INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

2024/2025

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CONTENTS

SUMMARY OF 2024/2025 WORK

INTERNAL AUDIT

This report is intended to inform the Audit and Governance Committee of progress made against the 2024/2025 internal 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.
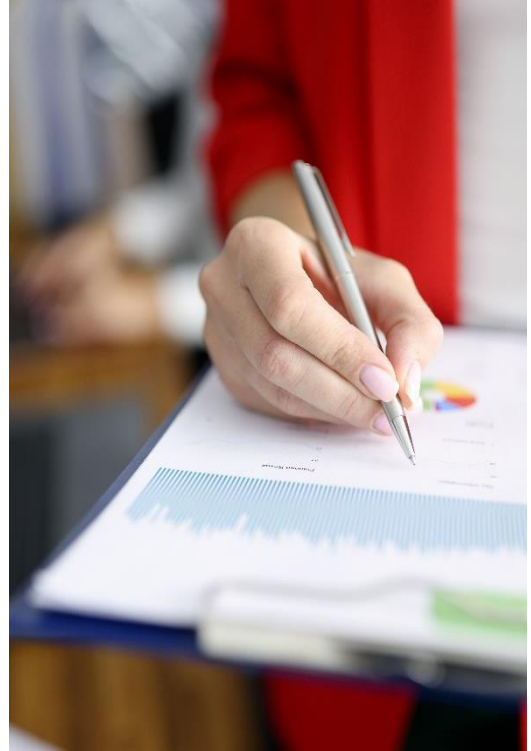
2024/2025 INTERNAL AUDIT PLAN

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

- Data Analytics 2023/24
- Selective Licensing 2023/24
- Internal Audit Follow Up Report
- Cyber Security Follow up Report (Confidential paper)
- Internal Audit Annual Report and Annual Statement of Assurance.

Planning is underway in respect of the following audits for 2024/25:

- Risk Management (Risk Maturity)
- QL Optimisation
- Homelessness Prevention and Council Home Allocation
- GDPR and High Level Freedom of Information
- Equality, Diversity and Inclusion (EDI Maturity).

REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVE NESS
Audit 1: Recruitment and Retention	Gail Malkin	Apr 24	✓	✓	✓	M	M
Audit 2. Planning Services	David Butler	Sept 23	✓	✓	✓	S	M
Audit 3. Building Control	David Butler	Apr 24	✓	✓	✓	M	M
Audit 4. Selective Licensing	David Butler	Jul 24	✓	✓	✓	M	M
Audit 5: Health and Safety and Fire Safety	Jane Winfield/ Nerys Parry	N/A	This audit review has been moved into 2025/26				
Audit 6. Data Analytics	Nigel Kennedy	Jul 24	✓	✓	✓	M	M
Audit 7. Empty Properties and Dwellings	David Butler	Jan 24	✓	✓	✓	S	M
Audit 8. Town Hall and Community Centre Lettings	Ian Brooke	N/A	This audit review has been removed from the Internal audit plan for 2023/24				
Audit 9. Accounts Receivables	Nigel Kennedy	Jan 24	✓	✓	✓	S	M
Audit 10: Planned Maintenance and Refurbishment	Nerys Parry	Jan 24	✓	✓	✓	M	M

REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: QL Optimisation	Nigel Kennedy	Oct 24	✓	✓			
Audit 2: Affordable Housing – Project Management	David Scholes	Jan 25	✓				
Audit 3: Risk Management – (Risk Maturity)	Nigel Kennedy Bill Lewis	Oct 24	✓	✓			
Audit 4: Homelessness Prevention and Council Homes Allocation	Nerys Parry	Oct 24	✓				
Audit 5: Dynamic Purchasing System (DPS) for the Supply of Electric Vehicle (EV) Charging Infrastructure	Vikki Robins and Tina Mould	Jan 25	✓				
Audit 6: Income Generation	Nigel Kennedy	Jan 25	✓				
Audit 7: Accounts Payable	Nigel Kennedy	Jan 25	✓				
Audit 8: GDPR and high-level Freedom of Information	Rocco Labellarte and Helen Bishop	Oct 24	✓				
Audit 9: Data Analytics	Nigel Kennedy	Apr 25	✓				
Audit 10: Equality, Diversity and Inclusion (EDI Maturity)	Helen Bishop	Oct 24	✓				

