

# INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

January 2022

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# SUMMARY OF 2021/22 WORK

## Internal Audit

This report is intended to primarily inform the Audit Committee of progress made against the 2021/22 internal audit plan although there is also reference to audits recently completed in respect of the 2020-21 audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## 2021/ 22 Internal Audit Plan

We are pleased to present the following reports to this Audit Committee meeting:

- General Ledger
- Insurance

We will present the following reports to this Audit Committee meeting separately:

- Follow up Report

## 2021/ 22 Additional reviews

We have also completed a Capital Pooling Grant Review for the Council, which has been submitted to DLUHC, no exceptions or errors were identified.

## 2021/ 22 Changes to Audit plan

Community Strategy - This review will add more value once a community strategy has been put in place. A community strategy is currently being devised by July 2022 and therefore once this is embedded, we will undertake our review. This review will be removed from the 2021-22 audit plan and will be included as part of the 2022/23 audit plan.

Cyber Security - This review will be moved to the 2022-23 audit plan as the Council are currently working on the Cyber plan with DLUHC, the work is due to be completed in March 2022 and therefore it would be more prudent for the review to be undertaken after this work has been completed.

The days for these reviews are being reallocated to other work within this year's plan.

# REVIEW OF 2021/22 WORK

Audit Area	Audit Days	Executive Lead	Planning	Fieldwork	Reporting	Opinion	
						Design	Effectiveness
Audit 1: Housing Rents	14	Nigel Kennedy	✓				
Audit 2: Community Strategy	14	Ian Brooke	✓	Removed - To be included in the 2022-23 internal audit plan as a community Strategy is to be devised by July 2022.			
Audit 3: Private Rented Sector	15	Nigel Kennedy and Stephen Clarke	✓	✓			
Audit 4: Environment	15	Mish Tullar	✓				
Audit 5: Data Analytics	15	Anna Winship	✓	✓	✓	Moderate	Moderate
Audit 6: Project Management	15	Carolyn Plosynski	✓				
Audit 7: Cyber Security	14	Helen Bishop	✓	Removed- To be included in the 2022-23 internal audit plan as the Council are working on a cyber plan with DLUHC			
Audit 8: Accounts Payable	14	Nigel Kennedy	✓	✓	✓		
Audit 9: Business Continuity & Disaster Recovery	14	Nigel Kennedy	✓	✓	✓	Moderate	Moderate
Audit 10: General Ledger	10	Nigel Kennedy	✓	✓	✓	Substantial	Moderate
Audit 11: Remote Working	14	Nigel Kennedy	✓				
Audit 12: Insurance	10	Nigel Kennedy	✓	✓	✓	Substantial	Substantial
Audit 13: Academy vs Civica	18	Nigel Kennedy	✓	✓			
Capital Pooling Return	10	Nigel Kennedy	✓	✓	✓	N/A	N/A

# EXECUTIVE SUMMARY - INSURANCE

## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	1
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 2

CRR/BAF REFERENCE:

Foster an inclusive economy

BACKGROUND:

Oxford City Council (the Council) and its trading companies Oxford Direct Services and Oxford City Housing Limited (OCHL) hold an insurance provision of £0.8m and an insurance reserve of £1.2m. Zurich insurance group assesses the provision and reserve. The provision is based on an actuarial assessment of outstanding and unsettled claims; the reserve is an actuarial assessment of claims history and represents the expected cost of claims. The provision and reserves are maintained at the assessed level and are adjusted following an annual review. Costs of claims (excesses etc.) are charged to the relevant departments.

A report was presented to Cabinet (previously City Executive Board) in October 2017 to seek delegated authority for the Head of Financial Services to award a contract(s) for the supply of insurance services.

The tender was split by ten lots:

- Oxford City Council (OCC), Oxford City Housing Ltd (OCHL), Oxford West End Development Limited (OxWed):
  - Property insurance
  - Liability insurance
  - Motor vehicle insurance
  - Engineering insurance and inspections
  - Group personal accident & travel insurance
  - Leasehold.
- Oxford Direct Services (ODS) and Oxford Direct Services Trading Ltd (ODST):
  - Liability insurance
  - Motor vehicle insurance
  - Group personal accident & travel insurance
  - Property insurance.

