

Wednesday, 16 June 2021

Tel: 01993 861522
e-mail - democratic.services@westoxon.gov.uk

AUDIT AND GENERAL PURPOSES COMMITTEE

You are summoned to a meeting of the Audit and General Purposes Committee will be held in the Council Chamber, Council Offices, Woodgreen, Witney on **Thursday, 24 June 2021 at 6.00 pm.**



Giles Hughes
Chief Executive

To: Members of the Audit and General Purposes Committee

Councillor Alex Postan (Chairman), Councillor Dan Levy (Vice Chairman), Councillor Jake Acock, Councillor Joy Aitman, Councillor Luci Ashbourne, Councillor Andrew Beaney, Councillor Julian Cooper, Councillor Rupert Dent, Councillor Colin Dingwall, Councillor Harry Eaglestone, Councillor Duncan Enright, Councillor Gill Hill, Councillor Richard Langridge, Councillor Martin McBride, Councillor Elizabeth Poskitt, Councillor Harry St John and Councillor Alex Wilson.

Recording of Proceedings – The law allows the public proceedings of Council, Cabinet, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted. By participating in this meeting, you are consenting to be filmed.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Committee Administrator know prior to the start of the meeting.

AGENDA

1. **Minutes of Previous Meeting** (Pages 5 - 10)
To approve the minutes of the meeting held on 26 November 2021.
2. **Apologies for Absence**
To receive any apologies for absence or temporary appointments.
3. **Declarations of Interest**
To receive any declarations from Members of the Committee on any items to be considered at the meeting
4. **Participation of the Public**
To receive any submissions from members of the public, in accordance with the Council's Rules of Procedure.
5. **Chairman's Welcome**
To receive a welcome and introductions from the Chairman, Councillor Postan.
6. **External Auditor 2020/21 Audit Plan** (Pages 11 - 36)
Purpose:
To receive a report from Grant Thornton, the Council's external auditors regarding the audit plan for 2020/21.
Recommendation:
That the Audit and General Purposes Committee considers the Grant Thornton Audit Plan for 2020/21.
7. **Internal Audit Opinion 2020/21** (Pages 37 - 68)
Purpose
To present a summary of the work undertaken by Internal Audit during 2020/21 and to give an overall opinion on levels of assurance resulting from this work.

Due to the information contained in The Internal Audit Annual Opinion, it was deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.

Recommendation
That the Committee considers the report and comments, as necessary.
8. **Counter Fraud Unit Report and Proceeds of Crime and Anti-Money Laundering Policy** (Pages 69 - 82)
Purpose
To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.
Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.
The report outlines the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's

existing authorisation arrangements.

The report also provides the Committee with an updated Proceeds of Crime and Anti-Money Laundering Policy, which sets out the Council's legislative obligations, for approval and adoption.

Recommendation

1. That the Committee notes the report and work plan at Annex A.
2. That the Committee approves and adopts the Proceeds of Crime and Anti-Money Laundering Policy at Annex B.
3. That the Committee authorises the Deputy Chief Executive (Chief Finance Officer) to approve future minor amendments to the Policy in consultation with Finance, Legal Services and the Counter Fraud Unit.

9. **KPMG LLP Reports - Housing Benefit Subsidy Certification** (Pages 83 - 86)

Purpose:

For the Committee to note the outcome of the Housing Benefit Subsidy Grant Certification audit for 2019/2020.

Recommendation:

To note the outcome of the housing benefit subsidy certification work.

10. **Corporate Risk Register Updates** (Pages 87 - 98)

Purpose

To update the Committee on the changes to the Council's corporate risk register at the end of Quarter Three of 2020/21.

Recommendation

That the report be noted.

11. **Member Questions**

Purpose

To receive questions from members relating to the work of the Audit and General Purposes Committee. In order to ensure that appropriate information is to hand at the meeting, Members may wish to give notice of any questions through the Committee Officer.

Recommendation

That Members' questions be dealt with as appropriate.

(END)

This page is intentionally left blank

Agenda Item 1

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the **Audit and General Purposes Committee** held via video conferencing at **6:00 pm** on **Thursday 26 November 2020**

PRESENT

Councillors: Jane Doughty (Chairman), Andy Graham (Vice-Chairman), Joy Aitman, Luci Ashbourne, Andrew Beaney, Julian Cooper, Harry Eaglestone, Duncan Enright, Gill Hill, Martin McBride, James Mills, Alex Postan and Harry St John.

Officers in Attendance: Elizabeth Griffiths (Chief Finance Officer); Michelle Burge (Chief Accountant); Clare Williams (Interim Finance Business Manager); Emma Cathcart (Counter Fraud Manager); Lucy Cater (Assistant Director, South West Audit Partnership); Peter Barber (Engagement Lead, Grant Thornton); Siobhan Barnard (Assistant Manager, Audit, Grant Thornton); Keith Butler (Head of Democratic Services); and Amy Bridgewater-Carnall (Senior Strategic Support Officer).

13. MINUTES

RESOLVED: that the Minutes of the meeting of the Committee held on 23 July 2020, copies of which had been circulated, be confirmed as a correct record and signed by the Chairman.

14. APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

An apology for absence was received from Councillor Richard Langridge, and the following resignations and temporary appointments were received and noted:-

Councillor Joy Aitman for Councillor Mike Cahill
Councillor Julian Cooper for Councillor Elizabeth Poskitt
Councillor James Mills for Councillor Jake Acock

15. DECLARATIONS OF INTEREST

There were no declarations of interest from members relating to items to be considered at the meeting.

16. PARTICIPATION OF THE PUBLIC

There were no submissions from members of the public.

17. INTERNAL AUDIT ANNUAL PLAN 2020/21 AND PROGRESS REPORT

The Committee received and considered the report of the Chief Finance Officer, which presented a revised Internal Audit Plan 2020/21 and outlined a summary of the work undertaken by Internal Audit since the last meeting of the Committee.

The primary role of Internal Audit was to provide assurance that the Council's systems provide for a proper administration of its affairs. To this end, Internal Audit carried out a programme of audits that agreed annually with the Council's Management Team and the Audit and General Purposes Committee. The Internal Audit service was provided to the Council by SWAP Internal Audit Services (SWAP).

SWAP was due to present an internal audit plan covering 2020/21 to the Audit and General Purposes Committee in April 2020. However, due to the COVID-19 outbreak and subsequent lockdown, this Committee was postponed. As a result of the outbreak, an

updated approach had to be implement and a significant proportion of the planned work was likely to be pushed back.

Annex A to the report detailed how SWAP had supported WODC during quarter one, the work undertaken and a plan as to how to undertake the audits in the revised plan.

Annex B to the report detailed the work undertaken during quarter two executive summaries of finalised audit assignments, a progress report on follow up of high priority recommendations and a summary of progress against all internal audit recommendations.

Finally, the report presented the recommendations made following an External Quality Assessment undertaken earlier in the year, for information purposes.

Ms Lucy Cater, Assistant Director of South West Audit Partnership) introduced the report and highlighted the key information. In response to a query from Councillor St John, Ms Cater advised that Alix Wilson, Head of South West London Audit Partnership and Russell Banks, Chief Internal Auditor at Orbis had undertaken the external assessment.

Councillor Enright passed his thanks to the team at SWAP for their update.

Councillor Doughty thanked Ms Cater for a thorough report and for attending the meeting to guide Members through the information.

RESOLVED:

- (a) That the revised 2020/21 Internal Audit Annual Plan be approved;
- (b) That the report at [Annex B](#) is noted; and
- (c) That the External Quality Assessment (EQA) undertaken for SWAP Internal Audit Services be noted, as included at [Annex C](#).

18. UPDATE ON THE SECTION 106 AGREEMENTS PROJECT

The Committee received and considered the report of the Chief Finance Officer, which provided an update on the above project.

Annex A to the report set out the progress made to date against key project milestones. The overall project status was amber, with good progress being made and records being added to the live system. It was hoped that the uploading of records would be completed before the end of the calendar year, but with collation of information from so many departments still ongoing there was a risk of some slippage.

Good progress had been made though with consistent involvement and engagement across the whole organisation. The system had been signed off in test and implemented in the live environment with loading of the current total of 147 records in progress.

Prior to the Chief Finance Officer outlining the report, the Chairman took the opportunity to congratulate the team on the work achieved so far.

In response to queries from Councillors Cooper and Enright, Mrs Griffiths advised that access to the database was currently available for internal staff and was not yet available to the public or parish or town councils. Due to the volume of legal agreements, terms and conditions and caveats included in S106 agreements, officers felt it was important to limit access.

In response to a query from Councillor Postan, Mrs Griffiths explained that it would be possible to run reports and pull information from the data but it was important to temper expectations as this was a working document.

Councillor St John asked how far the data went back and whether it would be possible to filter the information by Ward. He also queried if it could be confirmed that developers would be able to avoid paying contributions as a result of the Covid-19 pandemic. Mrs Griffiths advised that she was not aware of developers being released from their duty to pay but would liaise with the project team. It was also confirmed that the information in the SI06 database dated back to 2012 as this was when Business World had been installed.

Members thanked officers for their update and to the Audit team for their work. Following a question from Councillor Graham, Ms Cater advised that the Cyber Security Audit was not complete but was underway, with a report due at the next meeting.

RESOLVED: That the report be noted.

19. COUNTER FRAUD UNIT UPDATE

The Committee received and considered the report of the Counter Fraud Manager, which provided assurances regarding the counter fraud activities of the Council along with direct updates as appropriate.

The Audit and General Purposes Committee's role was to oversee the Council's counter fraud arrangements.

Work plans for the Counter Fraud team detailing progress and results were highlighted for comment and consideration and were attached as annexes A and B to the report. Also included was the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA), the Council's existing authorisation arrangements and the outcome of the recent inspection by the Investigatory Powers Commissioner's Office (IPCO).

The Counter Fraud Manager, Ms Emma Cathcart outlined the report and highlighted the work carried out by the Counter Fraud Unit (CPU) as a consequence of the recent pandemic. This work had centred on providing advice relating to fraud risk and abuse, most significantly in relation to the Small Business Grant Fund, Retail, Leisure and Hospitality Grant Funding and Discretionary Grant payments.

Members discussed the process involved in debt recovery and explained that in some circumstances, staff disciplinary action had been implemented. Councillor Graham raised a concern about the potential for misuse of budgets by managers and was reassured that accounting procedures, protocols and need for appropriate sign off were measures designed to ensure security.

RESOLVED that the report be noted.

20. INFORMING THE AUDIT RISK ASSESSMENT 2019/20

The Committee received and considered the report of the Chief Finance Officer, which enabled Members to discuss a response to the Council's external auditors (Grant Thornton LLP) regarding how it gained assurance on matters such as fraud, breaches of internal control and compliance with laws and regulations.

A document entitled “Informing the audit risk assessment for West Oxfordshire District Council” had been provided by Grant Thornton and was attached as Annex A to the report.

Peter Barber from Grant Thornton outlined the report and answered questions from members including:

- The table of contents – how areas were set and could other areas be included;
- Collective investments;
- How much attention had been given to the Redmond Review;
- Clarification on Earmarked and usable reserves.

Following a robust presentation and discussion, Members noted the report.

RESOLVED: That the Committee confirms the management response to the auditor risk assessment is a true reflection of the Council’s management processes.

21. STATEMENT OF ACCOUNTS 2019/2020

The Committee received and considered the report of the Chief Finance Officer, which presented the Council’s audited Statement of Accounts for the period 1 April 2019 to 31 March 2020, for consideration and approval.

The Council’s Chief Finance Officer was responsible for ensuring that the statement of accounts were prepared and published no later than 31 May immediately following the end of a year. On 31 May, the statement of accounts was submitted to the Council’s auditors, Grant Thornton, to undertake the formal audit of the accounts.

It was the Audit & General Purposes Committee’s role to formally approve the Statement of Accounts, along with the Grant Thornton Audit Findings Report, on behalf of the Council, following the completion of the audit process.

Previously, the audited Statement of Accounts, along with the Grant Thornton Audit Findings Report, would have been presented to the Audit & General Purposes Committee for formal approval prior to 31 July. However, due to resourcing issues within Grant Thornton the 2019/20 audit was not complete by the end of July and the draft (unaudited) accounts were presented to the Committee to review and approval.

The audit was now complete and attached to the report was the Audit Findings Report for West Oxfordshire District Council (see Annex A). The report detailed all of the work that Grant Thornton had undertaken as part of their formal audit of the accounts, outlined the key findings and matters arising from the statutory audit process.

In presenting the report Mr Barber of Grant Thornton advised that all indicators pointed to the work being completed by the end of November 2020 and would be ready to sign off. He reminded Members that this had been a very challenging time for Grant Thornton and the Council and the accounts had been delayed as a result of staffing levels and conflicting priorities.