DATA ANALYTICS AUDIT

CRR REFERENCE: OTHER (INCLUDING FINANCE/ICT)

Design Opinion	● Moderate	Design Effectiveness	● Moderate

Recommendations	● 1 ● 1 ● 2

SCOPE

BACKGROUND

▸ Oxford City Council (the Council) uses Agresso as its main financial management system, which holds transactions and standing data for both accounts payable and accounts receivable. The finance team can run scripts on Agresso to extract relevant datasets. The Agresso system was last upgraded in 2022. Overall, £130.6m of purchase orders were raised through Agresso in 2023-24 and £16m of debt remained outstanding for the Council.

▸ The Council provide purchase cards to authorised employees. The purchase card is required to be used in line with the Council's policy. Once a purchase card transaction has been made, purchase card holders are required to review their transactions, provide relevant evidence to support the transaction and send to their corresponding manager for approval. This is expected to be completed monthly. Over 2023-24 a total of £3.9m was spent on purchase cards. We noted a majority of purchase card transactions were for providing temporary accommodation for homelessness prevention ie hotel bookings.

▸ The Council use the Midland iTrent system for their payroll function the system was last updated in 2022. The payroll function within the Council manages payroll for both the Council and its trading companies Oxford Direct Services and OxPlace (Oxford housing company). In total there were 1486 employees on the Councils payroll and gross pay totalling £29.8m for 2023-24.

▸ In 2020/21 we carried out our first data analytics review, covering the following areas:

- Accounts Payable
- Accounts Receivables
- Payroll functions.

▸ We reported that the key financial controls were moderate in both design and operational effectiveness and raised two medium priority recommendations covering accounts payable and payroll.

PURPOSE

To use data analytics to identify any control weaknesses that may impact on financial system areas.

AREAS REVIEWED

Once we performed our Data Analytics testing we presented the exceptions to the corresponding manager within each service area to investigate the exceptions identified. We have outlined the data analytics test schedule and the corresponding results and investigation responses in Appendix I below.

Area	No of tests planned	No of tests with no exceptions	No of tests with exceptions

Accounts Receivable	5	0	5
Accounts Payable	9	5	4
Payroll	8	0	8
Total	22	5	17

AREAS OF STRENGTH

We have identified the following areas of good practice:

Accounts Payable:

▸ We extracted supplier data to determine whether there were any suppliers with duplicate bank details, there were no exceptions noted in this area (ref 2.01)

▸ We extracted supplier data to determine whether there were duplicate supplier invoices, we did not note any exceptions in this area (2.02)

▸ We extracted supplier data to determine whether there were suppliers with duplicate names and addresses, we noted there were no exceptions in this area. We did note 341 cases of supplier's names with no corresponding addresses attached. However, after investigation we noted the data required cleansing from the system (ref 2.03)

▸ We extracted payment dates for all invoices to determine where payments had been made prior to the invoice being received, the Council adopt a 'No PO, NO Pay' policy this policy has been adopted well by the Council as no exceptions were noted in this area (ref 2.05)

▸ We extracted supplier data to determine whether any suppliers with the same name had different bank details within the system we found no exceptions (ref 2.08)

▸ We reviewed supplier data to determine whether any payments to suppliers were made at the weekend, we found no exceptions (ref 2.09).

AREAS OF CONCERN

We noted the following exceptions within our datasets and requested management to investigate the exceptions as follows:

Finding	Recommendation	Responsible Officer and Implementation date
Accounts Receivable Extraction of outstanding debt owed by the customer. There were 5106 outstanding debts that were overdue, with a total value of £15.6m and average value of £3,052. On average these debts were 838 days old with the oldest debt being from	1a. To cleanse the system of debt written off or debt that is no longer deemed recoverable 1b. To continue pursuing and/or following up the debts investigated. Where there were legal disputes and/or purchase order disputes ensure the originating department has resolved these.	Neil Markham, Incomes Team Leader 30 September 2024

