

Internal Audit Progress Report

Update to the Accounts, Audit and
Risk Committee on Internal Audit
activity

Cherwell District
Council

September 2014

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Introduction

We are committed to keeping the Accounts Audit and Risk Committee up to date with internal audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the committee and to bring to your attention matters that are relevant to your responsibilities as members of the committee.

We have also attached again for reference some of the latest publications that might be of interest to you as members of the committee (these are included in Appendix 1).

2014/15 audit plan update

We have held further discussions with management on the audit plan for 2014/15 and plan to have further discussions during September with a view to agreeing individual review scopes for our key finance system reviews which will be completed between October and December.

At the request of members at the last committee meeting we plan to complete a specific follow up review where we will provide a detailed update showing progress against previously raised recommendations. We will report our findings to the December meeting of the committee.

We remain on course to deliver the plan by the 31 March 2015, with the exception of the year end support which is scheduled for June 2015 when the draft statement of accounts are prepared and does not form a review of the control environment.

Graven Hill: Phase 2 Review – Final Report

We have completed our second phase review over the Council's Graven Hill business case and have reported back our key findings to officers. There was no risk rating provided for this review and our report summarised our findings against the governance arrangements around the Council's business case.

Our concluding comments were:

From review of the business case and the supporting due diligence work commissioned by the Council, we found that the Council has commissioned due diligence work in the key areas of the business case and has established an appropriate governance framework to support the business case for the proposed Graven Hill development and preferred delivery model.

The Council has considered key elements for the business case and has engaged and commissioned advice and guidance from EC Harris, Capita Asset Services, Pixel Financial Consulting as well as Trowers and Hamlins, among others, in which to inform key elements of its business case covering:

- Initial Option appraisal;
- Optimum delivery model selected;
- Resources; and
- Risks.

With the overall business case being supported by analysis covering:

- Financial Implications;
- Financial Due Diligence; and
- Legal Due Diligence.

There are no matters that we wish to draw out in relation to the Councils' controls and approach to its business case over the proposed Graven Hill development.

Additional work delivered

We have delivered three additional pieces of work against the 2014/15 plan. We have completed two special investigations at the request of the Interim Head of Finance and Procurement and Director of Resources respectively, relating to specific matters raised with us.

Our findings have been reported back to key officers and individuals following completion of these special reviews. Should members want any additional information or a copy of the reports these can be made available on request.

Following on from one of the special investigations we have also helped facilitate and deliver an anti-money laundering workshop for officers in August 2014.

Reporting activity and progress

A summary of the 2014/15 Audit Plan and amendments made are included in the summary below.

Ref	Auditable Unit	Original Plan Days	Updated Plan Days	Update
A Cross-cutting Processes				
A.1	Finance Systems <ul style="list-style-type: none"> General Ledger (4) Payroll (4) Collection Fund (Council Tax and NNDR) (6) Housing Benefits (4) Treasury (4) 	22	22	We plan to deliver these reviews during October to December.
A.2	IT Systems (Finance Agresso Project) Ongoing review and support in change management and finance system upgrades	7	7	No change.
A.3	Review of Corporate Costs <ul style="list-style-type: none"> Corporate Telephony Costs 	3	3	No change.
	Specific Follow Up Review	0	6	At the request of the committee following our 2013/14 annual report presented at the June committee, we will complete a specific follow up review and report our findings to the December committee.
	TOTAL	32	38	
B Department Level				
B.1	Programme Management Ongoing support to consider programme management and key ways of working on major programmes across the council, to be agreed during the plan year. Key projects include: <ul style="list-style-type: none"> Graven Hill Bicester Town Centre Redevelopment Build Programme 	12	12	No change. We will continue to work with the project office to identify areas/projects for additional support and review.
B.2	Risk Management / Governance Review the adequacy of risk management arrangements within the Council and we will provide you with a view on your Joint Risk Management arrangements.	5	5	No change.
B.3	IT – Access/Recovery	6	6	We will continue to liaise with the IT team and identify areas for review and support utilising the findings of our IT diagnostic report from the 13.14 plan as areas for potential focus.