The contract for Zurich is due for renewal in 2022 and the Council are due to start the tender

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process in February 2022.

**GOOD PRACTICE:**

We noted the following areas of good practice:

- The Council correctly identified the required insurance cover and adequate excesses for service areas and trading companies after consultation with the Insurance provider
- Premiums are recharged to each service area/trading company concerned and the relevant amount is credited to the Council's imprest fund
- The insurance excess was reviewed annually whereby the Council obtained the lowest possible excess available to them. This was approved by the head of finance for the Council and by the Board for trading companies
- The fire reinstatement value was assessed by the Council annually and fed into the insurance renewal review
- All service areas impacted by insurance claims have an inspection and maintenance regime in place, which ensures continued compliance with the Insurance Act 2015. Inspections had a strong focus on keeping records to defend claims in case they arise
- We reviewed the inspection regimes for a sample of three service areas: Estates, Parks and Tree's and Highways we noted:
  - There were inspection check sheets in place and completed for all three divisions of estates (low-rise, sheltered blocks and tower blocks) and there are regular inspections
  - Inspection reports confirmed that estates passed their inspections, generating a team score of 96%
  - Parks and Trees are inspected regularly by members of Royal Society for the Prevention of Accidents (RoSPA) and Zurich in accordance with time frames set up by the Council. Risk assessments were undertaken prior to the inspections which determined the frequency of inspections
  - Inspections and their frequencies are electronically generated and stored on a database (HIAMS) by the Highways team. All highway safety defects were recorded, risk assessed and appropriate time frames were allocated for repair
  - The highways team runs an 11-month cycle for inspections ensuring that all annual inspections are carried out within tolerance levels and not repeatedly undertaken on the same month of the year
  - All were signed and dated by the inspector carrying out the assessment.
- We conducted sample-based testing on five public liability claims made between April 2020 to 2021. We noted:
  - Each claim was acknowledged by the Council/Insurance provider within 21 days of receiving it and evidence to support the claim was subsequently requested
  - Information provided by service areas was processed on a timely basis to defend the claim
  - There were frequent discussions between the Council and Insurance providers throughout the claims process
- The Council has a strong focus on health and safety of employees and undertakes regular risk assessments which has led to no employee liability claims in the past three years
- The Council receives risk assessments from Insurance providers along with undertaking fire risk assessments for their buildings. Actions, trends, and lessons learned from the risk reports are shared with relevant members of staff and service areas
- A privacy notice is outlined on the Council's website and claimants are made aware of this when a claim is made.

## KEY FINDINGS:

Finding	Recommendation	Responsible Officer
The Council does not have an Insurance Risk Strategy in place, which would set out in more detail the Council's approach to insurance risk and how it handles claims against this (Finding 1 - Medium)	<p>The Council should create an insurance risk strategy which outlines the following areas:</p> <p>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.</p> <p>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.</p> <p>Management Response  <i>Agreed - The Council will compile an insurance guidance document that will outline the insurance processes and strategy. This will be an internal document for use by the team.</i></p>	<p>Alison Nash,            Insurance Officer</p> <p>1 April 2022</p>
Risk assessment reports were not undertaken annually by Zurich due to the impact of Covid (Finding 2 - Low)	<p>The Council should work with Zurich to advise on potential risk assessments to be undertaken within 2022</p> <p>Management Response  <i>Agreed - The Council will continue to work with Zurich and take their advice on potential risk assessments driven by underwriters. Where Risk assessments are not undertaken within the year it is built up within the Councils fund balance.</i></p>	<p>Alison Nash,            Insurance Officer and            Bill Lewis,            Financial Accounting Manager</p>

## CONCLUSION:

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.

As a result, we have concluded on a Substantial opinion on both the design and effectiveness.

# EXECUTIVE SUMMARY - GENERAL LEDGER

## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	Generally, a sound system of internal control designed to achieve system objectives with some exceptions
Effectiveness	Effectiveness	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	1
Low	5

TOTAL NUMBER OF RECOMMENDATIONS: 6

## CRR REFERENCE:

1. Foster an inclusive economy
2. Deliver more affordable housing
3. Support flourishing communities
4. Pursue a zero carbon Oxford.

