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Internal Audit Risk Assessment and Plan

**2015/16**

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Oxford City Council

April 2015

DRAFT

**DRAFT for Discussion**

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| **Distribution List** |  |
| For action | Members of the Audit and Governance Committee |
| For information | Corporate Management TeamHeads of Service |

This document has been prepared only for Oxford City Council and solely for the purpose and on the terms agreed with Oxford City Council.

# Introduction and approach

## Introduction

This document sets out the risk assessment and our internal audit plan for Oxford City Council.

## Approach

The internal audit service will be delivered in accordance with the Internal Audit Charter. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is driven by Oxford City Council’s organisational objectives and priorities, and the risks that may prevent Oxford City Councilfrom meeting those objectives. A more detailed description of our approach can be found in Appendix 1 and 2.

* Obtain information and utilise sector knowledge to identify corporate level objectives and risks.

Step 1
Understand corporate objectives and risks

* Calculate the audit requirement rating taking into account the inherent risk assessment and the strength of the control environment for each auditable unit.
* Consider additional audit requirements to those identified from the risk assessment process.
* Identify all of the auditable units within the organisation. Auditable units can be functions, processes or locations.
* Assess the inherent risk of each auditable unit based on impact and likelihood criteria.

*Basis of our plan*

Step 6
Determine the audit plan

Step 5
Calculate the audit requirement rating

Step 4
Assess the strength of the control environment

* Assess the strength of the control environment within each auditable unit to identify auditable units with a high reliance on controls.

Step 7
Other considerations

Step 2
Define the audit universe

Step 3
Assess the inherent risk

* Determine the timing and scope of audit work based on the organisation’s risk appetite.

In order to carry out the level of work that our risk assessment indicates is appropriate, we estimate that the resource requirement for Oxford City Council’s internal audit service is 235 days at rates set out in our contract. Based on our risk assessment, this is the level of resource that we believe would be necessary to evaluate the effectiveness of risk management, control and governance processes.

We have developed the audit plan for the full year to 31 March 2016, but our contract to deliver internal audit services concludes in July 2015. The Council is likely to commence a competitive tender process for Internal Audit services for the period from 1 October 2015. We will complete internal audit reviews under the existing contract arrangements until this time.

*Delivery*

The internal audit service comprises a number of reviews. Each review addresses one or more risks or systems, and is scoped to identify the relevant controls and monitoring, and then to test their operation.

There is a “Protocol” for the delivery of the internal audit service which establishes responsibilities of auditors and auditees, covering the whole process from agreeing terms of reference to implementation of recommendations. This is shared with each auditee at the first point of contact, and has been attached to the Internal Audit Charter which is a separate document that we update and present to the Audit and Governance Committee on an annual basis.

*Reporting*

We recognise that it is essential that reports are produced and monitored in a timely and effective manner. Formal reports will be produced for each review identified in our internal audit plan, unless an alternative deliverable is agreed. Following completion of fieldwork, findings will be discussed at a clearance meeting with the audit sponsor and reports will be produced in line with the final report grading and circulation arrangements, as set out in the Internal Audit Charter.

Final reports receiving a risk classification of “Medium Risk” or above will be sent to the Audit and Governance Committee, along with a progress report which will summarise the work performed since the previous Committee meeting, and will highlight any areas of weakness and high priority recommendations.

## Basis of our annual internal audit conclusion

Internal audit work will be performed in accordance with PwC's Internal Audit methodology which is aligned to Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

Our annual internal audit opinion will be based on and limited to the internal audits we have completed over the year and the control objectives agreed for each individual internal audit. The agreed control objectives will be reported within our final individual internal audit reports.

In developing our internal audit risk assessment and plan we have taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the audit universe and key risks. We do notbelieve that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion.

## Other sources of assurance

In developing our internal audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. Other sources of assurance for each auditable unit are noted in our Risk Assessment in section 3 of this document, and a summary is given below.

The other sources of assurance for Oxford City Council are as follows:

* External audit work;
* External inspections and awards;
* ISO accreditations; and
* The outcomes of previous internal audit reviews.

We do not intend to place reliance upon these other sources of assurance.