Mr Barber thanked the officers for their work in compiling the accounts and assured Members that they had been subject to some very robust discussions. He guided the Committee through the highlights of the report, and included information relating to property, plant and equipment and the Oxfordshire Pension Fund.

The Chief Finance Officer responded to queries from Members and thanked the officers from Grant Thornton for their assistance and support in producing the accounts.

RESOLVED:

- (a) That the Grant Thornton Audit Findings for West Oxfordshire District Council report be noted;
- (b) That the Statement of Accounts 2019/20 be approved; and
- (c) That the Chief Finance Officer and the Chair of the Committee be authorised to write a letter of representation on behalf of the Committee and Council to Grant Thornton to enable the opinion to be issued.

22. CORPORATE RISK REGISTER UPDATE

The Committee received and considered the report of the Chief Executive, which provided an update on the changes to the Council's Corporate Risk Register as at the end of Quarter Two of 2020/2021.

The Chief Finance Officer outlined the report and answered queries from Members.

In response to a question from Councillor St John, it was highlighted that a glossary of terms was provided at page 99 of the report.

Councillor Graham queried who would be consulted on the Draft Commissioning and Procurement User Guide as referred to in the table on page 5 of the report.. Officers agreed to find out and respond to him outside of the meeting.

RESOLVED: That the report be noted.


23. MISCELLANEOUS LICENSING SUB-COMMITTEE REPORT

The reports of the meetings of the Miscellaneous Licensing Sub-Committee held on 24 July and 27 August 2020, copies of which had been circulated, were received and noted.

The meeting closed at 7:43 pm

CHAIRMAN

This page is intentionally left blank

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Council name</p>	<p>West Oxfordshire District Council</p>
<p>Name and date of Committee</p>	<p>Audit and General Purposes Committee Thursday 24 June 2021</p>
<p>Report Number</p>	<p>Agenda Item No. 6</p>
<p>Subject</p>	<p>External Auditor 2020/21 Audit Plan</p>
<p>Wards affected</p>	<p>All indirectly</p>
<p>Accountable member</p>	<p>Councillor Suzi Coul, Cabinet Member for Finance Email: suzi.coul@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Elizabeth Griffiths, Chief Finance Officer Tel: 01993 861188 Email: elizabeth.griffiths@westoxon.gov.uk</p>
<p>Summary/Purpose</p>	<p>To receive a report from Grant Thornton, the Council's external auditors regarding the audit plan for 2020/21.</p>
<p>Annexes</p>	<p>Annex A – West Oxfordshire District Council Audit Plan – 2020/21.</p>
<p>Recommendation</p>	<p><i>That the Audit and General Purposes Committee considers the Grant Thornton Audit Plan for 2020/21.</i></p>
<p>Corporate priorities</p>	<p>Delivering excellent modern services whilst ensuring the financial sustainability of the Council.</p>
<p>Key Decision</p>	<p>N/A</p>
<p>Exempt</p>	<p>No</p>
<p>Consultees/ Consultation</p>	<p>Not applicable.</p>

1. BACKGROUND

- 1.1. Attached at Annex A is the Council's external auditor (Grant Thornton UK LLP) plan for the Council's audit 2020/21.
- 1.2. Representatives from Grant Thornton will attend the meeting and be available to answer any questions on the report.

2. MAIN POINTS

- 2.1. The Council's 2020/21 audit scale fee approved by PSAA Ltd is £35,527, no change from 2018/19 and 2019/20. Grant Thornton is proposing a fee of £58,227, which includes additional work now required due to changes in expectations of the regulator and additional work required on the VFM conclusion because of the new Code issued by the National Audit Office. This fee is subject to approval by PSAA. These additional fees will be subject to challenge from PSAA to justify the need for these areas of additional work. Grant Thornton is not able to invoice for additional fees until PSAA has approved the additional fees.
- 2.2. The final proposed external audit fee for 2019/20 is £53,647. This fee was reported to the Audit and General Purposes Committee in the External Auditor's Annual Audit Letter and included additional charges of **£18,120** to reflect additional work undertaken because of changes in the expectations of the regulator and the impact of Covid-19. This additional element of this fee is subject to final approval by PSAA.

3. FINANCIAL IMPLICATIONS

- 3.1. The proposed audit fee of £58,227 for 2020/21 and proposed additional fee for 2019/20 exceeds the budgetary provision for 2020/21 by £40,870. While preparation of the financial outturn figures are currently in progress, it is expected that, the additional fees can be absorbed within the overall Council budget for 2020/21. The budgetary provision for audit fees will need be reviewed as part of the 2022/23 budget setting process.

4. LEGAL IMPLICATIONS

- 4.1. The Council is required to comply with the Accounts and Audit Regulations when preparing the statement of accounts.

5. RISK ASSESSMENT

- 5.1. The audit plan states that the audit fee is "subject to the Council delivering a good set of financial statements and working papers". The Chief Finance Officer has requested that Grant Thornton provide advanced notice of any work, which is likely to incur additional audit fees.

6. BACKGROUND PAPERS

None

West Oxfordshire District Council Audit Plan

Year ending 31 March 2021

7 May 2021
Page 13



Contents



Your key Grant Thornton team members are:

Peter Barber

Key Audit Partner

T 0117 305 7897

E peter.a.barber@uk.gt.com

Siobhan Barnard

Engagement Manager

T 0121 232 5121

E siobhan.barnard@uk.gt.com

Francesca Hitchman

Engagement In-charge

T 0151 224 0826

E Francesca.hitchman@uk.gt.com

Section

Key matters

Introduction and headlines

Significant risks identified

Accounting estimates and related disclosures

Other matters

Progress against prior year recommendations

Materiality

Value for Money Arrangements

Risks of significant VFM weaknesses

Audit logistics and team

Audit fees

Independence and non-audit services

Appendix 1: Revised Auditor Standards and application guidance

Page

3

4

5

8

11

12

13

14

15

16

17

19

20

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Key matters

Factors

Council developments

The Council continues to operate in an uncertain and challenging environment due to changes to Government funding and the global pandemic. The Council continues to balance service delivery with the need to drive efficiencies. Financially the Council is forecasting a small underspend for 2020/21 and has set a balanced budget for 2021/22.

Whilst the Council's Medium Term Financial Strategy sets out a significant challenge, the Council is transparently reporting both the revenue and capital funding challenge to enable informed decision making.

At a national level, the UK left the European Union (EU) on 1 January 2021 although uncertainty remains over the country's trading relationship with the EU which could have implications for the supply chain and on EU nationals employed directly or indirectly by the Council. The Council will need to ensure that it is prepared for all outcomes, including in terms of any impact on the supply of any imported goods and equipment and overseas staff.

Impact of Covid 19 pandemic

The current lockdown restrictions mean that we will have to continue to work completely remotely for a longer period and potentially through much of the audit for 2020-21. Working in cooperation with the Council, we managed this effectively for the 2019-20 audit and we will be in regular contact with your finance team in respect of the logistics of these arrangements for our 2020-21 programme of audit work. We aim to build on our experience from last year. As restrictions ease will consider the implications for how this impacts on how we complete the audit.

Financial Reporting and Audit – raising the bars

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing. Our work in 2019/20 has highlighted areas where Local Government financial reporting, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of financial transactions in the Local Government sector which require greater audit scrutiny.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in this Audit Plan, has been agreed with the Section 151 Officer.
- As previously reported the Code has changed in relation to VFM. We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work – please see more detail on pages 14 and 15.
- The Council's valuer reported a material uncertainty in regards to the valuation of land and buildings and investment properties in 2019/20 due to the Covid 19 pandemic. Early indications are that we do not expect a similar uncertainty to be reported in 2020/21. We do, however, continue to identify a significant risk in regards to the valuation of these assets – refer to page 6 – this is due to the inherent high degree of estimation uncertainty.
- We will continue to provide you with sector updates via our Audit and General Purposes Committee updates.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of West Oxfordshire District Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of West Oxfordshire District Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and General Purposes Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and General Purposes Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Revenue and expenditure recognition (rebutted);
- Management override of controls;
- Valuation of land and buildings;
- Valuation of investment properties; and
- Valuation of net pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £0.890m (PY £0.920m) for the Council, which equates to approximately 1.9% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.045m (PY £0.046m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risks of significant weakness:

- Financial Sustainability - Whilst the Council is forecasting delivery of a small surplus for 2020/21, there remains a financial challenge over the medium term in relation to revenue funding. Due to the inherent uncertainty, we have concluded that there is a significant risk of weakness in arrangements for delivering financial sustainability.

Audit logistics

Our interim visit will take place in March/April 2021 and our final visit will take place during July to September 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our proposed audit fee for the audit has been set at £58,277. The scale fee, set by PSAA, is £35,527, however this does not reflect the additional work now required due to the changes in expectations of the regulator or the additional work required on the VFM conclusion as a result of the new Code issued by the NAO. The fee for 2019-20 was £53,647 for the Council. The fee for the current year, as in previous years, is subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including West Oxfordshire District Council mean that all forms of fraud are seen as unacceptable. 	No specific work is planned as the presumed risk has been rebutted.
The expenditure cycle includes fraudulent transactions (rebutted)	<p>Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:</p> <p>"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.</p> <p>We have rebutted this presumed risk for West Oxfordshire District Council because:</p> <ul style="list-style-type: none"> • expenditure is well controlled and the Council has a strong control environment; and • the Council has clear and transparent reporting of its financial plans and financial position to the Council. <p>We therefore do not consider this to be a significant risk for West Oxfordshire District Council.</p>	No specific work is planned as the presumed risk has been rebutted.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings	<p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£69 million in 2019/20) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by the valuer for those assets revalued at 31 March 2021. For the assets not formally revalued in year we will assess how management has satisfied themselves that these assets are not materially different to the current value at the year end.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of investment properties	<p>The Council revalues its investment properties annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£52 million in 2019/20) and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of investment properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by the valuer for those assets revalued at 31 March 2021.
Valuation of the pension fund net liability	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£29 million in 2019/20) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of the Oxfordshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Page 20

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and General Purposes Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, and investment properties,
- Depreciation,
- Year end provisions and accruals,
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities, and
- Fair value estimates

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Page 22

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have made enquiries of management and the responses will be shared with Those Charged with Governance alongside this Audit Plan.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report.

Progress against prior year audit recommendations

We identified the following issues in our 2019/20 audit of the Council's financial statements, which resulted in the recommendations below. In the following table we set out progress against each of our prior year recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>It was clear that the Council responded positively to the challenge presented by Covid-19 and were adequately monitoring and assessing the current and future impacts on the Council's finance, albeit it with an increased level of uncertainty. The financial years 20/21 and 21/22 will see perhaps the peak of the challenge with reduced levels of income, impact on savings, and uncertainty of funding. It is therefore business critical that officers and members take immediate action to identify further mitigations by way of reducing costs or increasing income. It is also crucial the medium-term financial plan is refreshed at the earliest opportunity.</p> <p>We recommended that officers and Members take action in 2020 to reduce the current budget gaps over the medium term. We further recommended that the Council continue to refresh the medium-term financial plan to reflect the impact of Covid-19 as things develop and to ensure the financial challenge is fully known.</p>	<p>The Council has taken action against this recommendation, however, financial sustainability remains a key challenge. Our VFM section of this report sets out that we plan to do more risk based work in this area in 2020/21.</p>
Not yet assessed	<p>Our work identified a number of issues in relation to the valuation reports provided to the Council by the Internal Valuer.</p> <p>We recommended that the council should ensure that they read reports in full prior to inputting data to the financial statements and challenge the valuer where appropriate.</p>	<p>We will assess progress against this recommendation as part of our year end audit.</p>

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £0.890m (PY £0.920m) for the Council, which equates to approximately 1.9% of your prior year gross expenditure. We recognise the public interest in senior officer remuneration disclosures. For our work in this area we will be auditing to the detailed disclosure requirements and where we identify differences that change the amount, or bandings we will request that these are amended. In addition we have set a separate specific materiality of £0.005m (PY £0.005m).

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

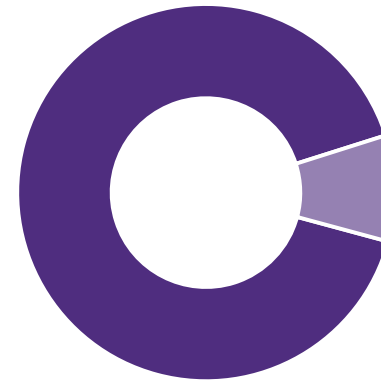
Matters we will report to the Audit and General Purposes Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and General Purposes Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.045m (PY £0.046m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and General Purposes Committee to assist it in fulfilling its governance responsibilities.