## BACKGROUND:

The Council's Main Financial System is Agresso within which, general ledger and payroll transactions are recorded. The Council's finance team manage the financial transactions for the Council and their trading companies DT - Oxford Direct Services Trading, DS - Oxford Direct Services Teckal and Oxford City Housing Limited (OCHL).

The Council's General Ledger system is part of Agresso. The finance team are responsible for setting out the chart of accounts including setting up and amending cost centre and accounts codes on Agresso and processing and approving journals.

The team are also responsible for processing and reconciling interfaces from other Council systems to Agresso such as QL (housing management system), Civica (revenues and benefits system) and the PARIS system (income collection system).

The Council's Constitution sets out their policies and procedures; these are complimented by additional procedure notes relating to daily, weekly and monthly tasks that the Finance Team are responsible for.

BDO has carried out audit reviews in the same area in previous years and improvement has been evidenced and/or remained static during the impact of Covid:

Audit Review	Year	Assurance on Control	Assurance on Operational Effectiveness
General Ledger	2016/17	Moderate	Moderate
General Ledger	2018/19	Substantial	Moderate
General Ledger	2021-22	Substantial	Moderate

#### GOOD PRACTICE:

During the audit, the following areas of good practice were identified:

- 11 Council and 13 ODS/OCHL and ODST reconciliations were completed accurately and on a timely basis, with reviews undertaken by an appropriate officer. Each reconciliation had supporting documentation and worked calculations included
- There were robust and up to date procedure notes to support reconciliations and support accurate, complete and timely transactions
- There were accurate procedures in place to add/remove cost centre/account codes entries from the chart of accounts. The Finance team managed the entries to the chart of accounts based on input from the originating departments
- 20 Journals transactions reviewed were carried out appropriately and processed in a timely manner
- Journal Entries (post back journals, reversals) were only carried out by the Finance team and there was appropriate segregation of duties between the requestor of the journal and those that processed the journal
- With regards to giving access to the Council's general ledger system, Agresso, correct procedures were followed for four of the samples. Each sample had a new joiner request form sent to the IT department or the Finance team prior to setting them up.

#### KEY FINDINGS:

Findings	Recommendation	Responsible Officer
The QL Housing System is in a status of 'recovery' as a result a majority of the QL to Agresso interfaces are not being undertaken, including customer repairs invoicing, leaving an accumulated customer repairs balance unbilled (Finding 1 - Medium)	<p>a) The Council should continue to actively work on the testing and invoice interfaces and to plan for the testing on sales order process</p> <p>b) The Council should re-automate supplier payment interfaces as part of the QL recovery process</p> <p>Management Response Agreed - We are currently working on the testing of invoice interfaces to eliminate the 'workaround' process we have in place. Once the invoice testing has been finalised, we will move onto the sales order process testing which enables payment for completed jobs to be made to ODS and for customers including the council to be billed. There are approx. 30,000 completed orders within QL which remain unbilled</p>	<p>Anna Winship, Management Accounting Manager</p> <p>28 February 2022</p>

