capitals with strong international links, with at least 5 million inhabitants and GDP of more than \$200 billion. These cities are leading hubs for creativity, talent and innovation, opening up opportunities for business and city leaders to work together to help increase their commercial competitiveness as well as ensuring they are good places to live and work.



Whitehall Matters: A collection of articles on the Spending Review – June 2015

The public sector is still under pressure and will be for the next few years. But there are practical changes that this government can make through the Spending Review process, and to its future operating model, that we believe would help to deliver its manifesto commitments and policies while bringing the public finances into balance.

Our latest issue of Whitehall Matters includes five key tests for government ahead of the Spending Review, private sector perspectives on priorities for Whitehall, opportunities for digital transformation and efficiencies - and our ideas for how the Spending Review process itself could be changed.



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