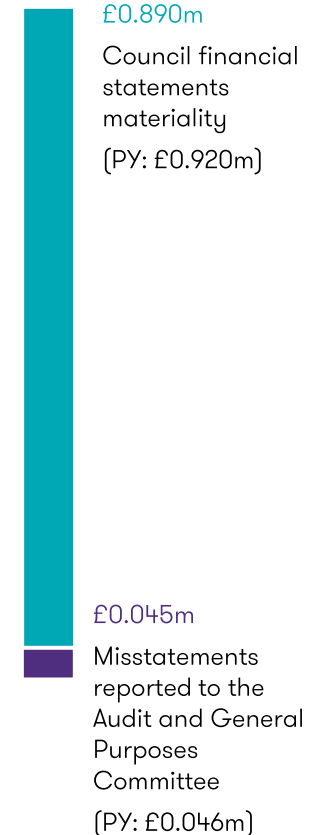
Prior year gross operating costs

£46.786m Council
(PY: £48.547m)



- Prior year gross operating costs
- Materiality

Materiality



Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

Page 26 There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

Page 27



Financial Sustainability

The Council is £900k behind the original budget at month 9, but ahead of the reforecast budget. All of the shortfall will be covered by grants. Whilst the Council has a healthy level of reserves and a strong history of delivering financial targets and savings, the financial challenge and uncertainty continue to increase. In setting the 2021/22 budget and Medium Financial Strategy for the next 4 years, the Council has identified the need to make a further £2.8m in savings/additional income. Due to the inherent uncertainty we have concluded that there is a significant risk of weakness in arrangements for delivering financial sustainability.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Page 28



Peter Barber, Key Audit Partner

Peter is responsible for the overall delivery of the audit. He will meet regularly with senior management of the Council and will attend Audit and General Purposes Committee meetings.



Siobhan Barnard, Audit Manager

Siobhan oversees day to day planning and manages the work of the Audit Incharge and associates to ensure that the audit work is focussed on the key areas of the financial statements risks and compliance with relevant accounting standards and guidance.



Francesca Hitchman, Audit Incharge

Francesca is responsible for the on-site delivery of the audit work. He assigns activities across the team and ensures it is completed satisfactorily.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

As referred to on page 14, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. This will result in an increased fee however the scale of that increase has yet to be finally determined.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21 to date, as set out below, is detailed overleaf.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Council Audit	£40,027	£53,647*	£58,277
Total audit fees (excluding VAT)	£40,027	£53,647*	£58,277

*The additional fee element of the actual fee for 2019/20 is subject to final approval by PSAA.

Assumptions

In setting the fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	£35,527
<i>Ongoing increases to scale fee first identified in 2019/20</i>	
Raising the bar/regulatory factors	£2,500
Enhanced audit procedures for Property, Plant and Equipment	£1,750
Enhanced audit procedures for Pension Liabilities (IAS19)	£1,750
Other complex issues or expert advice	£1,250
Brought forward ongoing fee from 2019/20	£42,777
<i>New issues for 2020/21</i>	
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised auditing standards (see appendix 1)	£6,500
Specific local risks: capital portfolio valuation/ new valuer (absorbed into the fee)	£0
Total proposed audit fees 2020/21 (excluding VAT)	£58,277

All variations to the scale fee will need to be approved by PSAA. These additional fees will be subject to challenge from PSAA to justify the need for these areas of additional work. No additional fees will be billed until PSAA approval has been obtained.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

In this context, we disclose to you that during the early part of the 2019/20 financial year, the previous audit manager, applied for a job with Publica. Following the application process, she was successful and has now take up her new role. The role involves completion of accounting transactions and the preparation of the financial statements for West Oxofrdshire District Council. As a result this has required us to put certain safeguards in place to ensure that we can continue with the audit appointment and comply with the ethical standards as a firm.

The safeguard has been agreed by our ethics function and is such that the audit with effect from 2020/21 has been conducted with a new engagement lead from the South West Office, but then with the remainder of the audit team being sourced from our Midlands Public Sector Team.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.








Other services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. We have not identified any other services.


Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance




The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued


	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank

 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GENERAL PURPOSES COMMITTEE – 24TH JUNE 2021
Report Number	Agenda Item 7
Subject	INTERNAL AUDIT OPINION 2020/21
Wards affected	N/A
Accountable member	Cllr Suzi Coul, Cabinet Member for Finance Email: suzi.coul@westoxon.gov.uk
Accountable officer	Elizabeth Griffiths, Chief Finance Officer Email: elizabeth.griffiths@westoxon.gov.uk
Summary/Purpose	<p>To present a summary of the work undertaken by Internal Audit during 2020/21 and to give an overall opinion on levels of assurance resulting from this work.</p> <p>Due to the information contained in The Internal Audit Annual Opinion, it was deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.</p>
Annexes	Annex A – INTERNAL AUDIT ANNUAL OPINION 2020/21 Annex B – SUMMARY OF WORK COMPLETED SINCE MARCH 2021
Recommendation/s	Please write recommendations using letters and italics as below. <i>a) That the Committee considers the report and comments, as necessary.</i>
Corporate priorities	Delivering excellent modern services whilst ensuring the financial sustainability of the Council.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

1. BACKGROUND

The Annual Opinion Report 2020/21, Annex 'A', provides the Head of Internal Audit's (SWAP Assistant Director) opinion, on the adequacy and effectiveness of internal control within West Oxfordshire District Council. The opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year, and other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.

Throughout the year the Internal Audit service have measured the degree of control assurance within the systems, or elements of systems, audited or supported by way of control advice. Overall, the opinion is that a 'High Reasonable' assurance level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.

Where operational control issues were raised, the risks associated with the control issues raised, in the audit reports, are being actively managed by Management.

The report outlines how the Internal Audit function has supported the Council in meeting the requirements of the Public Sector Internal Audit Standards. These state that:

- "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
- "A relevant authority must conduct, each financial year, a review of the effectiveness of the system of internal control."

The purpose of the Head of Internal Audit's Annual Opinion is to contribute to the assurances available to the Head of Paid Service and the Council which underpin the Council's own assessment of the effectiveness of the authority's system of internal control. This opinion is one component that the Council must take into account when completing its Annual Governance Statement.

Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

2. MAIN POINTS

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon, and limited to, the work performed, on the overall adequacy and effectiveness of the organisation's control arrangements. This is achieved through a risk-based programme of activities, agreed with management and approved, for 2020/21, by the Audit and General Purposes Committee, which should provide a level of assurance across a range of Council activities. The opinion does not imply that the internal audit service has reviewed all risks and controls relating to the Council or the systems it reviews.

3. FINANCIAL IMPLICATIONS

- 3.1. The Internal Audit Service is operating within the contract sum.

4. LEGAL IMPLICATIONS

- 4.1.** None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

5. RISK ASSESSMENT

- 5.1.** The weaknesses in the control framework, identified by the Internal Audit activity, continues to threaten organisational objectives if recommendations are not implemented.

6. BACKGROUND PAPERS

- 6.1.** Internal Audit Reports

This page is intentionally left blank

West Oxfordshire District Council

Internal Audit Annual Opinion Report 2020/21

Page 41

Internal Audit Annual Opinion – 2020/21: ‘At a Glance’

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines

	No Significant Risks were identified during the year.
	29 reviews delivered as part of the 2020/21 Internal Audit Plan. Includes assurance, advisory and follow up reviews. 5 reviews are at draft report stage and 2 are in progress.
	Internal Audit staff redeployed directly into Council areas to assist with the COVID response. COVID 19 Business Grant processing and post payment checks.
	A number of agreed actions from 2019/20 remain outstanding, along with actions agreed during 2020/21 (some agreed actions have had time extensions due to Covid-19). We will continue to follow-up all agreed actions.
	Range of innovations and enhancements made to our internal audit process throughout the year. One-page audit report, introduction of Agile auditing and planning.

Internal Audit Assurance Opinions 2020/21

Substantial	5
Reasonable	4
Limited	1
No	0

Internal Audit Agreed Actions 2020/21

Priority 1	0
Priority 2	7
Priority 3	14
Total	21



Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.



Executive Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and General Purposes Committee and Senior Management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

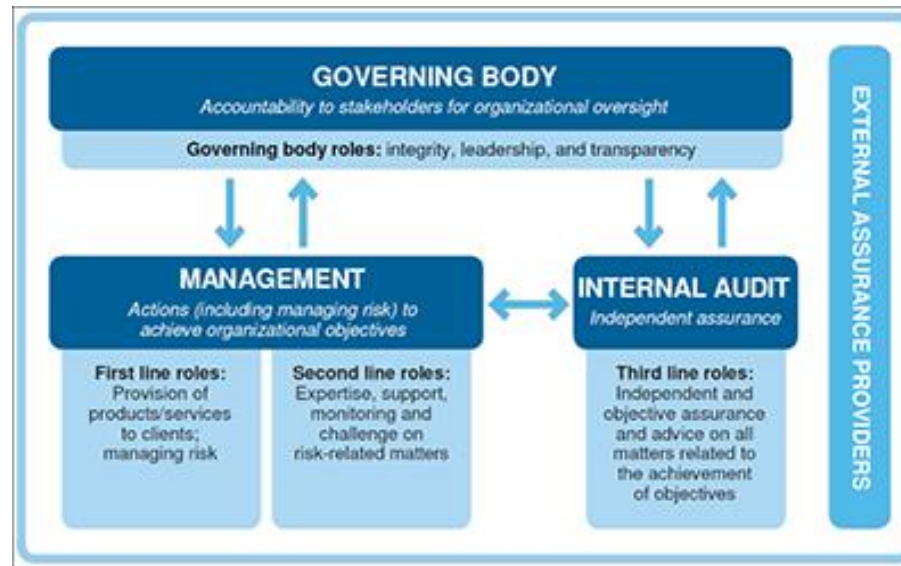


Background

The Internal Audit service for West Oxfordshire District Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2020/21 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2020/21 audit work for West Oxfordshire District Council, enhanced by the work of external agencies, I am able to offer a **High Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Just as in more normal times, audit work has been planned to ensure that sufficient assurance will be available to support the annual opinion. The professional requirements of PSIAS have remained unchanged and in line with these, new audit priorities to cover the risks from the impact of COVID-19 have been agreed throughout the year and that work supports the annual opinion.

The additional audits performed to carry out assurance work on new risks associated with the Covid-19 emergency response were:

- *Supported the Council on data input for first round of Business Grants*
- *Audit of Covid grants*
- *Focussed analytical work – Accounts Payable, Accounts Receivable and Payroll*
- *Relevant advisory work – Leisure Funding*

Alongside direct internal audit work, the HIA can also place reliance on:

- *Work and investigations undertaken by the Council's Counter Fraud Unit*
- *Updates and PSN certification undertaken by the Council's ICT Audit and Compliance Manager*
- *Review undertaken by Business Manager – Corporate Responsibility on Mangers' Assurance Statements 2020/21*

It has been agreed to defer some of the less urgent audit work to 2021/22 and this has been reported.

Provide the reasons for this, for example:

- *Additional audit work on new risks associated with COVID-19 being delivered.*
- *Some areas of the Council facing significant resource challenges as leading the Council's response to the pandemic, meaning key staff/information/systems not accessible to internal auditors.*

- *Redeployment of audit staff to support the Council's response reducing the resource base for internal audit.*
- *Demands on internal audit for advisory and non-audit support work that may not directly support the HIA opinion.*

The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control. *Provide information on key audit work that demonstrates this for example:*

- *Business Continuity*
- *Continuous assurance*
- *Key financial audits*
- *Information governance and security*
- *Key front line services*

Throughout a challenging year, we have tried to ensure a balance between providing direct assistance to the Council and maintaining a continuum of audit work. We are pleased to report we have achieved this, although it must be recognised coverage is not comparable to previous or 'normal' years.

Summary of Audit Work 2020/21

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that relate to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit and General Purposes Committee attention.

We have not identified any significant corporate risks in the areas we have audited this year.

During the year we issued a Limited assurance audit report for Council Tax and National Non-Domestic Rates as weaknesses were identified in respect of key control processes.

We have also continued to follow-up agreed actions made in the 2018/19 Procurement audit. Progress is being made on implementation of these actions and we will continue to follow them up. Furthermore an audit of contract monitoring and management is planned for 2021/22 as changes have been made to the Procurement Strategy, the audit will provide assurance that previously identified weaknesses have been mitigated.

Note all these audits have been reported throughout 2020/21 to the Audit and General Purposes Committee.

Summary of Audit Work 2020/21

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.