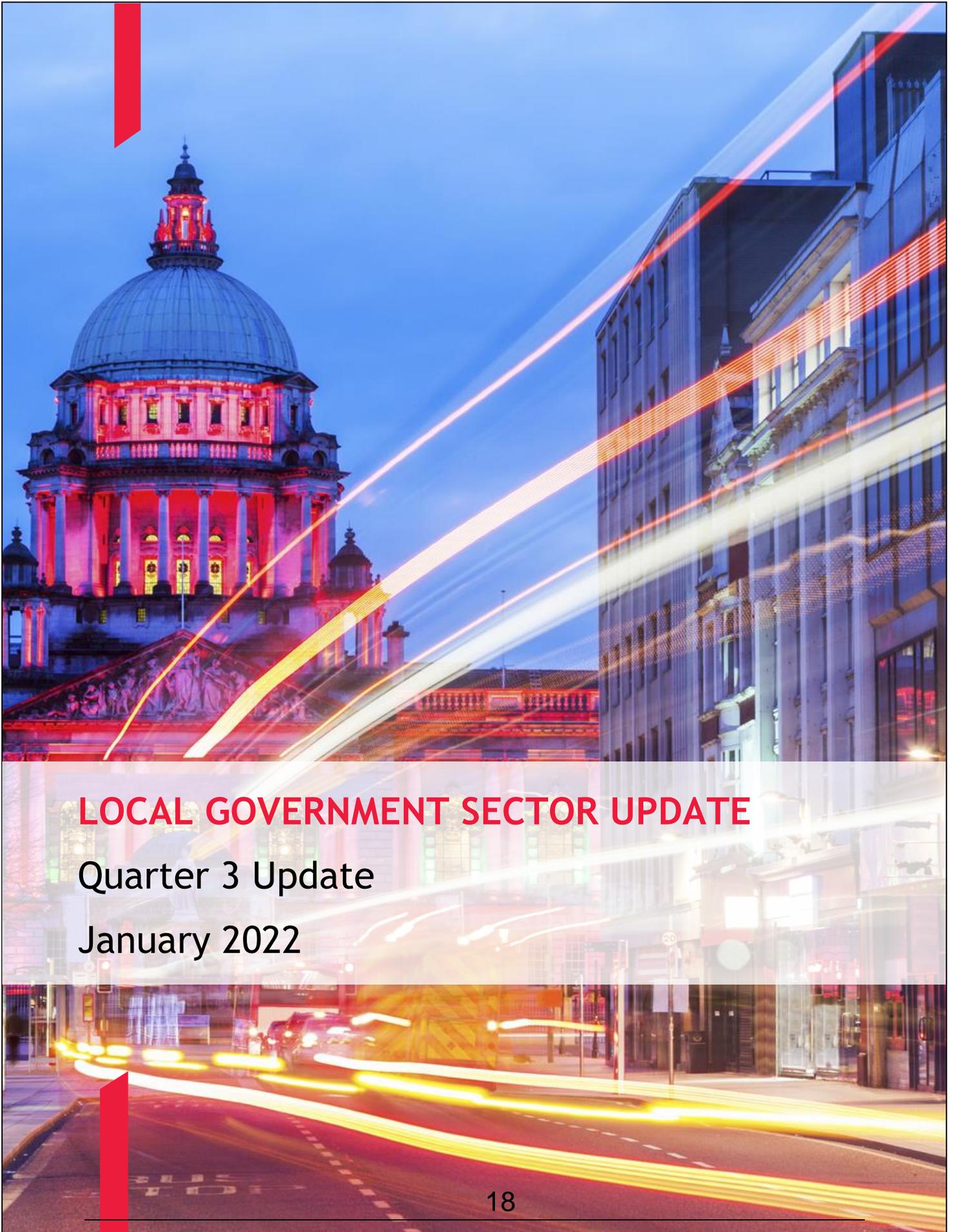
<p>One journal entry did not have sufficient documentary evidence to support the journal (Finding 2 - Low)</p>	<p>Officers should be reminded of the correct procedure for journal processing - A journal form is to be completed by the officer raising the journal, with supporting documentation attached. Journals should be sent back to the requestor and not processed if a corresponding form is not completed alongside the journal request and documentary evidence.</p> <p>Management Response Agreed - Our process is for documentary evidence to be attached to journal transactions therefore this should be expected going forward.</p>	<p>Anna Winship, Management Accounting Manager</p> <p>1 February 2022</p>
<p>Of the 12 procedure notes the Finance team use for General Ledger tasks, one did not have a date of review (Finding 3 - Low)</p>	<p>a) 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</p> <p>b) The procedure notes that are being re-written due to system change should be added to the schedule and reviewed every two years</p> <p>Management Response <i>Agreed - The above will be undertaken. The Open Revenues system went live in September 2021, the procedures are being written as the processes are being undertaken for the first few months to ensure they are fit for purpose.</i></p>	<p>Andrew Friar, Senior Financial Accountant</p> <p>1 March 2022</p>
<p>Two of the reconciliations, out of the 26 reviewed, were performed one month after they were due (Finding 4 - Low)</p>	<p>a) 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</p> <p>b) These should be monitored for timeliness</p> <p>Management Response Agreed - a schedule will be created and monitored going forward</p>	<p>Andrew Friar, Senior Financial Accountant</p> <p>28 February 2022</p>
<p>Of the five samples tested for new/amended Agresso access given to staff, in one case there was no access amendment form in place therefore we could not confirm that the relevant line manager had approved the user access amendment (Finding 5 - Low)</p>	<p>A separate 'amendment' form should be created for users to complete when an Officer changes department/or requires additional access which should be forwarded to the IT department with relevant approval. This form should be stored on the Council's intranet and emailed to all line managers for their records. Where a form has not been completed the access should not be granted.</p> <p>Management Response <i>Agreed - As part of our process an amendment form should be created when there are changes to system access. However, this member of staff moved from the OCC finance team to ODS finance team and as part of the newly agreed SLA some system admin tasks were transferred over to ODS finance, therefore this users access was amended. The management accounting manager was aware of this. This will be documented going forward.</i></p>	<p>Anna Winship, Management Accounting Manager</p> <p>1 February 2022</p>