## Key contacts

Meetings have been held with the following key personnel during the planning process:

| **Name, Job Title** | **Name, Job Title** | **Name, Job Title** |
| --- | --- | --- |
| **Organisational Development and Corporate Services** | **Community Services** | **City Regeneration and Housing** |
| Jackie Yates, Executive Director | Tim Sadler, Executive Director | David Edwards, Executive Director |
| Simon Howick. Head of Human Resources and Facilities | Graham Bourton, Head of Oxford Direct Services | Jane Winfield, Regeneration and Major Projects Team |
| Jeremy Thomas, Head of Law and Governance (Monitoring Officer) | Ian Brooke, Head of Leisure, Parks and Communities | Stephen Clarke, Head of Housing and Property |
| Helen Bishop, Head of Customer Services | Nathan Vear, Interim Head of Environmental Development | Michael Crofton-Briggs, Head of City Development |
| Nigel Kennedy, Head of Finance (Section 151 Officer) | Val Johnson, representing Peter McQuitty, Head of Policy, Culture and Communications |  |
| Jane Lubbock, Head of Business Improvement and Technology |  |  |

# Audit universe, corporate objectives and risks

## Audit universe

We have identified the auditable units within the Council based on the Council’s structure and meetings with Officers and Members. Any processes running across a number of different elements in the Council and which can be audited once have been separately identified under cross-cutting reviews in the audit universe.

## Corporate objectives and risks

Corporate level objectives and risks have been determined by Oxford City Council. The corporate level objectives and risks have been considered when preparing the internal audit plan and have been mapped to the auditable units.

The corporate level objectives as documented in the “Corporate Plan 2013-17” are recorded in the table below.

|  |  |
| --- | --- |
| **Objective** | **Cross reference to Internal Audit Plan (see Section 4)** |
| **Vibrant, Sustainable Economy:** A strong local economy, supported by effective education and training centre. | B5. Property Management - Investment propertiesVE.2 Trading Services |
| **Meeting Housing Needs:** More affordable, high quality housing in Oxford. This is essential for the vibrancy of the economy and the health and well-being of residents. | A3. Housing BenefitsA4. Housing RentsB2. Housing AllocationsB3. Homelessness Prevention |
| **Strong, Active Communities:** Communities that are socially cohesive and safe, and citizens who are actively engaged in pursuing their own well-being and that of their communities. | VE3. Law & Governance - Member Support Services |
| **Cleaner, Greener Oxford:** A cleaner, greener Oxford: in the city centre, in our neighbourhoods and in all public spaces. | VE.5 Enforcement |
| **Efficient, Effective Council:** A flexible and accessible organisation, delivering high-quality, value-for-money services. | All of our cross cutting process reviews address this objective along with reviews in the following areas:* B4. Business Improvement & Technology - System Integration
* VE4. Procurement
 |

We have also reviewed the Corporate Risk Register presented to the Audit and Governance Committee on 26 February 2015 and linked all risks with an assessment of Amber or Red to our audit plan.

| **Risk(s) to the achievement of objectives** | **Cross reference to Internal Audit Plan (see Section 4)** |
| --- | --- |
| **CRR-029 Managerial Capacity:** Managers become overstretched lose sight and focus on service delivery and performance suffers | VE.2 Trading Services |
| **CRR-019 ICT Resilience:** Resilience of ICT function managing projects and improvements alongside business as usual. | B4. Business Improvement & Technology - System Integration |
| **CRR-020 Robustness of Medium Term Financial Plan:** MT financial plan savings not delivered and pressures not accurately | A6. Budgetary Control, Risk Management and Performance |
| **CRR-023 Managing Capital Projects and Contract Management:** The need to ensure efficient management of capital projects and contracts. | A review of the Capital Gateway process was performed in March 2014.  |
| **CRR-025 Health & Safety of People** | Corporate and Housing Stock Health & Safety review was performed in 2014/15. |
| **CRR-027 Fraud:** Risk of fraud against the council | Our cross cutting and departmental value protection reviews consider and assess the controls in place to mitigate the risk of fraud. |
| **CRR-028 Data Protection:** Breach of data protection act | The Council employees an Information Management & Compliance Specialist who works with Service areas to support data protection compliance and review areas of potential risk. |

# Risk assessment

## Risk assessment

## Our risk assessment is based on:

* A review of the Council’s risk registers;
* Consultation with a number of key stakeholders across the Council;
* A review of relevant documentation and reports;
* Our knowledge of the Council and results of Internal Audit work in 2014/15; and
* Our broader understanding of local government and the broader public sector.