March 2005 for the value of £1300. Within this data there were 1111 credits totalling £7.6m, therefore there were 3984 debts totalling £23m. We selected a random sample of 30 exceptions with a total value of £4.1m identified for the Council to investigate (Medium). Management response A sample of 30 debts selected by internal audit were investigated. There were various reasons as to why the debts were overdue as follows: ▸ Garden waste debts required crediting within the system as these were legacy debts migrated from the previous system Lagan ▸ Purchase order disputes and therefore incorrect billing ▸ Lease disputes of debt and therefore debts were with the Council's legal team ▸ Outstanding debts were cleared or partially cleared.	Management Response Recommendation Accepted	
Accounts Payable Extraction of purchase card transactions, detailing whether	3a. The Accounts Payable team should run a monthly report of all purchase card transactions that have not been reviewed and	Gaynor Didcock Accounts Payable Officer 30 September 2024

they have been reviewed and approved in a timely manner

Our testing identified 44 cases in which the purchase card expense had not been reviewed but was approved, these transactions had a gross value of £261,154 and average value of £5935. The average time lapse between the transaction date and approval was 62 days, with the longest time lapse being 196 days. 1090 transaction had not been reviewed or approved; these transactions were of total value £2,215,749. The transactions had an average value of £2033.

532 purchase card transactions were reviewed but were not approved; these transactions were of total value £175,478.

The transactions had an average value of £330.
In total 4581 purchase card transactions were made of total value £3,896,034.

Where purchase cards were approved there was an average time lapse of 105 days with the longest lapse being 551 days (High).

Management response

In housing we have had a doubling of homelessness demand in the last 24 months, and while we

approved by the relevant officers. Reminders should be sent to the line managers to ensure these are reviewed

3b. The Council should determine a suitable timeframe for transactions incurred by purchase cards to be reviewed and approved by the purchase card holder and the corresponding line manager. If transactions are not reviewed in a timely manner the purchase card should be froze until the relevant action has been taken.

Management Response

Recommendation Accepted

have invested in teams, we have team leaders and managers with high workloads who have struggled to sign off credit cards in a timely manner. The housing team are now resolving this by moving to invoices with the hotels (source of 90% of our card transactions) and have prepared a cabinet paper to move to a hotel framework to help ease the pressure.

ADDED VALUE

▸ We undertook additional testing for purchase card payments, where we reviewed all purchase card transactions from March 2022 to November 2023 and identified a large time lapse between the purchase card holder reviewing payments and the corresponding line manager subsequently approving these. We identified there were many instances where management were not approving purchase card transactions in a timely manner (within one month from the transaction date). We have made recommendations against this exception (see ref 2.06 – Medium).

CONCLUSION

We have concluded that the Council have a Moderate control design and Moderate control effectiveness for Data Analytics.

Control Design

The control design is Moderate because the Council generally have a sound system of internal control designed to achieve system objectives with some exceptions noted:

▸ **Accounts Payable** - Although there is clear guidance and policies available to review and manage purchase card transactions, we noted purchase card transactions were not reviewed and approved in a timely manner despite the expectation of transactions to be reviewed within one month from the transaction date resulting in large timelapses of over one year.

Control Effectiveness

We noted evidence of non-compliance with some controls, that may put some of the system objectives at risk and therefore a Moderate control effectiveness opinion has been issued over Data Analytics. We have reached our conclusion due to the below:

▸ **Accounts Receivable -** The Council do not implement credit terms for accounts receivable and therefore once an invoice has been produced it is required to be paid. Our review identified a significant level of debt (£15.6m) that has been overdue for a number of years (oldest debt 2005), management have allocated officers to pursue the debt and this was evidenced as part of the investigation process of a sample of 30 overdue debt transactions. We have recommended management to cleanse the data that has been written off or no longer active and continue to pursue the debts that are feasible to recover.

This has led us to our opinion of Moderate assurance for both control design and operational effectiveness.