<p>Of the ten new Cost centre/ account codes tested, there were inconsistencies for three of them. In two instances, a new cost centre form was not raised by the officers and in the remaining one case, the new cost centre form was not signed and dated by the individual setting up the code. (Finding 6 - Low)</p>	<p>a) A cost centre/account code form should be completed by the originator departments prior to creating/amending cost centres</p> <p>b) Workflow rules should be created in accordance with the cost centre, a finance officer should not process the cost centre without the workflow rules.</p> <p>Management Response <i>Agreed - Although there are emails in place for the first point which provides approval of the creation of the cost centre codes a form is required so we have all the information in one place and can add the workflow rules to Agresso therefore this will be completed going forward.</i></p>	<p>Anna Winship, Management Accounting Manager</p> <p>1 February 2022</p>
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## CONCLUSION:

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.

This led us to conclude that the control design was substantial and control effectiveness was moderate.



**LOCAL GOVERNMENT SECTOR UPDATE**

Quarter 3 Update

January 2022

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## SECTOR UPDATE

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

## FINANCE

### IASAB Guidance to Internal Auditors

The Internal Audit Standards Advisory Board (IASAB) has produced guidance to internal auditors on maintaining conformance with the UK Public Sector Internal Audit Standards (PSIAS) during the pandemic. CIPFA has endorsed the guidance which also has the support of the other UK Relevant Internal Audit Standard Setters.

The guidance has advised audit committee members on the following key steps:

- Advise the Audit committee on changes to the internal audit plan
- Where in house internal audit staff are reassigned to undertake consultancy roles, they should be made aware of the responsibilities
- Where internal audit staff are diverted into operational roles it should be made clear that for the duration that staff are not operating as internal auditors

BDO provide regular updates to the audit committee on changes to the audit plan. However, the above guidance does not have a direct impact on BDO as we are outsourced providers and not being diverted into in-house roles.

<https://www.cipfa.org/services/networks/better-governance-forum/internal-audit-documentation/conformance-with-psias-during-the-pandemic>

### District Council proposes U-turn on Council tax rise after government boost

Mansfield District Council's cabinet said in October it wanted to increase its portion of council tax by 1.99% in 2022-23, which would have raised £115,000 of extra revenue.

But the one-year local government settlement in December confirmed the authority would receive an additional £401,000 of grants, and the cabinet now wants to reverse its original plans.

"This would be good news for Mansfield residents, many of whom continue to be affected by the pandemic," said corporate and finance portfolio holder Craig Whitby.

"Our original decision to propose an increase was not an easy one to make for this reason, but was necessary based on the information we had at the time."

The change also means the cabinet is proposing to reduce the use of earmarked reserves for 2022-23 from £261,500 to £100,000.

A proposed 2% increase to fees and charges and a revenue-raising trade glass collection service will still be included in the budget, although other proposed further charge increases will no longer go ahead.

The council will still have a savings target of £1.08m, although this is nearly £300m less than the pre-settlement plans.

The budget proposals will be agreed by the cabinet on 17 January and discussed at a full council meeting on 26 January.

