

Internal audit draft plan 2010/11



Distribution List

Audit and Governance Committee
Chief Executive
Strategic Directors
Corporate Managers

Contents

Section	Page
1 Introduction.....	1
2 Providing assurance.....	2
3 The risk assessment process.....	5
4 Proposed internal audit plan	6

1 Introduction

This initial draft audit plan has been produced in order to initiate a discussion with members and officers on the content of the internal audit plan for 2010/11. The audit plan is produced in order to ensure that the risks facing Oxford City Council (OCC) are adequately addressed and internal audit resources are effectively utilised. This is in line with current Internal Audit Standards and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

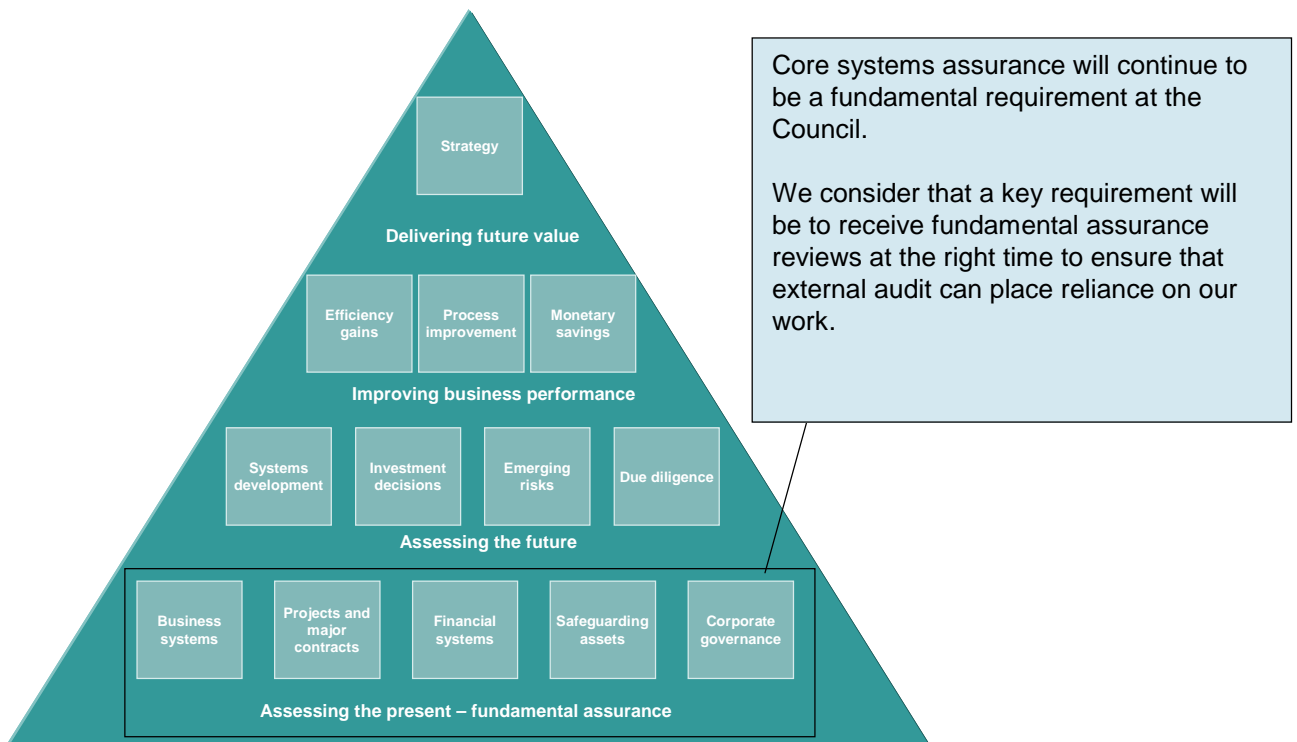
We have drawn our risk assessment from a wide range of sources which have been outlined in Section 2. As we have been OCC's internal auditors for a period approaching 12 months, we are able to draw upon our knowledge of you and our findings during this period.

This Risk Assessment is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to OCC by providing assurance to the Audit and Governance Committee and management on controls over key risks. This document sets out our responses as internal auditors to those risks and to other factors that have been considered as part of our assessment of audit need.

Due to a number of issues noted in 2009/10 relating to the qualification of the Council's accounts, we agreed to defer a number of risk based reviews to the audit plan for 2010/11. This has consequently resulted in an increase in the number of audit days for this year.