B.4	Housing – Planning Applications Review the processes you have put in place to manage the changes and alter your systems to process applications effectively.	6	6	No change.
B.7	Service Redesign – VfM assessments To review current service plans and operational design and arrangements to benchmark performance on selected service. <ul style="list-style-type: none"> • Strategic Planning and the Economy • Regeneration and Housing • Environmental Services 	6	0	Used for specific follow up review for all 13/14 completed reviews as annual report prior recommendations update. See above.
B.8	Finance Year End Support To support you at year end. This support will include a critical review of your draft accounts, accountancy support and attendance at your close down group.	4	4	No change.
	Graven Hill: Phase 2 Business Case Review	0	7	Governance review completed on the business case prepared for its Graven Hill development options. Final Report Issued.
	TOTAL	39	40	
VE	Value Enhancement			
VE.1	Joint Working and Transformation Programme Review of the governance and business cases for efficiencies and savings for three way working. <ul style="list-style-type: none"> • Future Service delivery and Governance Concept • Governance Models • New Ways of Working 	15	15	No change. We will work with the Transformation Group Lead and identify specific themes and areas for review or input and advice over.

VE.2	<p>Service Redesign – Income Optimisation / Commercialisation</p> <p>To review current service plans and operational redesign and arrangements to maximise efficiencies and potential income streams and to consider the commercialisation of revenue schemes.</p> <p>Covering key areas including:</p> <ul style="list-style-type: none"> • Contract assurance; and • Fees and Charges. <p>On selected service from:</p> <ul style="list-style-type: none"> • Strategic Planning and the Economy; • Regeneration and Housing; and • Environmental Services. 	5	5	<p>No change.</p> <p>We will work with the Transformation Group Lead and identify specific themes and areas for review or input and advice over.</p>
	TOTAL	20	20	
PM	Project Management			
PM1	Project management	25	25	No change.
PM 2	Contingency	7	0	Used for Graven Hill Business Case as reported earlier in this update report.
	TOTAL	32	25	
	UPDATED PLANNED DAYS	123	123	

Appendix 1 – Recent PwC 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 PricewaterhouseCoopers Public Sector Research Centre (‘PSRC’) produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be downloaded in full at www.psrc.pwc.com

We have presented these two most recent publications as separate papers alongside this update report.

Productivity in the public sector - what makes a good job?



This new Talking Points publication from PwC and Demos explores what can be done to lift productivity and how the public sector can play its part.

The UK as a whole has a productivity problem. Its workers produce less per hour than their counterparts in France, Germany and the US, with the gap widening since the onset of the financial crisis. The question of how to improve productivity is where debates on growth, living standards and deficit reduction come together. And the public sector has a key role to play in finding the answer.

By creating the right environment for business through their policies, government at all levels can help places build on their strengths and attract the talent and investment that companies need to succeed. And the public sector - as a huge employer - has the potential to make a unique impact to this issue.

In this Talking Points publication from PwC and Demos, we examine the issue of low productivity and the challenges ahead for the public sector, consider the role of the workforce as a partner in solving these dilemmas and draw together discussions over a series of three roundtables on ‘good jobs’, to present some potential responses including:

- Job design for high productivity working
- Learning and development for an adaptable public sector workforce
- Pay and rewards and their links to productivity

Local State We're In 2014



Our annual temperature check of local government

Our fourth annual survey of local government leaders and chief executives highlights the resilience of the sector in the face of the challenges it faces. Looking to the future, councils need to reach out and collaborate with their public and private sector partners – and the public - to reform services and deliver good growth.

Additional publications

We would also recommend revisiting the following publications as still relevant to the current climate within local government and public sector finances.

Redefining local government



Prolonged austerity is driving an important shift in local government. The early years of austerity have been characterised by authorities taking action to reduce costs through a range of traditional ‘supply side’ cost reduction measures. However, given that austere public finances will last well into the next parliament, local government needs to raise its sights and shift beyond traditional cost reduction approaches.

Many authorities are already reaching a tipping point where it is no longer possible to undertake the same activities as before. Local authorities now have to fundamentally redefine their role and purpose. Local public services need to be viewed in a much more holistic way, with a focus on how multiple organisations, and citizens themselves, can contribute to securing desired outcomes.

This new landscape will require fundamentally different organisational cultures and behaviours to make it successful, along with an intense focus on digital innovation and intelligent and insightful data collection and management.

This will be a complex journey. In our latest Talking Points we set out the six steps that will help to create the right foundations to deliver more effectively against this agenda.

Opening out? New approaches to service delivery



The new world of Open Public Services presents valuable opportunities for improvement and innovation, replacing ‘top down monopolies’ with diverse and dynamic markets of suppliers, competing to deliver the most effective and cost-efficient public services. But for this model to work, multiple barriers must be overcome, requiring more effective collaboration and procurement.

We explore how to address these obstacles in this Pressure Points publication, including innovative models of partnership between the private and not-for-profit sector in order to build the capacity and capability of new, and existing, providers.

The key risk here is that government assumes too much of the market too soon. Politicians and policy makers need to hold their nerve and commissioners should engage the market in the right way, so that new and more diverse public service providers can succeed.

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