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<https://www.publicfinance.co.uk/news/2022/01/district-council-proposes-u-turn-council-tax-rise-after-government-boost>

### **Councils in £450m ‘truck cartels’ compensation challenge**

More than 100 local authorities will press ahead with a High Court claim for hundreds of millions of pounds in compensation from truck manufacturers which the European Commission ruled had colluded to fix prices.

The group of councils launched the challenge in November 2020 against 15 truck companies, after the European Commission found in 2016 they had colluded between 1997 and 2011 to fix prices.

The authorities’ claim that the collusion meant “materially higher” costs for leasing and purchasing of heavy good vehicles used for refuse collection, street cleaning, waste disposal as well as contracts for such services that relied on the use of trucks.

Written defences and replies were submitted to the High Court in December, with disclosures and witness statements set to be filed next, but PF understands progress on the case is likely to progress slow due to a courts backlog caused by Covid-19.

Richard Pike, partner at law firm Constantine Cannon, which is representing the councils, said: “In reality, we will probably see the case stayed for period, because there are a number of other related cases ahead of us.

“The hope is that they [the manufacturers] will settle sooner rather than later. When the cases ahead of us are determined or settled that will no doubt have an impact on our case as well.”

Councils are requesting close to £450m in damages, which consists of £240m in overcharged costs during the 14-year period, capped at 26% of the value of the purchases under EU law, according to documents seen by PF.

Authorities are claiming a further £155m stemming from the impact prices in the wider market, as well as £60m resulting from permanently increased costs.

<https://www.publicfinance.co.uk/news/2022/01/councils-ps450m-truck-cartels-compensation-challenge>

### **Government to extend additional audit funding**

Local authorities in England are set to receive £45m over the next three years, alongside extended accounts deadlines, to help improve the timeliness of local audit.

In December 2020, the government allocated £15m to councils to help fund additional costs of audits, due to changes in accounting requirements in 2021-22, following the recommendations of the Redmond Review.

The government confirmed in a guidance document that funding will be extended to help cover additional costs over the Spending Review period up to 2024-25.

The document said: “This will provide local bodies with the certainty that they will be supported to implement the changes needed to respond to new auditing requirements and Redmond’s recommendations.”

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The government has also proposed extending the deadline for 2021-22 accounts to November 2022, after only 9% were filed on time in 2020-21.

Additionally, the government intends to move the deadline for each year's accounts to 30 September, up until 2027-28, to give auditors and councils more time, the guidance said.

CIPFA will also produce new guidance in April, emphasising the role of audit committees in the preparation of accounts, alongside a new local audit training diploma for practitioners.

<https://www.publicfinance.co.uk/news/2021/12/government-extend-additional-audit-funding>

### **Omicron grant boost targeted towards highest-spending councils**

English councils which have distributed highest amounts to businesses through the Covid-19 Additional Restrictions Grant scheme will get the largest allocations from a £100m.

The ARG scheme was introduced in October 2020, and topped up twice earlier this year, with previous rounds being allocated to councils on a per-head-of-population basis.

The new top-up has been announced as part of a new £1bn package announced yesterday in response to a self-imposed lockdown by much of the population as the Omicron variant spreads.

A government statement said: "Local authorities will have discretion to allocate this funding to businesses most in need.

"The ARG top up will be prioritised for those local authorities that have distributed the most of their existing allocation."

It said that, in addition, councils still have £250m of previously allocated funding that remains unspent.

In addition to the ARG, the government announced:

- £683m in targeted grants for hospitality and leisure businesses in England;
- £30 million for Culture Recovery Fund;
- a further allocation of £154m in Barnett funding for devolved nations;
- the reintroduction of a scheme to reimburse small and medium sized employers for up to two weeks per employee for absences.

Responding to package announcement, Cllr Shaun Davies, Chair of the Local Government Association's Resources Board, said: "We know these grants have been a vital lifeline to businesses and councils will work hard to get this new government funding out to businesses."

<https://www.publicfinance.co.uk/news/2021/12/omicron-grant-boost-targeted-towards-highest-spending-councils>

### **Settlement allocation 'clear indication of levelling-up'**

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The allocation of the local government settlement, steering more funding to deprived councils, is a signal of the government's intentions on 'levelling up', according to experts.