Summary of Audit Opinion

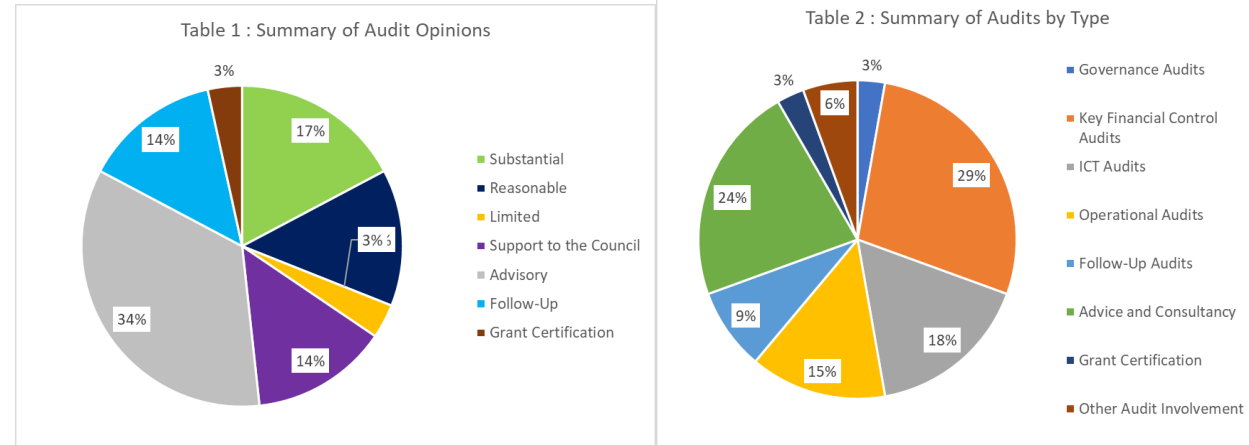


Table 1 above indicates the spread of assurance opinions across our work during the past year.

Table 2 indicates the audit work by type. Whilst assurance work is the main focus of internal audit, in a time of crisis such as the pandemic, internal audit has the knowledge and skills to be able to provide advisory work that supports the organisation through such turbulence. In addition, it was possible to progress COVID related advisory work whilst our normal assurance work was temporarily paused.



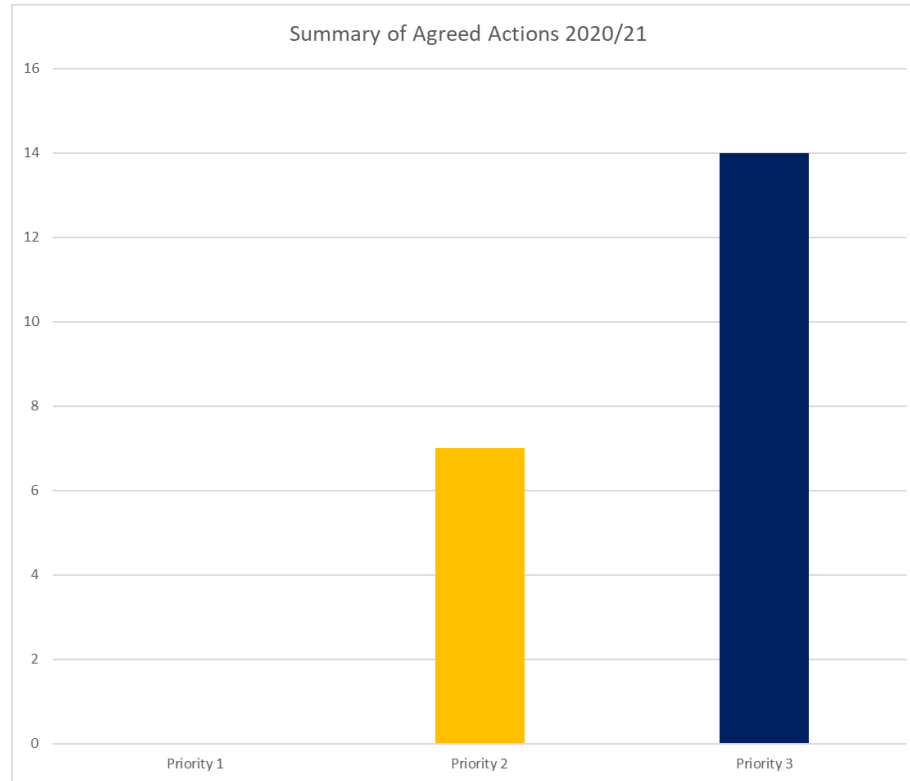
Summary of Audit Work 2020/21

SWAP Performance - Summary of Audit Actions by Priority



Priority Actions

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action



Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

Benchmarking

During the year we have provided benchmarking data across either the SWAP partnership or the wider reach of the Local Authority Chief Auditors Network (LACAN) for:

- Baseline Assessment of Maturity for Fraud comparison.
- Risk Management Maturity Benchmarking.
- Covid-19 Grant Controls.

Members Training

During November we ran a free Audit Committee Members training event to provide an overview of the role of the Audit Committee as well as 'hot topics' that should be on Audit Committee radars.

News Roundup

We produce a monthly newsletter that provides information on topical areas of interest for public sector bodies. During the early stages of Covid-19 we increased the frequency of our newsflash to Weekly/Fortnightly to provide relevant information.

Innovations and Enhancements to our Audit Process

During this exceptional year, we have taken the opportunity to implement and introduce a number of innovations and enhancements to our audit process. This has included:

- Introducing the concept of 'Agile Auditing' to our audit process. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. We have used this concept to complete a number of audits this year.

- Introduction of continuous audit reviews in relation to the key fundamental areas. This is a method whereby audit testing of key controls of an area or activity, is performed on a more frequent basis. It changes the audit approach from periodic reviews incorporating a small sample of transactions, to ongoing testing of a larger overall sample, with audit results produced shortly after testing. The benefits are a more reactive and timely approach to auditing which gives a continuous assurance on systems and processes throughout the year.
- With the help of SWAP's two newly appointed Data Analysts, we are looking to include analysis of data as part of our auditing wherever possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective manner.
- Introduced a new one-page audit report, that summarises all the key messages of the audit on one page for ease of consumption as well as increasing impact. Feedback on the report style has been extremely positive.
- Introduced a new continuous audit planning and risk assessment process.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for WODC for the 2020/21 year are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u>	
Final, Complete, Draft and Discussion 90%	94%
In progress/Review	6%
Yet to complete	0%
<u>Customer Satisfaction Questionnaire</u>	
Feedback 95%	100%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance of PSIAS.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want

to make, as aligned to SWAP's Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Page 53

Summary of Internal Audit Work 2020/21

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Finalised and Completed Reviews							
2019/20 Audits that were In Progress or at Draft Report for 2019/20 Annual Opinion							
Key Financial Control	Accounts Receivable	Final Report	Medium Reasonable	4		1	3
Advice and Consultancy	S106 Agreements and Funds – Support to Project Team	Completed	Advisory	N/A			
Follow-Up	Procurement	Final Report	Follow-Up	N/A			
Follow-Up	Procurement and Contract Management	Final Report	Follow-Up	N/A			
ICT	Business Continuity	Final Report	Medium Reasonable	2		2	
ICT	Incident Management	Final Report	Medium Reasonable	4		2	2
Operational	Asset Management and Commercial Property Investment	Final Report	Advisory	N/A			
Advice and Consultancy	Use of Volunteers	Final Report	Advisory	N/A			
Advice and Consultancy	Grants	Final Report	Advisory	N/A			
2020/21 Audit Plan							
Operational	Business Grant Funding – Support to Council with Data Input	Completed	Support to the Council	N/A			
Advice and Consultancy	Leisure Funding	Completed	Advisory	N/A			
Advice and Consultancy	CFU Policies	Completed	Advisory	N/A			

Page 54

Summary of Internal Audit Work 2020/21

Audit Type	Audit Area	Status	Opinion	No of Actions	1 =	↔	3 =
					Major		Action
					1	2	3
Operational	Continuous Reporting – Core Financial Systems	Completed	Advisory	N/A			
Advice and Consultancy	Business Grant Funding – Head of IA seconded to Council for grant administration	Completed	Support to the Council	N/A			
Advice and Consultancy	WODC Broadband Claim	Completed	Advisory	N/A			
Grant Certification	Disabled Facilities Grants	Completed	Grant Certification	N/A			
ICT	Cyber Security	Final Report	Follow-Up	5			5
Key Financial Control	Council Tax and National Non-Domestic Rates	Final Report	Medium Limited	2		1	1
Key Financial Control	Housing Benefit and Council Tax Support	Final Report	High Reasonable	1		1	
Key Financial Control	Accounts Receivable	Final Report	Medium Substantial	0			
Key Financial Control	Main Accounting	Final Report	Low Substantial	1			1
Key Financial Control	Treasury Management and Bank Reconciliation	Final Report	High Substantial	1			1
Key Control	Health and Safety of Staff	Final Report	Advisory	N/A			
ICT	Deployment of Anti-Malware Devices	Final Report	Medium Substantial	1			1
Operational	Post Payment Assurance – Small Business Grants	Final Report	High Substantial	0			
Advice and Consultancy	Implementation of New Revenues and Benefits System – Support to Project	Completed	Advisory	N/A			
Follow-Up	Follow-Up of All Agreed Actions	Completed	Follow-Up	N/A			

Summary of Internal Audit Work 2020/21

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Other Audit Involvement	Working with the Counter Fraud Unit	Completed	Support to the Council	N/A			
Other Audit Involvement	Management of the IA Function and Client Support	Completed	Support to the Council	N/A			

Audit Type	Audit Area	Status	Comment
Draft Reports			
Operational	Authority's Response to Covid-19	Draft Report	
Key Financial Control	Accounts Payable	Draft Report	
Key Financial Control	Payroll	Draft Report	
ICT	Systems Admin	Draft Report	
Key Control	Human Resources	Draft Report	
In Progress			
Governance	Risk Management	In Progress	
ICT	Data Recovery Capabilities	In Progress	

Page 56

Summary of Internal Audit Work 2020/21

Audit Type	Audit Area	Status	Comment
Audits Deferred/Removed			
Governance	Performance Management	Deferred	Request by Client to defer to 2021/22 to review Appraisal Process
Governance	Governance of Programmes and Projects	Deferred	Deferred to 2021/22
Operational	Inclusivity and Diversity	Deferred	Deferred until appropriate to Review
Operational	Publica Support Costs	Deferred	Deferred to 2021/22 to be included in Charging Mechanism Review
Operational	Publica Transformation Benefits Realisation	Removed	
Operational	Delivery of Services by Publica	Removed	

Page 57

This page is intentionally left blank

West Oxfordshire District Council

Report of Internal Audit Activity

Summary of Work Completed since March 2021

Page 59

The following information provides a brief summary of each audit review finalised since the last Committee update

Accounts Receivable – Final Audit Report – May 2021

Audit Objective

To provide assurance that there is an effective control framework in place within the Accounts Receivable function.

Assurance Opinion



A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	0
Total	0

Risks Reviewed

1. If controls in place in relation to manual allocations of income are not robust, this could result in miss-stating of income, undetected fraud and reputational damage.

Assessment

Low

Key Findings

Page 61



The process carried out by the Accounts Receivable (AR) team to identify and allocate income to the correct customer account/invoice from the BAL100 suspense account is robust. As with any manual process there is the possibility of error or mistake, therefore the AR Team Leader has agreed to make quality spot-checks of these manual allocations to ensure the process is followed and payments are allocated correctly.



Continuous Assurance reports were produced on a quarterly basis by the SWAP Data Analytics Team during 2020/21 for Senior Management. In relation to Accounts Receivable, these reports included data relating to the number and value of invoices raised, subscriptions and invoices raised, and value and number of debt write-offs (both in total and by service area) with the aim of identifying any trends or anomalies.



Four recommendations were made in the 2019/20 Accounts Receivable audit. Two of these recommendations are now complete and two are still in progress – due to be complete by October 2021.

Audit Scope

The scope of this audit included a high-level review of the process used by the Accounts Receivable team for the manual allocation of payments from the BAL100 suspense account to customer accounts/invoice and the corresponding investigation process carried out to identify correct customer details.

Recommendations made during the 2019/20 audit were also followed up as part of this work.

In addition to the audit work carried out, the SWAP Data Analytics Team have also provided Continuous Assurance reports (including AR data) quarterly which were provided to Senior Management.

Background

The 2019/20 Accounts Receivable report finalised in August 2020 offered a 'Reasonable' assurance opinion. The current Accounts Receivable Team Leader was appointed in September 2020 and took responsibility for the implementation of the recommendations made during the audit. Added to the impact on staff of the pandemic, it was agreed that the scope of this audit would be focussed on one process.

Main Accounting – Final Audit Report – May 2021

Audit Objective

The objective of the audit is to assess the effectiveness of accounting and budgetary controls and contract management controls operated by service managers, ensuring compliance with financial rules and regulations.

Assurance Opinion



A sound system of governance, risk management and control exists with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	1
Total	1

Risks Reviewed

Risks Reviewed	Assessment
1. Ineffective contract management leaves the Council unable to deliver key services putting service users at risk.	Medium
2. Budgetary controls are not robust, so deviations are not identified and corrected.	Low
3. There is greater risk as recommendations have not been implemented.	Low

Key Findings

Page 62



A survey was issued to a selection of service managers with contract management responsibilities to assess budget monitoring activity undertaken. We did not receive any responses and so we are unable to offer an assurance opinion. The above assurance opinion relates solely to budgetary control activity undertaken by the Finance team.