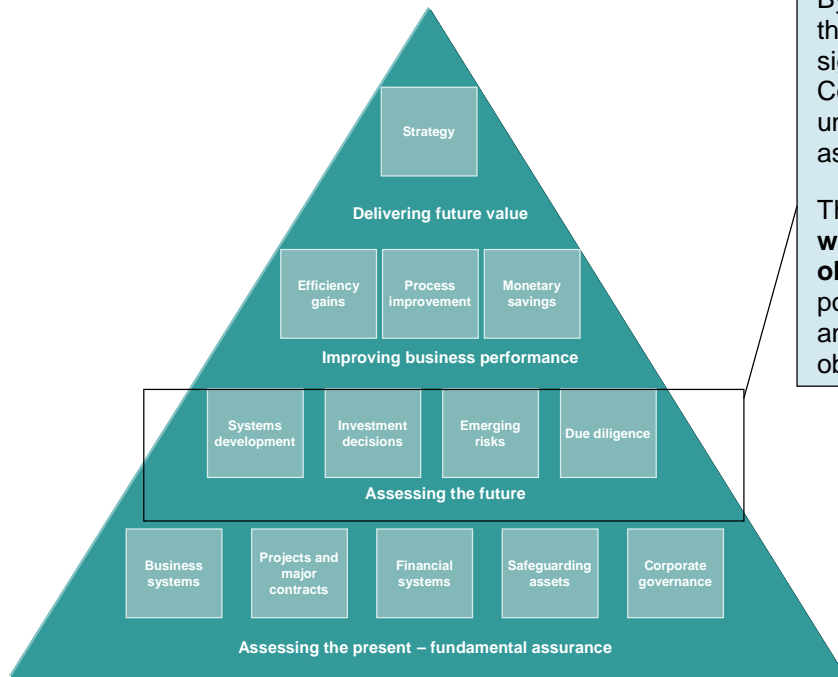
2 Providing assurance

Providing fundamental “core systems” assurance



We recognise the necessity to provide management with an on-going level of fundamental “core systems” assurance, particularly in the light of the issues identified in 2009/10. We will also seek to maximise audit efficiency by working closely with the external auditors, the Audit Commission. This includes developing and enhancing existing working arrangements with the external auditors.

Moving towards a risk based audit approach



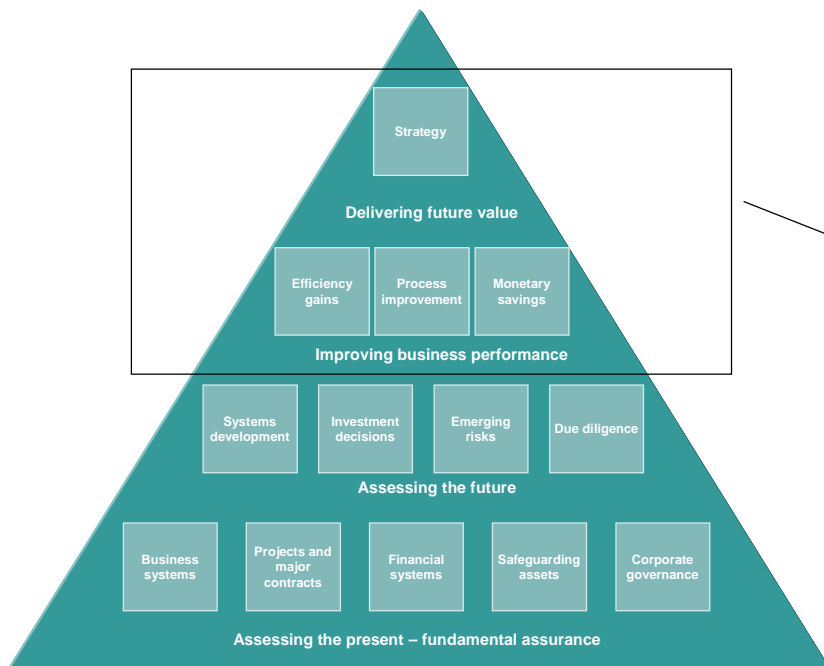
By adopting a risk based audit approach there will be clear linkage between the significant risks identified in the Council's Risk Registers and the work undertaken by internal audit in providing assurance against these.

The definition of risk is **"anything that will prevent you from achieving your objectives"**. As a result, the starting point for a risk based audit approach is an understanding of the Council's objectives.

Risk based work is also critical to the Council, as it seeks to improve the risk awareness of staff, and improve overall control. The internal audit work programme is designed to provide assurance that the significant risks identified within the Council's risk registers are being managed effectively. As part of this process we will also examine the risk management framework and governance procedures.