The settlement will see the most deprived local authorities in England receive a real-terms funding increase of 4.9% in 2022-23, compared with a 3.8% rise for the least deprived councils, according to analysis from the Institute for Fiscal Studies.

This funding increase for poorer authorities is mainly attributed to the one-off £822m services grant, which used an older funding formula to target support based on a council's ability to raise income.

David Phillips, associate director at the IFS told PF: "In contrast to recent years, councils in poorer areas are projected to see a big increase in their core funding over authorities in more affluent areas.

"That is largely down to the way the government has allocated the 2022-23 services grant."

Dan Bates, finance specialist at local government advisors LG Improve, told PF that the grant allocation "provides the clearest clue as to government's future priorities".

<https://www.publicfinance.co.uk/2021/12/settlement-allocation-clear-indication-levelling>

### **Council spending on transport soars through Covid-19**

English councils' net spending on highways and transport more than doubled last year, due to a reduction in income caused by Covid-19, according to outturn figures.

Councils spent £7.9bn on highways and transport services in 2020-21, a £4.1bn increase on the £3.7bn reported in 2019-20, the highest year-on-year service spending rise, according to provision outturn data published by the government.

The majority of the rise (£3.3bn) was attributed to the Greater London Authority as fare income drastically reduced on Transport for London due to Covid-19 restrictions, the report added.

The report said: "This was also the main cause for the increase across other authorities as well as lower income from off-street parking.

"Local authorities with toll bridge or tunnel crossings also reported lower fee income from these."

Overall, local authorities' total net service spending was £106.3bn in 2020-21, up 10.6% in real terms compared to 2019-20, which resulted from additional pandemic spending, the report said.

<https://www.publicfinance.co.uk/news/2021/12/council-spending-transport-soars-through-covid-19>

### **Sector voices disappointment over 'stop-gap' local government settlement**

Local authorities are set to receive a share of a one-off £822m services grant in 2022-23, to help meet service demands, as part of a single-year provisional local government settlement announced on Thursday.

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The un-ringfenced grant will go to all local authorities in England, to help manage services pressures including funding to cover the increase in employer national insurance contributions, a consultation published alongside the settlement said.

The single-year settlement would give the government the time to assess how it will share out resources fairly in future years, the consultation said.

Communities secretary Michael Gove said in a written ministerial statement: “In outlining these proposals, my priority is to provide stability in the immediate term so I can work closely with local government and other partners on options to update our assessment of local authority needs and resources.”

Overall, the government said the settlement would provide a real-terms spending power increase of 4% on 2021-22, which includes inflationary rises to core grants and assumes 2% council tax rises across the board.

<https://www.publicfinance.co.uk/news/2021/12/sector-voices-disappointment-over-stop-gap-local-government-settlement>

## Environment

### **Efficient borrowing: Using PWLB borrowing to reduce climate emissions**

Loans from the Public Works Loan Board helped one UK local authority reduce climate emissions in schools.

In 2012, Cambridgeshire County Council adopted an energy efficiency programme, combining borrowing from the Public Works Loan Board with a £1.2m grant from the EU’s Intelligent Energy Europe programme.

“The grant was effectively revenue funding to help us design and develop energy efficiency projects all the way up to procurement stage,” says Sheryl French, assistant director of climate change and energy services at the council.

The Mobilising Local Energy Investment scheme was initially aimed at reducing carbon emissions in schools. “We have about 240 schools, and those were the largest carbon emitters we had on our portfolio at that time,” French adds.

Schools in the county with academy status have control over their own decision-making processes, so the council had to approach governing bodies with work proposals. “We offered to install solar panels, LED lighting, new boilers and other energy-saving incentives, with debt serviced by the money saved on bills,” French says.

<https://www.publicfinance.co.uk/case-study/2021/10/efficient-borrowing-using-pwlb-borrowing-reduce-climate-emissions>

## HOUSING

### **‘Key amnesty’ launched to reclaim illegally used council housing**

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A London council has begun a ‘key amnesty’ aiming to reduce tenancy fraud, promising “no questions asked” of those who have been using council homes illegally.

Hillingdon Council said tenancy fraud, which includes illegal subletting, wrongful succession, fraudulent ‘right to buy’ applications, lying about tenancy agreements or housing applications and failures to disclose changed circumstances, costs “hundreds and thousands of pounds each year”.