To ensure a thorough assessment, an audit focussing on Procurement and Contract Performance Management has been included within the 2021/22 audit plan.



There was a delay in uploading opening balances into Business World mainly attributed this year to the delay with External Audit signing off the accounts. However, we identified this same issue in our previous audit. An action has been agreed for balances to be uploaded within one calendar month of the accounts being signed off by the External Auditors.



Budget testing confirmed that the original budget approved by Council balanced with values in Business World. Budget variance testing confirmed variances had been appropriately investigated, reported, and approved. Controls for budget monitoring, virements and reporting were compliant with Financial Rules.

Audit Scope

A review of main accounting controls for the 2020/21 financial year was carried out to assess compliance with Councils' Financial Rules and agreed actions.

The audit covered controls in the following areas:

- Contract management – Service area budget monitoring activity
- Budgetary control, monitoring and reporting
- Balances carried forward
- Previous year's recommendation

Additional Information

We have identified an unused facility on the In-Tend contract management system that partner councils may wish to consider using to support KPI monitoring responsibilities. One action has been agreed with management.

Anti-Malware – Final Audit Report – May 2021

Audit Objective

To ensure that technical solutions are managed and deployed to protect data and systems from electronic malicious attack.

Assurance Opinion



A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	1
Total	1

Risks Reviewed

Operation of the network and connected information systems is disrupted leading to the unauthorised access and disclosure, corruption and loss of information and data.

Assessment

Medium

Key Findings

Page 63



We completed an Incident Management audit during 2020/21 which included a review of the response to cyber related threats and incidents. Malware is one such ongoing threat to organisations and as such anti-malware software implementations should be robust, centrally managed and provide maximum coverage of an estate of networked devices. Publica provide ICT support and security defence for the Partner Councils and utilise a 'Next-gen' Anti-Malware solution as part of the strategy to help prevent, detect, contain, and enable the initial response to attacks and infections. 'Next-gen' products are modern solutions for organisations and incorporate enhanced features such as system behavioural monitoring, machine learning and threat intelligence. Device coverage is important, and our review of endpoint installations did identify a small number of discrepancies between the anti-malware solution, Active Directory, and the software management system and whilst these are being remediated, we suggest a periodic compliance check is added to a Security Compliance control diary to ensure these issues are detected, reviewed, and remediated regularly.



Whilst our audit opinion following the assessment of the controls in place has been assessed as 'Substantial' and we take assurance that technical controls are in place and managed appropriately, it is still possible for a malware attack to be successful despite these controls. This can take the form of a '0-day' or 3rd-Party breach such as the 'Solarwinds' attack. It is therefore important the Publica ICT team continue to monitor and manage this risk to continually adapt to the persistent threats facing them and their clients.

Audit Scope

The audit scope reviewed the Anti-Malware solution and considered the following expected key controls:

- Periodic threat assessment to identify current threats and identify remediation required.
- Scanning of in and out-bound communication channels to block viruses, spam, and malware threats.
- Client endpoints are appropriately configured to block viruses, spam, and malware threats.
- Client endpoints are centrally managed and updated, and issues pertaining to connectivity and update failure are identified, reported, and remediated quickly.
- Staff awareness and prevention training.

The review was undertaken by interviewing key personnel including the Cyber Security Engineer and the ICT Audit and Compliance Manager, together with the review of documentation and evidence provided.

Additional Information

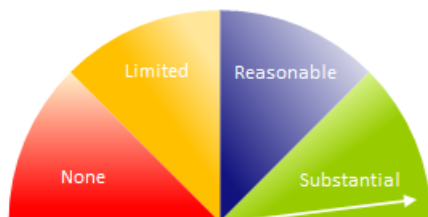
In the Incident Management Audit report, we noted that significant cyber related security incidents are widely considered to be a matter of 'when', not 'if'. A major part of an organisation's first line of defence against attempted cyber-attacks includes a satisfactorily deployed anti-malware solution across a networked estate of connected devices, combined with end-user cyber-security awareness training. It is noted that whilst new starters are subject to mandatory awareness training, the existing end-user base has not received full refresh awareness training for an extended period of time. We note the published training calendar has security awareness training planned for Quarter 4 2022, however, due to the lengthy period of time without it, coupled with current prolonged periods of remote working, bringing forward this training should be considered as part of the security strategy.

Business Grant Post Payment Assurance – Final Audit Report – May 2021

Audit Objective

To provide assurance that COVID-19 related business grants were paid to eligible businesses, in accordance with Government guidance.

Assurance Opinion



A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	0
Total	0

Risks Reviewed

If sufficient checks and controls are not in place, ineligible recipients may receive COVID-19 business grants resulting in potential financial, fraud and reputational risk to the Council.

Assessment

Low

Key Findings

Page 64

In April 2020, the first round of COVID-19 support grant payments was made to business rate payers within the district. The information on grant applications was checked against the information already held within Civica prior to payment being made.



We have recently undertaken post payment assurance checks and can confirm that no significant findings were made as a result of this work. All COVID-19 business grants tested were found to have been paid to eligible businesses, in accordance with Government guidance.

We can confirm post payment checks have been and continue to be undertaken by the Counter Fraud Team to identify potential fraudulent claims and then subsequent recovery actions where required. We have taken this assurance as well as the post payment assurance checks we have undertaken to support our overall opinion.


Audit Scope

A review of a sample of high value (£10,000 - £25,000) COVID-19 business grants payments made during April 2020, was carried out to ensure that the payments were made to eligible recipients, in line with Government guidance.

Conclusion

We conclude that robust and effective processes have been developed in a short space of time to ensure that grants are paid to qualifying businesses in these trying times. Where fraudulent claims are identified, processes are in place to recover the funds.

This page is intentionally left blank

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and date of Committee</p>	<p>Audit and General Purposes Committee: Thursday 24 June 2021</p>
<p>Report Number</p>	<p>Agenda Item No. 8</p>
<p>Subject</p>	<p>Counter Fraud Unit Report and Proceeds of Crime and Laundering Policy Anti-Money</p>
<p>Wards affected</p>	<p>All indirectly</p>
<p>Accountable member</p>	<p>Councillor Suzi Coul, Cabinet Member for Finance Email: Suzi.Coul@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Emma Cathcart, Counter Fraud Unit Manager Email: Emma.Cathcart@cotswold.gov.uk</p>
<p>Summary/Purpose</p>	<p>To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.</p> <p>Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>The report outlines the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.</p> <p>The report also provides the Committee with an updated Proceeds of Crime and Anti-Money Laundering Policy, which sets out the Council's legislative obligations, for approval and adoption.</p>
<p>Annexes</p>	<p>Annex A – Work Plan 2020/2021 Annex B – Proceeds of Crime and Anti-Money Laundering Policy</p>
<p>Recommendation</p>	<ol style="list-style-type: none"> 1. That the Committee notes the report and work plan at Annex A. 2. That the Committee approves and adopts the Proceeds of Crime and Anti-Money Laundering Policy at Annex B. 3. That the Committee authorises the Deputy Chief Executive (Chief Finance Officer) to approve future minor amendments to the Policy in consultation with Finance, Legal Services and the Counter Fraud Unit.
<p>Corporate priorities</p>	<p>In administering its responsibilities the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or a Councillor.</p>

	The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.
Key Decision	No
Exempt	No
Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive. Any Policies drafted or revised by the CFU have been reviewed by Legal Services and have been issued to the Governance Group and Joint Management Team for comment.

1. BACKGROUND

- 1.1. The Audit and General Purposes Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2. Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit and General Purposes Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.3. Attached at Annex A is a copy of the work plan for 2020/2021.

2. MAIN POINTS

2.1. Counter Fraud Unit Update.

- 2.2. The Counter Fraud Unit (CFU) has been supporting work streams created as a consequence of the Covid-19 pandemic by providing advice relating to fraud risk and abuse, most significantly in relation to the Business Grant Schemes. The CFU has assisted with the application and verification processes of all schemes and, to date, the team has received 100 cases to review. A number of these cases were confirmed as eligible and the grant awarded but the following relates to cases of fraud, error or ineligibility:

- 29 cases of loss prevention, in that the grant monies were not paid (8 classed as fraudulent attempts). Figures relating to the original Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund, total £50,000.
- 15 cases of post payment recovery totalling £153,000. Invoices have been raised and £110,000 has been recovered to date. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments / incorrect awards have been made.
- 16 cases are still under review or have been referred back to the team with recommendations for service area decisions.
- The CFU is working with SWAP (Internal Audit) in relation to post payment activities for each scheme and has responsibility for the Fraud Risk Assessment returns to BEIS. A comprehensive template has been provided to ensure a consistent approach to fraud risk assessment in this area and requires details relating to how these are mitigated and managed.

- 2.3. All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by

the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- 2.4. Matches have now been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes. This is in addition to the matches relating to Council Tax and the Council Tax Reduction Scheme which the Council receive, and the CFU review, each year. The team reviewed 863 single person discount matches in 2020/2021. Of these matches 59 anomalies were referred. So far, 11 Council Tax accounts have been amended generating £3,278 increased Council Tax revenue and 1 Civil Penalty, totalling £70, has been applied.
- 2.5. All staff were required to complete online mandatory fraud awareness training.
- 2.6. A number of cases involving serious offences against animals continues to be submitted from the RSPCA's Inspectorate and this is expected to increase as the financial and psychological consequences of the pandemic continue to impact on people's ability to look after their animals. The CFU is actively collaborating with the RSPCA proposing better working relationships with the Partner Councils, to include new data sharing agreements, as the number of referrals increase.
- 2.7. As previously reported, a review of 470 Licensed Premises, as held by the Licensing Team, was compared to the information held on the invoicing system to ensure the correct liable party was being charged. In addition, the rateable value of the premises was also verified to confirm that the correct License charge was being applied. The review resulted in 146 amendments and £9,330 increased Licensing revenue.
- 2.8. In addition to the work carried under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.
- 2.9. Below is a summary of 2020/2021 investigation and enforcement work:
 - The team received 14 referrals from across the Council and closed 11 cases.
 - The team undertakes disciplinary investigations for Publica across the partnership. 2 cases were referred and 3 cases were closed. The closed cases resulted in 2 resignations; 1 prior to a disciplinary hearing and 1 during the investigation. The other case resulted in management action only.
 - The team supports Enforcement Teams across the Council. Two Fixed Penalty Notices, totalling £400, have also been issued in relation to fly-tipping offences.
- 2.10. **Regulation of Investigatory Powers Act 2000 / Investigatory Powers Act 2016 Policies**
- 2.11. The Council's Policies are based on the legislative requirements of these Acts and the Codes of Practice relating to directed surveillance and the acquisition of communications data.
- 2.12. The Policies were reviewed and presented to the Audit Committee in November 2019. These were adopted by Cabinet in December 2019.
- 2.13. The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Chief Executive, Giles Hughes and the Authorising Officers are the Deputy Chief Executive, Elizabeth Griffiths and the Interim Head of Legal Services, Susan Gargett.

- 2.14. All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Counter Fraud Unit Manager and the Deputy Counter Fraud Unit Manager.
- 2.15. There have been no RIPA applications and no Non-RIPA applications made by the Council during 2020/2021. The Council made no applications for communications data during 2020/2021.
- 2.16. The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.
- 2.17. The Policy relating to the use of the internet and social media in enforcement and investigations has been reviewed by Governance Group and is to be presented to Corporate Management for final approval. It will then be presented to Audit and General Purposes Committee.
- 2.18. **Proceeds of Crime and Anti-Money Laundering Policy**
- 2.19. The Policy, at Annex B, defines a best practice approach to dealing with money laundering obligations and suspicious activity reports.
- 2.20. Proceeds of Crime and Money Laundering legislation govern the responsibilities of individuals and organisations.
- 2.21. The Policy and the related Officers Procedural Guidance addresses the way in which the Council, its employees and its Members can formally discharge these obligations.
- 2.22. The nominated Money Laundering Reporting Officer is the Officer appointed under section 151 of the Local Government Act 1972. In the case of the Council, this is the Deputy Chief Executive.
- 3. FINANCIAL IMPLICATIONS**
- 3.1. The report details financial savings generated by the Counter Fraud Unit.
- 4. LEGAL IMPLICATIONS**
- 4.1. In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.
- 4.2. The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 'RIPA' 2000, the Investigatory Powers Act 2016 and any other relevant legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be authorised by the appropriate Officer and recorded in the Central Register.
- 4.3. The Council has a statutory obligation for enforcing a wide range of legislation, where it is necessary and proportionate to do so. Human Rights implications are a consideration of this type of activity and this is included within the Policies.
- 4.4. The Proceeds of Crime and Anti-Money Laundering Policy sets out the legislative obligations to which the Council must adhere. Whilst the risk to the Council of contravening the law is low, it is important that all employees are familiar with their duties and responsibilities.
- 5. RISK ASSESSMENT**

- 5.1. The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud Unit provides assurance in this area.
- 5.2. Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.
- 5.3. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.
- 5.4. The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data.
- 5.5. The Proceeds of Crime and Anti-Money Laundering Policy mitigates the risk that the Council will fail to fulfil its legal obligations.