SELECTIVE LICENSING AUDIT

CRR REFERENCE: 3. DELIVER, MORE AFFORDABLE HOUSING

Design Opinion	● Moderate	Design Effectiveness	● Moderate

Recommendations	● 0	● 3	● 0
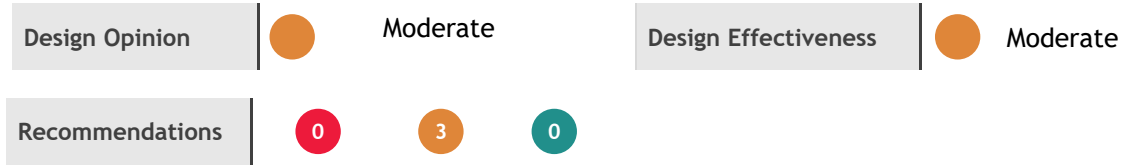
SCOPE

BACKGROUND

Oxford City Council (the Council) was given approval by the Government to implement a Selective Licensing Scheme which came into effect on1 September 2022 and ends on 31 August 2027 the scheme requires all non - HMO privately rented properties to obtain a property licence. As the Council already operates an 'Additional HMO' licensing scheme this means all rented property across the whole city is included unless exempt.

The Council aims to use selective licensing to ensure that all privately rented properties are in good condition and well managed. Many landlords do this already, however there are challenges in many areas where a number of landlords neglect their management responsibilities, several well-intentioned landlords are not aware of their responsibilities and in some cases, landlords may not be aware of the issues their tenants are causing. Arrangements must be in place for dealing with general tenancy issues and anti-social behaviour at the property. The Council is working with and exchanging information with other enforcement and regulatory authorities to administer and enforce licensing.

Licensing of private rented accommodation aims to ensure that:

▸ Privately rented homes are not in poor condition

▸ Adequate property and tenancy management arrangements are in place

▸ Accommodation is suitable for the number of occupiers

▸ All landlords and managing agents operate at the same minimum level of professional standards

▸ Tenants' health, safety and welfare are safeguarded

▸ Landlords are 'fit and proper persons' or employ agents who are.

Some examples of properties that require a selective licence include:

▸ A house rented to a family occupying the whole property

▸ A house rented to one individual or two individuals

▸ A house rented to a couple

▸ A purpose built flat rented to a family, one couple, one individual or two individuals

▸ A flat in a building which has been converted to flats where the flat is rented to a family, one couple, one individual or two individuals providing the conversion to flats has been undertaken with Building Control completion.

If a property is not exempt and is privately rented, landlords must apply for a licence under part 3 of the Housing Act 2004.

Following the introduction of the Selective Licence in September 2022 the Council encouraged as many applications as possible in the first months of the scheme, so applicants can take advantage of the early bird discount. This has resulted in a large volume of applications and a subsequent backlog of cases.

The Council has issued 5029 selective licences to landlords from September 2022 to February 2024. In February 2024 (the time of this audit review) 1375 new applications were received resulting in a total backlog of 6094 applications since the scheme started.

AREAS REVIEWED

The following areas were reviewed throughout this audit:

▶ Whether the policies and procedures in place to support selective licensing were in line with legislation. The guidance was applied correctly to applications.

▶ The selective licensing training provided to staff is of adequate quality, and training compliance is monitored.

▶ Whether there are adequate staffing arrangements in place to manage selective licensing applications and inspections.

▶ A sample of selective licensing applications were reviewed from 1 April 2023 to February 2024 to determine whether:

- The online portal is operating effectively and provides a seamless experience for applicants to make a selective licence application.

- Sufficient reviews and approvals for each selective licensing application.

- Adequate evidence is sought to support the application.

- Applications are processed in a timely manner.

▶ To understand the current backlog of selective licensing applications and whether there were arrangements in place to reduce the backlog in place.

▶ Whether there was collaboration and sharing of information between the Residential Regulations Team and Applications Team.

AREAS OF STRENGTH

The following areas of strength were identified:

▶ A walkthrough of the Selective Licence portal showed the process was clear and would alert the customer to any missing evidence, guidance videos were also provided to customers on the Council's website.

▶ Information to support the customer with Selective Licences is published on the Council's website and the reason for the use of the licence is included in their Housing, Homelessness and Rough Sleeping Strategy 2023-2028.