Delivering value through improved performance

Internal audit can also provide a valuable role in improving business performance and delivering future value. We can assist the Council through the deployment of specialist skills and experience,



A significant element of the internal audit plan will remain focused on fundamental assurance. However, over time as risk management processes develop and the internal control environment strengthens, we would expect the proportion of the internal audit plan spent on this to reduce. This will enable us to concentrate more of our resources on assisting the Council in areas such as efficiency gains, process improvements and delivering savings.

Next steps

Following further consultation with key stakeholders, we will seek final approval of the risk assessment and internal audit plan. When approved, we will agree a 'project sponsor' for each review with management. All project sponsors will then be contacted and made aware of all audits during the year where they are the nominated sponsor. At this stage we will agree the timing of each review and a more detailed scope of work. We will then issue a more detailed operational audit plan for the remainder of the year which will include the agreed audit dates and the key contact from the Council and the internal auditor who will be responsible for the audit. We will then issue Terms of Reference for each review. The intention is for all internal audit work to be completed before the end of March 2011.

3 The risk assessment process

The information which has been used to prepare our Risk Assessment and proposed Internal Audit plan has been collected and collated from a number of different sources, including:

- Prior year internal audit plans and reports. This includes our revised plan from prior year and those reviews which we agreed to defer to 2010/11
- A review of risk registers
- Ongoing discussions with members and officers
- Attendance of the Audit and Governance Committee and Performance Board meetings
- A review of relevant documentation and reports from external inspectorates (e.g. The Audit Commission)
- Review of technical and legislative updates

Completeness of assessments and future reviews

Our risk assessment is limited to matters emerging from the processes listed above. We will review and update this assessment and the resulting internal audit plan annually. If, however, additional risks arise, or change in priority, during the year the audit plan will be reconsidered with management and, with the approval of the Audit and Governance Committee, amended to ensure that audit resources are focused on the new risk areas.

4 Proposed internal audit plan

The proposed internal audit plan for 2010/11 is set out below (in summary and detail) for the approval of management and the Audit and Governance Committee. The core of this plan was presented to committee as part of our Strategic Plan for 2009-12. This has been updated with our risk analysis in Section 3 in accordance with modern internal auditing standards and the CIPFA Code of Practice for Internal Audit in Local Government in the UK.

Once the programme has been agreed in outline, we will refine the precise scope of each review and agree this, and the related days, with management.

Summary operational internal audit plan 2010/11

Area of coverage	Proposed Days (2010/11)
Fundamental assurance (core systems reviews)	115
Risk based assurance (operational systems reviews)	95
Performance assurance (strategic reviews)	30
Other	50
TOTAL	290

Outline operational internal audit plan 2010/11

Review area	2010/11 as per 2009-12 Strategic Plan	Days agreed to be rolled forward as per revised 09/10 plan	2010/11 Proposed Days
Core systems reviews		-	
General Ledger		-	10
Debtors		-	10
Creditors		-	10
Payroll		-	10
Budgetary Control		-	10
Council Tax	Days were not agreed at time of initial Strategic Plan	-	5
National Non Domestic Rates		-	5
Cashiers		-	5
Treasury Management		-	5
Housing Benefits		-	0
Fixed Assets		-	10
VAT		-	5
Car Parking		-	5
Housing Rents		-	10
Risk management		10	7
Governance - survey	5	-	5
Total core systems	100	7	115
Operational reviews - risk based assurance			
Partnership working – reporting and monitoring	10	10	10
Leisure Centres – contract management	5	-	0
Freedom of Information and Data Protection	5	-	5
ICT Audits – New payroll system / Government Connect / Contract with County	20	-	20
Corporate Planning	5	-	5
Housing Services – scope to be agreed	10	10	10
CAA	5	5	5
Procurement – tendering process	5	-	5
Human Resources	10	10	10

Review area	2010/11 as per 2009-12 Strategic Plan	Days agreed to be rolled forward as per revised 09/10 plan	2010/11 Proposed Days
Business Continuity Planning	5	5	5
Covered market	5	-	5
Sports Development Grants	0	-	5
City Works	0	-	10
Total operational systems reviews	85	40	95
Strategic – performance assurance			
Transformation project – scope to be agreed	10	10	10
Performance management (including data quality)	10	-	20
Total strategic – performance assurance	20	10	30
Other			
Follow up	10	-	10
Audit Management	30	-	40
Total Other	40	-	50
Annual audit days	245	57	290

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