6. EQUALITIES IMPACT

- 6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.
- 6.2. The application of the RIPA and IPA Policies and Procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's Human Rights will be breached. Furthermore it protects the Council from allegations of the same.

7. ALTERNATIVE OPTIONS

- 7.1. This Unit is working with all Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.
- 7.2. The Service is a shared one across the County and, as such, overheads and management costs are also shared equally meaning there is increased value for money.

8. BACKGROUND PAPERS

- 8.1. None.

Annex A: West Oxfordshire District Council Work Plan 2020/2021

Department / Contact	Task	Dates / Notes
Corporate / Strategy	Delivery of two reports for Audit and General Purposes Committee	April (cancelled) & November
Corporate / Strategy	RIPA Coordinator Role - Review of Policies / annual report to Members / advisory role for staff / IPCO liaison	Annual update - November IPCO Inspection complete and report issued Draft Internet and Social Media Investigations Policy and Procedure to Governance Group for consideration
Corporate / Strategy	Home Office Serious and Organised Crime Checklist and accompanying work plan	Commenced / Ongoing
Corporate / Strategy	Home Office Bribery and Corruption Assessment Template and accompanying work plan	To be transferred to 2021/2022 work plan
Corporate / Strategy	Development / Review of Fraud Response Plan	To be transferred to 2021/2022 work plan
Corporate / Strategy	Development of Service Specific Fraud Risk Register	To be transferred to 2021/2022 work plan
Corporate / Strategy	Development of Fraud awareness literature for staff and members	Completed - JMT approval pending
Corporate / Strategy	Development of RTB / debt recovery process	Complete / training to be provided to staff
Corporate / Strategy	Staff and Members Fraud Awareness Sessions	Online provision – Staff February / March
Corporate / Strategy	Collation and Publication of Fraud Transparency Data	Published June
Procurement	Assist with review of Procurement and Contract Strategy	Complete / training to be provided to staff
Procurement	Supplier payment review	
SWAP	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest	Draft issued to Governance Group for consideration
SWAP	Review of the Gifts and Hospitality Policy and Procedure	Final version presented for approval October 2020. JMT to be updated / staff cascade to be completed
HR	Review of HR Recruitment and Vetting Policy and Procedures	Complete / training to be provided to staff
Policy	Review Whistle-Blowing Policy	Complete / training to be provided to staff
Policy	Drafting / consultation / adoption of Money Laundering Policy	Draft agreed – to be presented to Audit and General Purposes Committee for adoption
Revenues and Housing	National Fraud Initiative Match Review	Commenced
Revenues and Housing	Business Grants Post Payment Assurance	Commenced
Revenues and Housing	Test and Trace Post Payment Assurance	Commenced
Revenues and Housing	Review of the Housing List	To be completed as part of 2021/2022 work plan
ERS	Licensing / Invoice Review	470 licenses reviewed / 146 amendments / £9,330 increased revenue

Proceeds of Crime and Anti-Money Laundering Policy

Version Control:	
Document Name:	Proceeds of Crime and Anti-Money Laundering Policy
Version:	1.0
Responsible Officer:	
Approved by:	
Date First Approved:	
Next Review Date	September 2023
Retention Period:	N/A

Revision History

Revision date	Version	Description

Consultees

Internal	External

Distribution

Name	

Proceeds of Crime and Anti-Money Laundering Policy

Contents

1. INTRODUCTION.....	3
2. POLICY STATEMENT	3
3. SCOPE OF THE POLICY	3
4. PURPOSE	4
5. WHAT IS MONEY LAUNDERING?	4
6. THE COUNCIL'S OBLIGATIONS.....	5
7. THE MONEY LAUNDERING REPORTING OFFICER (MLRO).....	5
8. DISCLOSURE PROCEDURE	5
9. CONSIDERATION OF THE DISCLOSURE BY THE MLRO.....	6
10. CLIENT IDENTIFICATION PROCEDURE.....	7
11. RECORD KEEPING.....	8
12. GUIDANCE & TRAINING	8

Proceeds of Crime and Anti-Money Laundering Policy

1. INTRODUCTION

- 1.1 The legislation in respect of Money Laundering is set out in the following:
- Proceeds of Crime Act 2002 as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015;
 - The Money Laundering Regulations 2007, The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and The Money Laundering and Terrorist Financing (Amendment) Regulations 2019;
 - The Terrorism Act 2000 as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007.
- 1.2 The combined legislation is referred to in this Policy as 'the money laundering legislation'.
- 1.3 There have been significant changes to the money laundering legislation which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations now impact on certain areas of Council business and require Councils to establish internal procedures to prevent the use of their services for money laundering.
- 1.4 Money laundering may be defined as the process whereby the origin of dishonest and or illegally obtained money is concealed so that it appears to come from a legitimate source.

2. POLICY STATEMENT

- 2.1 The Council will do all it can to:
- Prevent, wherever possible, the organisation, its employees and Members being exposed to money laundering;
 - Identify the potential areas where money laundering may occur and take appropriate action to minimise the risk; and
 - Comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
- 2.2 Every employee (see 3.1 and 3.2 below) and elected Member has a personal responsibility to be vigilant.

3. SCOPE OF THE POLICY

- 3.1 This Policy applies to all officers (including external appointments, contractors and seconded staff) and elected Members of the Council. The Policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations.
- 3.2 The Policy specifically covers employees of contractors and other public authorities delivering a service on behalf of the Council, for example **Ubico /**

Proceeds of Crime and Anti-Money Laundering Policy

Publica Group (Support) Ltd. The term “officer” or “staff” includes employees of the contractor / other authority.

- 3.3 Failure to comply with the procedures set out in this Policy may lead to disciplinary action being taken in accordance with existing Council policies in addition to any criminal prosecution which may ensue.
- 3.4 This policy should be read in conjunction with the Whistle-Blowing Policy and the Counter Fraud and Anti-Corruption Policy.

4. PURPOSE

- 4.1 The Council has a duty to ensure it complies with its obligations under the legislation but it is acknowledged that it is a low risk area. Criminal sanctions may be imposed for breaches of the legislation.
- 4.2 The purpose of this Policy is to make officers and members aware of the money laundering legislation; their responsibilities regarding the legislation; and the consequences of non-compliance with this Policy.
- 4.3 Any officer or Member of the Council could be subject to the provisions of the money laundering legislation if they suspect money laundering and either fail to report their concerns or become involved in any actions to process the suspicious transaction. This Policy sets out how any concerns should be raised.

5. WHAT IS MONEY LAUNDERING?

- 5.1 Under the Proceeds of Crime Act 2002 (POCA), money laundering means:
 - Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of Proceeds of Crime Act [POCA]). This covers hiding an item or its source, removing serial numbers, or changing an item for something else (e.g. unexplained large cash payment claimed to be from death of relative or lottery win, a person using illegally earned money to buy a house or piece of land); or
 - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328 of POCA). This is actual involvement in helping to cover up an act (e.g. a housing officer becoming suspicious that a tenant on benefits is buying valuable items when they are on limited income and failing to report this); or
 - Acquiring, using or possessing criminal property (section 329 of POCA). Accepting stolen items knowingly or knowingly taking advantage of them or accepting items paid for by the proceeds of crime. This might involve paying significantly less than the value of an item with the suspicion or knowledge that it may be stolen; or
 - Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorism property (section 18 of the Terrorism Act 2000). This is about

Proceeds of Crime and Anti-Money Laundering Policy

hiding income or other items which are being used to fund or carry out terrorist activities.

- 5.2 Criminal property is defined in Section 340 (3) of POCA as “property”¹ that is or represents the person’s benefit from illegal actions in whole or part and the person knows or suspects that it is the proceeds of a criminal act.

6. THE COUNCIL’S OBLIGATIONS

- 6.1 Organisations conducting “relevant business” under the legislation must:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
- Implement a procedure to enable the reporting of suspicions of money laundering;
- Maintain client identification procedures in certain circumstances; and
- Maintain records.

- 6.2 Some of the Council’s business is “relevant” for the purposes of the legislation, including the accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.

7. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

- 7.1 The officer nominated to receive disclosures about money laundering activity is the Chief Finance Officer.

8. DISCLOSURE PROCEDURE

- 8.1 Where it becomes known or is suspected, that money laundering is taking/has taken place or there is concern by an officer that involvement in a matter may amount to a prohibited act under the legislation (see definition in 5 above), it must be disclosed immediately. Disclosure must be within hours of the information becoming known. Failure to disclose may lead to prosecution.

- 8.2 The disclosure should be made to the MLRO initially verbally (in person or by telephone). The report must include as much detail as possible, for example:

- Full details of the people involved (including the officer making the report if relevant) e.g. full name, date of birth, address, company names, directorships, phone numbers etc.
- Full details of the nature of their involvement.

¹ Defined by Section 340 (9) of POCA – “Property is all property wherever situated and includes:

- (a) Money;
- (b) All forms of property, real or personal, heritable or moveable;
- (c) Things in action and other intangible or incorporeal property.”

Proceeds of Crime and Anti-Money Laundering Policy

- The types of money laundering activity involved. The MLRO can help identify this.
 - The dates of such activities, including whether the transactions have happened, are ongoing or are imminent.
 - Where the transactions took place.
 - How they were undertaken.
 - The (likely) amount of money/ assets.
- 8.3 If there is concern that involvement in the transaction would amount to a prohibited act under sections 327-329 of POCA (see section 5 above for details), then consent will be needed from the National Crime Agency (NCA), via the MLRO, to take any further part in the transaction. It must therefore be made clear in the report whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
- 8.4 The MLRO must be given all available information to help them decide whether there are reasonable grounds for knowledge or suspicion of money laundering, and to enable them to prepare a report to the NCA, if required.
- 8.5 Following the initial contact the officer should then promptly complete the "Report to Money Laundering Reporting Officer" (See Guidance Notes) and attach copies of any supporting documentation.
- 8.6 Once reported to the MLRO the officer that made the report must follow any directions given and must not make any enquiries into the reported event. The MLRO will, if appropriate, refer the matter to the NCA who will undertake any necessary investigations. Officers will be required to co-operate fully with those investigating the matter.
- 8.7 It is imperative that nothing is said to the person suspected of money laundering; this would constitute "tipping off" which carries a maximum penalty of 5 years imprisonment and unlimited fine.
- 8.8 All disclosure reports including those made to the NCA must be kept securely for a minimum of five years.
- 9. CONSIDERATION OF THE DISCLOSURE BY THE MLRO**
- 9.1 On receiving a disclosure report, the MLRO must note the date of receipt on his/her section of the report and acknowledge receipt of it. He/she should also advise the officer, who made the report, of the timescale within which he/she expects to respond.
- 9.2 The MLRO will consider the report and any other available internal information he/she thinks relevant, such as:
- Reviewing other transaction patterns and volumes;
 - The length of any business relationship involved;
 - The number of any one-off transactions and linked one-off transactions;
 - Any identification evidence held.
- 9.3 The MLRO will undertake such other enquiries as they think appropriate to ensure they take all available information into account in deciding whether to

Proceeds of Crime and Anti-Money Laundering Policy

report the incident to the NCA. The MLRO may also need to discuss the report with the officer that submitted it.

- 9.4 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely decision whether:
- There is actual or suspected money laundering taking place; or
 - There are reasonable grounds to know or suspect this; and
 - Whether they need consent from the NCA for a particular transaction to proceed.
- 9.5 Where the MLRO decides to refer a case to the NCA, they should do this promptly and on their standard report form (see Guidance Notes).
- 9.6 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not proceed until the NCA has specifically given consent, or there is deemed consent because the relevant time limit has expired without objection from the NCA.
- 9.7 Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, then he must note the report accordingly; he can then immediately give his consent for any ongoing or imminent transactions to proceed.
- 9.8 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 9.9 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering they must mark this on the report accordingly and authorise the transaction to go ahead.
- 9.10 The MLRO is criminally liable if they know or suspect, or have reasonable grounds to do so on the basis of a disclosure made to them, that money laundering is happening and they do not disclose this promptly to the NCA.
- 9.11 All disclosure reports referred to the MLRO and reports made by him to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

10. CLIENT IDENTIFICATION PROCEDURE

- 10.1 Where the Council is carrying out relevant business (examples of relevant business may be defined for this Council as, legal services, investments, cash handling and accountancy services) and:
- a) Forms an ongoing business relationship with a client; or
 - b) Undertakes a one-off transaction involving payment by or to the client of €10,000 (approximately £9,000 although this will fluctuate in line with exchange rates) or more; or
 - c) Undertakes a series of linked one-off transactions involving a total payment by or to the client(s) of €10,000 or more; or
 - d) It is known or suspected that a one-off transaction or a number of them involves money laundering; then this Client Identification Procedure must be followed before any business is undertaken.