▶ The Council's internal policies and procedures are detailed and supported by training videos. From interviews with two members of the Applications Team this was deemed helpful for the role and any queries were dealt with by a member of the team.

▶ All staff within the Applications Team who have been in post for more than six months have completed all mandatory training in order to pass their probation. Training for the Applications team is regularly monitored in addition to informal training is provided within weekly meetings and shadowing (Finding 3 relates to Residential Regulations Team).

	▸ We reviewed a sample of 12 issued Selective Licences and we determined that in all cases the correct fee was charged and paid, the decision was made by an approved individual who completed a checklist of tasks and appropriate evidence was provided and reviewed. ▸ Monthly meetings between the Residential Regulations Team and Applications Team were held to discuss case load and any changes to procedure and performance.

AREAS OF CONCERN

Finding	Recommendation	Responsible Officer and Implementation date
▸ The Council have completed inspections for 3% of the properties since September 2022, the Council are required to achieve a 60% inspection rate by the end of the Scheme October 2027. (Finding 1 – Medium)	1a. The Council should conduct inspections based on their risk/priority level which is reviewed and a rating applied on receipt of application. 1b. There should be a clear focus on the number of target inspections to be undertaken annually and subsequently monthly to meet the 12% annual inspections target and the 60% inspection target at the end of the scheme. Management Response 1a. Accepted. In terms of prioritization this is being addressed, we can commit to developing a plan to ensure resources are directed to the highest risk properties. The Council has a prioritisation system as explained in the finding (p1 to p4). The target date is based on the date the licence issued not the date of application. It is reasonable to set the rating as the draft licence is issued because this is when the application is being assessed and the information used to set the priority is scrutinised. If a	Wendy Rollings, Interim Regulatory Services Manager 31 December 2024

complaint is made after the draft licence is issued, it will be dealt with as a reactive request and the case officer will arrange for an inspection to be undertaken, if necessary, dependant on the nature of the complaint.

1b. Accepted. There have been significant recruitment challenges to resource the Residential Regulation Team and begin the inspection programme. Inspections take place either reactively in response to a service request, irrespective of priority or will be as part of the proactive system. P1 inspections are now being organised. A tender for a "per inspection" contract is being run in later summer to source contractors to focus on P2 properties. This way the inspections should be undertaken in a timely manner.

The report assumes the number inspections would be spread evenly across the five years of the scheme. This is not the case. It was intended to start the inspections in year 2 when the scheme had sufficient funding through fee income and due to the length of time to recruit experienced staff. The service is now increasing staffing and looking at outsourcing a significant number of inspections to ensure it meets its 5 year

		target of 60% properties inspected. The current target from application to issuing the licence is currently 12 months, this was set in recognition that the vast majority of applications were submitted at the start of the scheme. Although we recognise this is not ideal it is inevitable because of the legal requirement to apply for a licence once the designation was made.	
	▶ From a sample of 12 licences, applications are not being processed in a timely manner, taking an average of ten months between an application being received and a decision being made. As of February 2024, there was a backlog of 1375 new applications, resulting in a total backlog of all applications to 6094. (Finding 2 – Medium)	2a. The monitoring spreadsheet should be developed to include both a monthly and the annual forecast of applications received, and Licences issued to allow performance monitoring of forecast against actual performance. 2b. The number of inspections complete should be incorporated into the monitoring tracker so that actual and target inspections complete can be compared and managed. <u>Management Response</u> 2a Accepted. The service regularly monitors applications received and licenses issued through various means including regular updates for the portfolio holder. Monthly budget monitoring also forecasts income against actual income derived from applications received and issued licences.	Wendy Rollings, Interim Regulatory Services Manager 31 October 2024