During the amnesty, which will last from Monday 8 November to Friday 17 December, anyone can hand in keys to the council’s civic centre and only need to fill in a form confirming details of the property and that it is empty.

No one who hands in keys during this time will face legal action, the council said.

“With an already huge demand for social housing, it’s not right for properties to be sitting empty because the tenant moved in with a partner, is living somewhere else or making money by illegally subletting their council property,” said council member for finance Martin Goddard.

<https://www.publicfinance.co.uk/news/2021/11/key-amnesty-launched-reclaim-illegally-used-council-housing>

### **‘Urgent case’ for more social rented homes in government housing plans**

Government plans to spend £8.6bn building affordable homes still leave a large unaddressed need for social housing, an expert has warned.

Gavin Smart, chief executive of the Chartered Institute of Housing, said the £8.6bn of funding allocated on Tuesday was welcome but not focused enough on social homes.

The government said it would build nearly 120,000 homes with the money, including “57,000 for ownership, 29,600 for social rent and 6,250 affordable rural homes” with no details about the rest.

“The impact of the pandemic means even more households are struggling to meet rent and other costs of living, let alone being able to save for home ownership in the near future,” said Smart.

He said the social rented homes are “really welcome”, but said “there is still an urgent case for a greater level of investment to deliver more”.

Social rented homes are typically available at 50-60% of market prices, and generally provide tenants more security than those owned by private landlords.

Smart said the announcement is “in line with [the government’s] investment ambitions, with half of the funding for the development of lower cost home ownership for first-time buyers”.

<https://www.publicfinance.co.uk/news/2021/08/urgent-case-more-social-rented-homes-government-housing-plans>

# APPENDIX I - DEFINITION OF ASSURANCE

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
<b>Substantial</b> 	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.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	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.
<b>No</b> 	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.

# APPENDIX II - PROTOCOLS

## RESPONSIBILITIES

Having clear protocols around approvals across all stages is important to the integrity of the outputs produced. The table below sets out the minimum expectations for approvals - all approvals must be done via email or letter and verbal approvals cannot be accepted. BDO will retain all evidence of approvals.

Definitions:

- Lead - this always refers to BDO. It is defined as the organisation responsible to the delivery and management of the task
- Approve - this is who BDO require to formally approve the task and will be one of the three organisations
- Consult - this is where BDO will reach out to one or more of the Group organisations to ask for their feedback into a specific task. This feedback will be given to the Approver and be taken into account in the process prior to finalisation of any given task. Where there may be disagreement between the Approver and those Consulted, the Approver decision is taken
- Inform - this is where BDO will reach out to one or more of the Group organisations to inform them of the outcome of a task providing the output where appropriate. This is therefore a post task process to inform. It may happen on occasion that an organisation is informed in advanced however they are not being consulted to seek feedback/input.

## OCC 2021-22 PLAN WITH RESPONSIBILITIES

	L lead, A approve, # inform, @ consult				
	BDO	OCC	ODS/ODST	OCHL	Comments
Annual Planning					
Car Parking	L	A	@	None	
Highways Audit	L	A	@	None	
Housing Rents	L	A	@	#	
Community Strategy	L	A	None	None	
Homelessness Prevention & Temporary Accommodation	L	A	None	None	
Environment	L	A	None	None	
Data Analytics	L	A	@	None	ODS/ODST receive financial software support from OCC and therefore will be consulted on this review as it will cover all finance software.
Project Management	L	A	#	#	
Cyber Security	L	A	#	None	
Accounts Payable	L	A	@	@	ODS/ODST and OCHL receive AP support from OCC and therefore will

					be consulted on this review.
Business Continuity and Disaster Recovery	L	A	@	@	ODS/ODST and OCHL maintain the same software as OCC and therefore will be consulted on this review.
General Ledger	L	A	@	@	ODS/ODST and OCHL receive GL support from OCC and therefore will be consulted on this review.
People and Culture	L	A	#	None	
Remote Working	L	A	None	None	
Insurance	L	A	@	@	ODS/ODST and OCHL have the same insurance cover and therefore will be consulted on this review.



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