Proceeds of Crime and Anti-Money Laundering Policy


- 10.2 In the above circumstances staff in the applicable department must obtain satisfactory evidence of the identity of the prospective client as soon as practicable after instructions are received. This applies to existing clients, where such information has not been obtained, as well as new clients (see Customer Due Diligence process outlined in Guidance Notes).
- 10.3 The evidence should be retained for at least five years from the end of the business relationship or one-off transaction.
- 10.4 If satisfactory evidence is not obtained at the outset then the business relationship or one-off transaction cannot proceed. If there is an unjustifiable delay in obtaining evidence of identity or the where the client is deliberately not providing evidence a disclosure will have to be made.

11. RECORD KEEPING

- 11.1 Staff within the areas of the Council conducting relevant business must maintain records of:
- Client identification evidence obtained and;
 - Details of all relevant business transactions carried out for clients.
- 11.2 As a minimum the records must provide an audit trail to aid any subsequent investigation, for example, distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.
- 11.3 In all cases evidence should be retained for at least five years from the end of the business relationship or transaction(s). This is so that they may be used as evidence in any subsequent investigation.

12. GUIDANCE & TRAINING

- 12.1 In support of this policy the Council will make staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the legislation and give training to those most likely to encounter money laundering.
- 12.2 As a minimum they should be made aware of the relevant legislation and their responsibilities.

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and date of Committee</p>	<p>Audit and General Purposes Committee: Thursday 24 June 2021</p>
<p>Report Number</p>	<p>Agenda Item 9</p>
<p>Subject</p>	<p>KPMG LLP REPORTS – HOUSING BENEFIT SUBSIDY CERTIFICATION</p>
<p>Wards affected</p>	<p>None</p>
<p>Accountable member</p>	<p>Cllr Suzi Coul. Cabinet Member for Finance Tel: 01993 861000 Email: suzi.coul@westoxon.gov.uk</p>
<p>Accountable officer Author</p>	<p>Jon Dearing. Group Manager : Resident Services Tel: 01285 623000 Email: jon.dearing@publicagroup.uk Mandy Fathers. Business Manager for Operational Support and Enabling Tel: 01285 623571 Email: mandy.fathers@publicagroup.uk</p>
<p>Summary/Purpose</p>	<p>For the Committee to note the outcome of the Housing Benefit Subsidy Grant Certification audit for 2019/2020</p>
<p>Annexes</p>	<p>None</p>
<p>Recommendation/s</p>	<p><i>To note the outcome of the housing benefit subsidy certification work</i></p>
<p>Corporate priorities</p>	<p>Delivering excellent modern services whilst ensuring financial sustainability of the Council</p>
<p>Key Decision</p>	<p>No</p>
<p>Exempt</p>	<p>No</p>
<p>Consultees/ Consultation</p>	<p>The Council Leader, The Cabinet Member for Finance, The Chief Executive, The Deputy Chief Executive, The Monitoring Officer, Group Manager for Resident Services; Interim Head of Legal Services</p>

1. BACKGROUND

- 1.1.** In financial years prior to 2018/19, the annual housing benefit subsidy audit formed part of the procurement process for external audit services. This procurement was carried out on behalf of local authorities by the Audit Commission.
- 1.2.** Since the demise of the Audit Commission, the Council has used PSAA Ltd (a company established and owned by the Local Government Association) to procure its external audit services.
- 1.3.** Due to changing legislation, the procurement for external audit services from 2018/19 onwards could not include the audit of the Housing Benefit Subsidy claim. Therefore, with effect from the 2018/19 financial year, the Council has been required to procure this specialist service directly and has procured the services of KPMG LLP to carry out the Housing Benefit subsidy claim audit for the 2018/19 and 2019/20 financial years.

2. MAIN POINTS

- 2.1.** The Certification process aims to ensure that subsidy claims are fairly stated and provides assurance that the housing benefit scheme is being administered correctly.
- 2.2.** Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid. The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous year's claims.
- 2.3.** The Revenues and Benefits Service administer thousands of benefit assessments during any financial year and whilst that work is undertaken with a high degree of accuracy, supported by robust quality assurance measures, a level of error is unavoidable.
- 2.4.** During 2019/2020 the Housing Benefit Team administered approximately 13,420 changes in circumstances, and paid out approximately £17,219,707 in Housing Benefit. The total subsidy claimed for by West Oxfordshire District Council was £17,219,707. The Team also identified £1,432,300 of overpaid Housing Benefit recoverable from claimants. In the year, claimants repaid a total of £1,340,288, including recovery of debts from previous years.
- 2.5.** In the initial sample of Housing Benefit cases, KPMG LLP found two claims to be incorrect resulting in the subsidy claim being understated. These errors were due to the incorrect assessment of earned income. These errors did not impact on the level of subsidy claimed; and both claims were corrected. However, as errors were found a further check on 40 similar claims was carried out which did not identify any further discrepancies.
- 2.6.** The Council's Chief Finance Officer has received and reviewed a copy of the Certification Letter which summarises the key findings from the work carried out by KPMG LLP on the Council's Housing Benefit Subsidy Claim for 2019/2020. There were no recommendations made by KPMG LLP in the Letter.

3. FINANCIAL IMPLICATIONS

- 3.1.** The fees for the Housing Benefit Subsidy certification work will be in line with budget.


4. LEGAL IMPLICATIONS

4.1. There are no legal implications in respect of this report.

5. RISK ASSESSMENT

There are no risks associated with this report.

This page is intentionally left blank

 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Council name</p>	<p>West Oxfordshire District Council</p>
<p>Name and date of Committee</p>	<p>Audit and General Purposes Committee: Thursday 24 June 2021</p>
<p>Report Number</p>	<p>Agenda Item No. 10</p>
<p>Subject</p>	<p>Corporate Risk Register Updates</p>
<p>Wards affected</p>	<p>ALL</p>
<p>Accountable member</p>	<p>Councillor Michele Mead, Leader of the Council Email: michele.mead@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Giles Hughes, Chief Executive Tel: 01993 861658 Email: giles.hughes@westoxon.gov.uk</p>
<p>Summary/Purpose</p>	<p>To update the Committee on the changes to the Council's corporate risk register at the end of Quarter Three of 2020/21</p>
<p>Annexes</p>	<p>Annex A - Corporate Risk Register 2021/22 (Quarter One)</p>
<p>Recommendation</p>	<p>That the report be noted.</p>
<p>Corporate priorities</p>	<p>To provide assurance to the Committee that risks to the Council are being managed and appropriate actions are being taken to mitigate risk in accordance with the Council's priority to meet the current and future needs and aspirations of residents and to provide efficient and value for money services, whilst delivering quality front line services.</p>
<p>Key Decision</p>	<p>No</p>
<p>Exempt</p>	<p>No</p>
<p>Consultees/ Consultation</p>	<p>None</p>

1. BACKGROUND

- 1.1. The Corporate Risk Register was updated by the risk owners during Q1 and reviewed by the Council's Management Team on 26 May 2021.
- 1.2. The Corporate Risk Register is attached at [Annex A](#).
- 1.3. It is intended to review both the format of the register and risks for the next Audit and General Purposes Committee scheduled for 23 September. The new format and risk scoring will follow the methodology set out under a new Risk Management Policy which will also be presented to the September meeting.

2. FINANCIAL IMPLICATIONS

- 2.1. There are no direct financial implications

3. LEGAL IMPLICATIONS

- 3.1. None

4. RISK ASSESSMENT

- 4.1. None

5. ALTERNATIVE OPTIONS

- 5.1. None

6. BACKGROUND PAPERS

- 6.1. None

West Oxfordshire District Council - Corporate Risk Register 2021-22 Q1

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-005	If the Council does not deliver a balanced medium term financial strategy then it may need to cut services or make additional savings	Financial Reputational	<ul style="list-style-type: none"> Regular meetings with Members and Cabinet MTFS and budget process CT/SMT discussions and lead Vision 2020 programme 	4	5	20	25-May-21	The MTFS was updated in February 2021 and showed a steady decline of our reserves over the next few years caused by the removal of New Homes bonus and the expected rates reset. The plan is to slow this down as much as possible by finding income generating projects that the Council can invest £75m in over the next few years but these are still to be found and with the tightening of allowable borrowing through PWLB and the amount of alternative funding through things like pension funds in the current market, these are proving difficult to find. The situation is constantly under review.	Chief Finance Officer
W-CRR-017	If unavoidable budget pressures exceed provision within the MTFS then the Council may need to use its reserves, or there may be pressures on services or tax levels and agreed budget targets will not be achieved	Financial	<ul style="list-style-type: none"> Service Delivery Planning. Budgetary control system. CT/HoS consider financial pressures, in particular arising out of cost shunting Key variances report. 	4	5	20	25-May-21	Covid has brought a multitude of additional pressures to the budget, not only in expenditure but also in loss of income. These pressures are likely to continue for some time and in some cases worsen. The budget has been reviewed this year and savings found where possible. This should allow some buffer to be carried forward into the 21/22 budget and the MTFS. The budget for 21/22 incorporates these pressures as does the MTFS which means that the budget target is likely to be achieved but this does include the use of reserves and does not lessen the problem.	Chief Finance Officer

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-030 (new)	If the Council does not have the necessary resources to manage its trees and vegetation within public open spaces and country parks, then it may result in complaints/damage to adjoining property or injury	Financial, Reputational, Community, Legal	<ul style="list-style-type: none"> • Tree officer in post who is responsible for reviewing trees and progressing works • Areas of Oxfordshire clay have been mapped • Necessary mitigation action being taken as necessary including thinning 	4	5	20	26-May-21	No change in rating. Due to the location of trees on Oxfordshire Clay, the hot weather, and historic lack of maintenance of sites, the number of claims is increasing, as is awareness of subsidence issues among property owners in the area. Further claims are anticipated. We are taking pre-emptive action where possible. In order to address the issue and to ensure that our insurance cover is retained, a subsidence "strategy" is required. Reports are being prepared to draw down on funding for open space sites from initial s106 contributions to provide additional support in tree management in relation to this issue together with management of open spaces and country parks.	Executive Director Commissioning; Group Manager - Commissioning
W-CRR-010	If contractors do not meet their obligations under key contracts then it could lead to a fall in service standards, reduced customer service, a failure to meet legal requirements or an increase in costs to the Council	Financial, Reputational	Robust and effective contract management approach including regular meetings with key contractors	5	4	20	18-May-21	<p>The impact of Covid 19 on our leisure provider has been very significant and fully reported elsewhere within the Council. Agreement with the Provider is set to end at the end of March 2021, which will reduce the risk to provision of leisure services.</p> <p>The Council has been partially recompensed by the government for the loss of some of this income but the ongoing impact remains a financial risk to the council.</p> <p>An agreement has been reached to compensate the Council for wheeled bin failures previously reported on this item. With the vaccine rollout and lower infection rate the risks to the frontline contracted services are reducing however, it is too early to say what affect another variant of the virus would have.</p>	Group Manager - Commercial and Contracts

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-016	If Publica does not deliver the agreed objectives in accordance with its business plan then the planned savings for the Council would not be delivered and consequently there would be a risk that services could not be delivered within budget	Financial Reputational	<ul style="list-style-type: none"> • Programme Board • Local Political Support • National Political Support • Early Engagement with employees and Unions • Funding provided to develop detailed business case 	2	2	4	25-May-21	Impact risk reduced from 3 (moderate) to 2(minor). After a successful 2020/21 where the preliminary outturn suggests the overall savings target of £0.5m was delivered Publica has now largely delivered its business case targets. The target for 21/22 is a further £0.5m and steps are in place to deliver the bulk of this. Any risk of under delivery against the West Oxon share of the target is low and falls within the definition of minor in the policy (less than £100k).	Chief Executive: Managing Director
W-CRR-004	If local transport infrastructure deteriorates then access to services and employment will also be reduced	Reputational Community	<ul style="list-style-type: none"> • Work with the County Council to plan and enable infrastructure improvements • Lobby to ensure that the improvements for A40 and surrounding area are delivered as proposed 	3	2	6	07-Jun-21	Likelihood reduced from 3 (possible) to 2 (remote). In November 1999 the Government confirmed £102 million of Housing Infrastructure Fund (HIF) money is to be invested in major improvements to the A40. The package would fund further transport improvements to the A40, including development of the public transport facilities, additional highway capacity, and improvements to walking and cycling. This is additional to the funding provided by the Government through the Housing and Growth Deal with Oxfordshire, and the Local Growth Fund. A single, full planning application for the A40 improvement works, with an accompanying Environmental Impact Assessment (EIA) will be submitted in September 2021.	Group Manager - Strategic Support; Chief Executive