		However, it is agreed that including this information on the monitoring form would take little resource and would be of some benefit. 2b. Accepted. The number of inspections undertaken are monitored on the Residential Regulation Team monthly statistics due to the fact the function is split over service areas. This is reported monthly to the Service Manager and Portfolio Holder. We can include a per monthly target. This will be revised based on capacity e.g. if the procurement exercise is successful.	
	▶ HMO training was required to be completed twice yearly, although other forms of training were adhered to, HMO training has not been undertaken within the Council since 2022. In addition, a training needs analysis has not been undertaken to identify training requirements for staff within the team. (Finding 3 – Medium)	3a. Arrangements should be made for the overdue HMO training to be undertaken by all applicable staff. The frequency of the training should be determined as part of the training needs analysis exercise (see recommendation 3b). Individuals involved within the Selective Licensing scheme process, the Selective Licensing training should take place bi - annually. 3b. Feeback on training should be monitored and incorporated into training sessions, an annual training needs analysis should be created and a training plan should be created as a result of the training needs analysis.	Wendy Rollings, Interim Regulatory Services Manager 31 October 2024

3c. A training matrix, including any internal training, should be held and kept up to date, including the month in which training took place. This should be monitored, and compliance reported monthly and/or when training is required to take place.

Management Response

A.   Recommendation Accepted

Officers were trained on Selective licensing at implementation point and this is now included in the induction training. Those officers in the Enforcement team directly involved in processing the applications have received training, however acknowledged lack of recording. We accept that the interviews with officers demonstrates a training need and that new officers may need regular training to improve their confidence. New officers, many of whom are graduates, have a huge amount to learn and so we often find it can be overwhelming to introduce everything at the start. However these officers are not involved in

		direct processing of applications.	
		As two teams have recently been brought together then it is acknowledged further service training is required. A training session with the HMO licensing application team, selective licensing team and enforcement officers was undertaken 16 May. Such joint training will continue on an annual basis	
		B. Recommendation Accepted: This is being developed based on the requirements of roles. The service is developing a full training needs analysis following the merger of the teams and in readiness for the annual appraisals. It is acknowledged that the target for one area of enforcement training has been missed however it was met in most other cases.	
		C. Recommendation Accepted – a training matrix is held although noted the month of training was not included.	

CONCLUSION

We have concluded that the Council have a Moderate control design and Moderate control effectiveness for Selective Licencing.

Control Design

The control design is Moderate because the Council generally have a sound system of internal control designed to achieve system objectives with some exceptions noted:

▶ The procedural guidance and training provided to the Applications Team who process Selective Licence Applications is adequate and from interviews with staff has been beneficial. The Council have also been proactive in promoting the Selective Licensing scheme and encouraging landlords to apply. However, HMO training for the Residential Regulations Team has not taken place since 2022 within our sample of 12 staff reviewed and a formal training needs analysis has not been undertaken since the start of the scheme. With the Selective Licence being new to the Council in 2022, formal training should have taken place every two years since its introduction.

We noted evidence of non-compliance with some controls, that may put some of the system objectives at risk and therefore a Moderate control effectiveness opinion has been issued over the Selective Licensing scheme. We have reached our conclusion due to the below:

▶ From our testing of Selective Licence Applications, we found they have been charged and paid the correct fee, a decision was made using the appropriate evidence and checks by an authorised individual. However, the applications were not processed in a timely manner. Despite the employment of agency staff, the Council still have a large backlog of 6094 cases as of February 2024 which is forecasted to be cleared by the Council by October 2025 (17 months), however as of July 2024 the Council have taken the efficiencies created into consideration and expect the backlog to be cleared in nine months.

▶ In addition, very few inspections have been undertaken to date, 3% of inspections have been undertaken (158/5028); whilst this is not a significant issue for priority 4 level inspections, priority 1 and 2 inspections should be undertaken as soon as possible.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, Non-Executive Directors and Executive Directors.

TRANSFORMING PUBLIC PROCUREMENT

THE RULES GOVERNING PUBLIC PROCUREMENT ARE CHANGING - THE NEW PROCUREMENT ACT INTRODUCES SEVERAL KEY BENEFITS WHICH ARE DUE TO GO LIVE ON MONDAY 28 OCTOBER 2024.

The Procurement Act, which will reform the existing Procurement Rules, received Royal Assent in October 2023.

In March 2024, the Procurement Regulations 2024 were laid in Parliament to bring some elements of the Bill and the wider regime into effect.

