

To: Audit and Governance Committee
Date: 23 April 2015
Report of: Head of Finance
Title of Report: Internal Audit Risk Assessment and Plan 2015-16

Summary and Recommendations

Purpose of report: To approve the audit plan for 2015-16 and outline the process for procurement the service for the provision of internal audit services.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: Budgetary Framework

Recommendation(s):

- 1) That the Audit and Governance Committee approve the Audit Plan for 2015-16 as shown in Appendix A.
- 2) That members note the process for the procurement of the internal audit service.

Appendices

Appendix A – Internal Audit Risk Assessment and Plan 2015/16

Background

Purpose of Internal Audit

- 1 The purpose of internal audit is to provide the Council, through the Audit and Governance Committee, with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the organisations agreed objectives. This opinion forms part of the framework of assurances that the Council receives and should be used to help inform the Annual Governance Statement. Internal Audit also

has an independent and objective advisory role to help line managers improve risk management, governance and control.

Responsibilities

- 2 Internal Audit must be performed in accordance with all relevant guidelines, including the Chartered Institute of Public Finance and Accountancy's (CIPFA) publication on *The Role of the Head of Internal Audit, The Accounts & Audit (England) Regulations (2011)*, HM Treasury's *Public Sector Internal Audit Standards (PSIAS)* and the associated CIPFA "*Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards*."
- 3 Internal audit work will be performed in accordance with PWC's Internal Audit methodology which is aligned to Public Sector Internal Audit Standards.
- 4 The Audit and Governance Committee are responsible for reviewing the internal audit programme in accordance with the Councils Constitution.

Preparing the audit Plan

- 5 The internal audit plan for 2015/16 as in previous years has been prepared by PWC in consultation with officers of the Council and taking into account the Councils organisational objectives and priorities and the risks that may prevent the Council from meeting these objectives. In summary the steps have involved include:

- Step 1** - Understanding the Corporate Objectives and risks
- Step 2** - Define the audit universe by identifying all the auditable units (i.e functions, processes or locations) within the organisation
- Step 3** - Assessing the inherent risk
- Step 4** - Assessing the strength and control environment
- Step 5** - Calculate the audit requirement rating
- Step 6** - Determine the audit plan
- Step 7** - Consider the additional audit requirements to those identified from the risk assessment process

- 6 The resultant plan produced for the authority based on the available number of days for 2015/16 is shown in Appendix A and details
 - **Cross cutting systems reviews** such as General Ledger, Payroll, debtors, creditors, housing rents, housing benefits and budgetary control which will generally be undertaken annually
 - **Department Level reviews** based on risk and areas identified by officers
 - **Value Enhancement Reviews** – covering a number of areas across the council

Internal Audit Service Procurement

- 7 The current internal audit service has been provided by PWC since 1st April 2009 under an initial contract which expired on 31st March 2013. The Council subsequently entered into a further contract with PWC off the back of a framework agreement drawn up by Cherwell District Council, with a termination date of July 2015. The Council is minded to test the market for services, since it is a relatively mature environment and will be seeking tenders in accordance with the timetable set out below :

Stage	Date
Advertise Contract	27 th April 2015
Receipt of Pre-Qualification Questionnaires	27 th May 2015
Tender Issued	15 th June 2015
Tenders returned	8 th July 2015
Contract award	24 th August 2015
Contract start	1 st October 2015

- 8 The Internal Plan for 2015/16 that members are being requested to approve, may only be delivered by PWC up to the second quarter i.e 30th September 2015. From that point onwards the plan will either be delivered by a new partner organisation or by PWC should they bid and be awarded the contract going forward.
- 9 An extension will need to be agreed with PWC for the period from July to 30th September 2015.

Legal Implications

- 10 There are no legal implications directly relevant to this report.

Financial Implications

- 11 The Council is required to maintain a current effective internal audit function the costs of which have been budgeted for.

Environmental Impact

- 12 There are no issues relating to environmental impact in connection with the recommendation contained within this report

Level of Risk

- 13 The provision of an internal audit function is aimed at mitigating many of the risks in the Councils business.

Equalities Impact

14 There is no requirement to provide an Equalities Impact Assessment for this report.

Name and contact details of author:-

Name: Nigel Kennedy

Job title: Head of Finance

Service Area / Department: Finance

Tel: 01865 252708 e-mail: nkennedy@oxford.gov.uk,

List of background papers: None