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-012	If the Council does not comply with relevant Information Management legislation including the new GDPR and Transparency Agenda then the government may intervene which could have a reputational impact on the Council	Financial Reputational Legal	<ul style="list-style-type: none"> • Arrangements reviewed in light of new legislation • Quarterly monitoring of FOI return rate to SMT 	3	3	9	17-May-21	<p>No change in risk rating.</p> <ul style="list-style-type: none"> • Progress on the UK-GDPR Action Plan & GDPR Risk Register is being reported to the Council and Publica on a regular basis. • Mandatory refresher Information Security / Data Protection on-going , target completion date Oct 2021. <p>Increase internal communications on portal to raise staff awareness on data security</p> <ul style="list-style-type: none"> • Covid Information Sharing Protocols internal and externally with NHS and OCC continually updated • Conducting a Data (applications) audit • Implement new UK – GDPR changes to Council systems • Introduction of new Data Security Portal page for staff 	Data Protection Officer; Chief Executive
W-CRR-013	If the Government imposes legislative changes that are not expected then it could have an impact on the Council's finances and other resources	Financial Community	<ul style="list-style-type: none"> • Horizon scanning, awareness via professional publications • Respond to government consultations • Monitor potential changes in planning rules and their consequences e.g. penalties for not determining smaller applications on time, and failure to produce a Local 	3	3	9	25-May-21	<p>No change in rating. The Council responded to the consultation on Defra's Waste and Resources strategy. The Strategy suggests that garden waste collection should be free which if imposed would have a significant financial impact on the Council. Defra has since published its consultations response which acknowledges the strong opposition from LAs and states this will need to be reconsidered. There are likely to be further developments with Statute once Brexit is concluded. Any financial implications will be considered as part of the update to the Council's MTFS</p>	Chief Finance Officer

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-028	If Publica or the Council is unable to recruit suitable staff and retain them, particularly in some key service areas then the level of service delivery could be reduced which would impact on residents/communities	Performance Financial Reputational Community	<ul style="list-style-type: none"> Financial incentives (market force supplement scheme) Work with partners to address skill shortages 	3	3	9	17-May-21	No change in rating. Quarterly performance reports are shared with Joint Management Team so any necessary mitigation to maintain service delivery levels can be discussed. A review of recruitment has recently been established and feedback from managers, staff (both Publica and Retained), clients and Councillors is being collated to help ensure the service meets users' needs and is both flexible and modern going forward. Work is also underway to develop career graded roles to assist with retention and development of staff in key areas.	Chief Executive; Managing Director
W-CRR-034	If Health and Safety procedures and risk assessments are not in place /being followed then staff could be injured undertaking Council duties which would impact on their health and wellbeing, affect their ability to work and create liability issues for the Council	Legal Financial Reputational	<ul style="list-style-type: none"> Health and Safety procedures Access to weather forecasts Lone workers policy Business Continuity Plans 	4	2	8	17-May-21	No change in rating. All H&S policies & guidance notes have been updated and signed of by the Chief Executive / Managing Director for sign off. A new Local H&S Committee which comprises of the H&S Team, HR, Chief Execs and union reps meet on a quarterly basis to review risk assessment and policies to ensure ongoing compliance.	Chief Executive; Managing Director

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-014	If the Council fails to successfully implement the Local Plan and new National Planning Framework then central government may intervene and/or speculative planning applications may increase	Financial Reputational	Project plan to deliver the Local Plan	4	2	8	07-Jun-21	The risk of speculative applications had previously been mitigated by the 3 year housing land supply figure which has been agreed by central government in the context of the Oxfordshire Housing and Growth Deal however that was rescinded in March 2021 and the situation is now more finely balanced. The District Council's current housing land supply statement demonstrates a 5.4 year supply of deliverable housing sites. There have been some delays with some of the larger strategic site allocations identified in the Local Plan and so the Council is working closely with the various site promoters to expedite development and ensure the Council remains able to demonstrate an adequate housing land supply.	Group Manager - Strategic Support; Chief Executive
W-CRR-003	If the services that are delivered by other public sector organisations are reduced then it may result in increased pressure on the Council to take action	Community	<ul style="list-style-type: none"> Lobby for continued service provision in rural areas by third parties e.g. Oxford County Council and NHS Work with Community organisations 	2	3	6	25-May-21	Risk reduced to likelihood of 3. No particular plans being put forward at the moment to diminish local service provision	Chief Executive; Managing Director
W-CRR-019	If contractors do not comply with health and safety requirements then there could be both financial and reputational implications for the Council	Financial Reputational	<ul style="list-style-type: none"> Contract management in place to ensure appropriate measures such as risk assessments, appropriate policies, and training is in place. Health and Safety business partners provide advice and support Concerns can be escalated to contractors' senior management 	4	2	8	18-May-21	No change in rating	Group Manager - Commissioning

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-027	If the number of appeals reaches the threshold then penalties / government intervention will be triggered with potential financial implications	Financial Reputational Performance	<ul style="list-style-type: none"> • Robust and effective monitoring of appeal decisions • Potential intervention of Planning Committee if necessary 	3	2	6	18-May-21	No change in rating. The Council is currently well below the level for potential intervention	Group Manager – Customer Services; Business Manager – Development Management
W-CRR-007	If there is severe weather then the Council may be unable to deliver key services which could impact on residents	Performance Reputational	<ul style="list-style-type: none"> • Consistent monitoring and evaluation of impact on service delivery at service level • Communications strategy • Relevant policies e.g. snow policy • Waste and Recycling severe weather plan • Laptops and home 	3	2	6	18-May-21	No change in rating. Business continuity plans have all been refreshed and the Covid-19 response demonstrates the ability to keep services operating normally with circa 80% of staff working from home.	Chief Executive; Managing Director
W-CRR-008	If the Council's IT System / infrastructure failed due to cyber attacks and/or virus then system performance could be reduced leading to poor service delivery/financial impact	Financial Performance	<ul style="list-style-type: none"> • Blocking of USB and other devices • PSN compliance • Revised policies • Staff awareness training • BCP in place, reviewed and tested • Enhanced encryption software 	3	2	6	18-May-21	<p>No change in Risk rating.</p> <ul style="list-style-type: none"> • All partner Councils achieved PSN accreditation in Oct 2020 • Publica to achieve Cyber Essentials re-accreditation in Sept 2021 • Ongoing network Internal & External Penetration checks • Regular review of User Privileges • Progress on the Cyber Security updates and Action Plan is being reported to the Council and Publica on a regular basis. • Continual update Information Asset Register • Additional Phishing awareness training to educates employees on how to spot and report suspected phishing attempts • Continual Password Audits across our network to evaluate weak passwords • Periodic reviews Business Continuity & Disaster Recovery Plans • Continual review of staff development 	Group Manager - Business Support Services

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-009	If there is a loss of data (both on site and as a result of remote/mobile working) / security failure in our IT systems then it could lead to a reduced level of service and have a negative impact on the Council's reputation and finances	Reputational Financial	<ul style="list-style-type: none"> Blocking of USB and other devices PSN compliance Revised policies Staff awareness training BCP in place, reviewed and tested Enhanced encryption software 	3	2	6	18-May-21	<p>No change in rating.</p> <ul style="list-style-type: none"> All Councils have PSN accreditation, which compliments the Cyber Essential Plus. The online training programme has now been completely rolled out which is helping to reinforce the need for staff to be aware of their responsibilities with regards to data security, passwords and GDPR. Additional Phishing awareness training to educate employees on how to spot and report suspected phishing attempts has also been provided. 	Group Manager - Business Support Services
W-CRR-025	If Superfast Broadband is not delivered within timescales then resident expectations will not be met and many communities will be left with inadequate broad coverage resulting in a reputational damage to the Council	Community Reputational	<p>Work closely with BDUK to ensure state aid regulations are complied with</p> <p>Commission specialised skills when required to provide expertise and capacity</p> <p>Work closely with the chosen supplier to ensure delivery is timely</p> <p>Provide regular communications to residents, communities and stakeholders</p>	3	1	3	17-May-21	Target figure for the project has now been achieved and the team are now working closely with the supplier and BDUK to begin the close down process.	Executive Director Finance; Chief Executive
W-CRR-011	If major public events/incidents are not adequately controlled or dealt with then it could have an impact on the community resulting in reputational /financial damage to the Council	Community Reputational	<ul style="list-style-type: none"> Regular monitoring Plans in place for regular events Adequate covid risk assessments required from all event organisers 	3	2	6	03-Jun-21	No change in rating. The Safety Advisory Group meets every six months. Representatives from the Council, Health & Safety Executive, Police, Fire, Ambulance and Highways attend to review the year's events and identify any new risks/events for consideration in the forthcoming year. Blenheim, Wilderness and the OVO Cycle invited to attend meetings 2020 to provide an update on planned events and to respond to feedback from the SAG.	Chief Executive; Managing Director

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-031	If the Government does not provide adequate funding to the Council to enable the Council to fulfil new expectations of the Council's role following the UK exit from the EU, there could be negative implications on the Council's reputation or the Council's finances	Financial Community	<ul style="list-style-type: none"> Publica Executive Director undertaking role of Brexit Lead Officer as per requirement from MHCLG Local Resilience Forum Support from the LGA Local Resilience Forum Government funding to support Councils 	3	2	6	02-Jun-21	A trade deal was agreed with the EU at the end of December. Even with this deal in place there will be changes to how communities, businesses and the Council will operate.: An updated Publica Brexit Risk Assessment (all risks reviewed and risk scores adjusted (4 Dec 2020)) remains in operation. Publica Brexit risk assessment group convened regularly and ongoing. Updated internal control commentaries sought where relevant. WODC has been linking to the Oxfordshire Brexit Coordinating Group (since September 2020) and through to the Local Resilience Forum. Joint ongoing work has included shared risk assessment work used to inform our own risk assesment; joint communications work; and work with Oxfordshire LEP to ensure appropriate business information and support.	Executive Director Commissioning; Chief Executive
W-CRR-006	If staff morale and motivation is low in Publica then the level of service delivered may be reduced in some services	Performance Reputational	<ul style="list-style-type: none"> Regular reviews of change process Impact of change measured via Staff forum and staff sickness Comprehensive consultation and engagement process Change management training Joint Liaison Forum 	3	3	9	25-May-21	<p>Risk increase to impact 3.</p> <ul style="list-style-type: none"> Despite the continued impact of Covid-19 on working arrangements and significant impact on workloads the resilience of staff has been remarkable. The last welfare surveys carried out in February showed that responses remained overall positive despite the impact of the 3rd lockdown. The welfare surveys being carried out on a regular basis point to broadly good levels of morale although some areas are struggling with the working arrangements. Staff turnover has increased in some areas which is giving a cause for concern and is being investigated. The launch of the broad based leadership programme should assist in the new year together with the Investors in People programme. 	Chief Executive; Managing Director

Risk Code	Description	Risk Factors	Internal Controls	Current Impact	Current Likelihood	Current Rating	Last Review Date	Latest Note	Assigned To
W-CRR-035 (new)	District Councils are required to provide rest centres for the Public during a Civil Emergency. If staff are unwilling to come forward and volunteer with the running of a rest centre, there is a risk that the Council will be unable to fulfil its duty in providing a safe rest centre.	Legal Reputational	<ul style="list-style-type: none"> • Role of Oxford County Council and the use of hotels as an alternative to rest centres. • Small team of volunteers established (although some have left Publica in recent months). • Training and support provided by the County Civil Protection Team. • New staff have emergency planning incorporated in Job Roles. 	3	3	9	18-May-21	<ul style="list-style-type: none"> • Established a call out policy which will give staff the assurance that they will be compensated with a flat rate of pay for an emergency response. • Recruitment drive to replace volunteers who have since left the Council/Publica. • Rest Centre management adapted to incorporate precautions surrounding Covid infection 	Group Manager - Strategic Support
W-CRR-036 (new)	Without clear and robust procurement procedures, Publica and Partner Councils will not benefit from the most economically advantageous procurement opportunities and may fail to comply with the law governing Public Procurement Rules.	Financial Legal Reputational	<ul style="list-style-type: none"> • Procurement rules approved Council. • Publica Procurement Team able to provide procurement advice and assistance on major procurements. 	3	2	6	18-May-21	<p>Reduced rating</p> <ul style="list-style-type: none"> • The mandatory procurement training was rolled out January 2021. As of today, 380 people have completed it but a total of 451 people have accessed it. We have also updated the Contract Rules, and will be shortly scheduling in the training once it has been finalised with the legal team. 	Executive Director: Commissioning