The 'go-live' date for the new regime is anticipated for **28 October 2024**, this date will be formalised in Commencement Regulations which are expected to be made in May. Existing legislation will apply until the new regime goes live and will also continue to apply to procurements started under the old rules.

The Transforming Public Procurement (TPP) programme aims to improve the way public procurement is regulated in order to:

▸ Make it more accessible, efficient, and beneficial for both councils and suppliers.

▸ Provide a clearer framework for decision making.

▸ Create a simpler and more flexible, commercial system that better meets our country's needs while remaining compliant with our international obligations.

▸ Open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts.

▸ Relax restrictions on considering factors such as supplier location and social value, allowing councils more flexibility to support local businesses and achieve wider community benefits.

▸ Embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.

https://www.local.gov.uk/our-support/procurement/transforming-public-procurement

FOR INFORMATION

For the Audit and Governance Committee Members and Executive Directors

FIVE SOCIAL LANDLORDS FAIL TO MEET RSH'S STANDARDS

TODAY (TUESDAY 9 JULY), THE REGULATOR OF SOCIAL HOUSING PUBLISHED REGULATORY JUDGEMENTS FOR FIVE SOCIAL HOUSING LANDLORDS.

Bristol City Council, Guildford Borough Council, Octavia Housing and Sheffield City Council have each failed to meet RSH's new consumer standards, which were introduced on 1 April 2024 as part of a series of changes to its role, intended to drive landlords to deliver long-term improvements for tenants.

Cambridge City Council has not met RSH's rent standard and as a result overcharged around 3,600 tenants.

Following investigations into each landlord, RSH found that:

▸ Bristol City Council could not evidence that it is meeting carbon monoxide safety requirements for over 22,000 homes (out of 26,700 total homes). It also reported 1,900 open damp and mould cases, more than 16,000 overdue repairs and 3,000 overdue fire safety actions. In addition, the council does not have up-to-date data about the condition of tenants' homes.

▸ Guildford Borough Council has around 1,700 homes without an up-to-date electrical condition report (out of 5,200 total homes), and it could not provide evidence that it has completed around 1,300 fire safety actions. In addition, it has not collected Tenant Satisfaction Measures from tenants, which all social landlords are required to do.

- ▸ Octavia Housing currently has 1,200 overdue fire safety remedial actions across its 5,000 homes. It was unable to provide evidence that it is meeting other health and safety requirements and it does not hold complete and accurate records for safety inspections.

- ▸ Sheffield City Council had around 10,000 outstanding repairs across its 38,500 homes and, between January and April 2024, more than 90% of disrepair cases were outstanding for **extended periods. RSH also found** evidence that the council does not have an accurate record of the condition of tenants' homes.

- ▸ Cambridge City Council has previously overcharged around 3,600 tenants (half the total number) as a result of rent-setting errors over a prolonged period. The overcharge is estimated to be around £3.2 million.

All of the landlords are working to address these issues and put things right for their tenants, and RSH is working with the landlords proactively as they do this.

Bristol City Council, Guildford Borough Council, Octavia Housing and Sheffield City Council have each been given a C3 grading by RSH, which means there are serious failings and they need to make significant improvements. This is the first time RSH has published consumer gradings for social landlords, following the changes to its role in April 2024. RSH does not give gradings in relation to the rent standard.

https://www.gov.uk/government/news/five-social-landlords-fail-to-meet-rshs-standards

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FOR INFORMATION

For the Audit and Governance Committee and Executives Directors

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DISTRICTS WANT COUNCIL TAX FLEXIBILITY, DEVOLUTION AND OTHER POWERS FROM NEW GOVERNMENT

COUNCIL TAX REFERENDUM LIMITS SHOULD BE RAISED TO AT LEAST 10% NEXT YEAR AS A FIRST STEP TO SCRAPPING THEM ALTOGETHER, DISTRICT COUNCILS HAVE SAID.

The measure is part of an ambitious package of proposals aimed at securing the financial sustainability of district councils and giving them the freedom and flexibility to transform local areas.

In a prospectus, the District Council Network is calling for a permanent commitment to multi-year settlements and a radical streamlining of one-off capital and revenue funding pots, with competitive bidding replaced by larger, more flexible sources of funding which maximise local discretion.

All formula-based specific grants should be rolled into the main local government finance settlement, the group says.

It also wants to see greater local control over business rates, with councils retaining 75% of receipts, and local housing authorities handed all additional income generated by the council tax supplement on second homes.

A wider shake-up of fiscal devolution is needed to help districts raise the income needed to regenerate high streets and town centres, it says, and new sources of local revenue such as tourist taxes should be easier to introduce.

The group argues that district councils have taken a disproportionate hit in recent years, with their core spending power having dwindled by 15% in real terms since 2015, compared with an 11% increase for local government as a whole.

In response, they had no choice but to deliver 10% in savings and service cuts to balance their budgets last year, it said.

"By forging a strong partnership between district councils and central government, we can secure the long-term sustainability of district funding… and deliver the financial freedoms and flexibilities that will allow districts to respond to the local needs we are uniquely placed to identify," it said.

Elsewhere in the prospectus, districts set out how they can accelerate the delivery of new homes, boost the supply of social and affordable housing and prevent homelessness.

https://www.publicfinance.co.uk/news/2024/07/districts-want-council-tax-flexibility-devolution-and-other-powers-new-government

DATA FOCUS IMPROVES FRAUD DETECTION IN BRIGHTON
BRIGHTON TEAM UNCOVERS ILLEGAL TENANCIES AND SUB-LETTING

Fraud investigators have clawed back hundreds of thousands of pounds by making better use of official data.

The internal audit and counter fraud team at Brighton and Hove City Council have uncovered fraudulent claims totalling nearly £600,000 following months of detailed investigations.

Their annual report revealed how better use of data and forensic investigations had found a range of criminal activity including Blue Badge fraud and housing benefit overpayments.

A total of 37 allegations were received in the last financial year (17 in the first half of the year and 20 in the second half). For comparison, 36 allegations were received in the previous financial year.

Cases of social housing fraud worth £570,918 were uncovered in the financial year to March but the team also found cases of procurement fraud linked to council business.

An officer was dismissed for gross misconduct for not following procurement and contract standing orders plus misrepresenting their role with the council. The department in which it took place was ordered to address weaknesses in their controls.

The results are due to a team that comprises four auditors with counter fraud expertise across all departments and three tenancy fraud investigators.

But, as with most local authorities across the country, it is social housing tenancy fraud – such as sub-letting – that generated the biggest volume of cases.

Other issues include people wrongly taking over a property following the death of a relation and continuing with a tenancy while living elsewhere to enable holiday lettings – a lucrative opportunity in the famous seaside resort.

https://www.publicfinance.co.uk/news/2024/05/guildford-told-go-back-basics-amid-housing-department-fraud-investigation

KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit and Governance Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the director or audit manager	G
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	G
Information is presented in the format requested by the customer.	No requests to change the BDO format.	G
Customer satisfaction reports – overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.	This KPI will be updated once customer satisfaction responses are received for 2024-25.	-

REPORTING ARRANGEMENTS	KPI	RAG RATING
Draft report to be produced 3 weeks after the end of the fieldwork We have issued draft reports within 3 weeks of fieldwork 'closing' meeting and finalised internal audit reports within 1 week after receiving management responses.	We have issued draft reports within 3 weeks of fieldwork 'closing' meeting and finalised internal audit reports within 1 week after receiving management responses.	G
Management to respond to internal audit reports within 2 weeks	We have received management responses within 2 weeks for all audit reports so far in 2023/24.	G
Final report to be produced 1 week after management responses	The final reports issued were released within one week of receipt of management comments for all reviews so far in 2023/24.	G
90% recommendations to be accepted by management	All our recommendations made were accepted by management and we worked with the Auditees to present information in the format requested.	G

AUDIT PROTOCOL	KPI	RAG RATING

DELIVERY	KPI	RAG RATING
Annual Audit Plan delivered in line with timetable and Actual days are in accordance with Annual Audit Plan	To be updated during the progress of the audit programme.	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
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 non-compliance 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

RECOMMENDATION SIGNIFICANCE
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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BDO