Our risk assessment is limited to matters emerging from the processes listed above. We will review and update this assessment and the resulting plan annually. We will continually review the plan with management as risks emerge or change in priority and, with the approval of the Audit and Governance Committee, ensure that audit resources are appropriately focused.

A full risk assessment is included below. In order to carry out the risk assessment, we have defined all the auditable activities and processes in the Council (defined as the ‘audit universe’) and risk assessed each separate element of the audit universe (defined as ‘auditable units’) applying the methodology outlined in Appendix 1 and 2. This approach helps to ensure that we have a complete understanding of all areas in the Council which should be subject to Internal Audit and that these have been assessed on a Council-wide level.

From this risk assessment we have identified the areas that we propose to audit in 2015/16 and these have been included in the Internal Audit Plan in section 4.

## Risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix 1 and 2. The results are summarised in the table below.

| *Ref* | *Auditable Unit* | *Corporate**objectives and**risks* | *Inherent Risk**Rating* | *Control**Environment Indicator* | *Audit**Requirement**Rating* | *Colour code* | *Frequency* |
| --- | --- | --- | --- | --- | --- | --- | --- |
| A | Cross Cutting Systems |
| A.1 | General Ledger | Efficient, effective Council | 6 | 4 | 4 | ⚫ | Annual |
| A.2 | Debtors | 6 | 3 | 5 | ⚫ | Annual |
| A.3 | Creditors | 6 | 3 | 5 | ⚫ | Annual |
| A.4 | Payroll | 6 | 4 | 4 | ⚫ | Annual |
| A.5 | Budgetary Control | 6 | 4 | 4 | ⚫ | Annual |
| A.6 | Collection Fund | 6 | 4 | 4 | ⚫ | Annual |
| A.7 | Treasury Management | 5 | 4 | 3 | ⚫ | Every 2 years |
| A.8 | Housing Benefits | 6 | 4 | 4 | ⚫ | Annual |
| A.9 | Fixed Assets | 6 | 4 | 4 | ⚫ | Annual |
| A.10 | VAT | 3 | 3 | 2 | ⚫ | Every 3 years |
| A.11 | Housing Rents | 6 | 4 | 4 | ⚫ | Annual |
| A.12 | Risk Management | 6 | 4 | 4 | ⚫ | Annual |
| **B** | Department Level |  |  |  |  |  |  |
|  | **Organisational Development and Corporate Services** |
| B.1 | Human Resources and Facilities | Efficient, effective Council | 5 | 3 | 4 | ⚫ | Annual |
| B.2 | Law and Governance | 5 | 4 | 3 | ⚫ | Every 2 years |
| B.3 | Customer Services | 5 | 3 | 4 | ⚫ | Annual |
| B.4 | Finance | 5 | 3 | 4 | ⚫ | Annual |
| B.5 | Business Improvement and Technology | 5 | 4 | 3 | ⚫ | Every 2 years |
|  | **Community Services** |
| B.6 | Oxford Direct Services | Cleaner, greener Oxford | 5 | 3 | 4 | ⚫ | Annual |
| B.7 | Leisure, Parks and Communities | Stronger, active communities | 3 | 2 | 2 | ⚫ | Every 3 years |
| B.8 | Environmental Development | Cleaner, greener Oxford | 3 | 2 | 2 | ⚫ | Every 3 years |
| B.9 | Policy, Culture and Communications | Vibrant, sustainable economy | 3 | 2 | 2 | ⚫ | Every 3 years |
|  | **City Regeneration and Housing** |
| B.10 | Regeneration and Major Projects Team | Vibrant, sustainable economy | 5 | 4 | 3 | ⚫ | Every 2 years |
| B.11 | Housing and Property | Meeting housing needs | 5 | 3 | 4 | ⚫ | Annual |
| B.12 | City Development | Stronger, active communities | 5 | 4 | 3 | ⚫ | Every 2 years |

## Key to frequency of audit work

| *Audit Requirement Rating* | *Frequency – PwC standard approach* | *Colour Code* |
| --- | --- | --- |
| 6 | Annual | ⚫ |
| 5 | Annual | ⚫ |
| 4 | Annual | ⚫ |
| 3 | Every two years | ⚫ |
| 2 | Every three years | ⚫ |
| 1 | No further work | ⚫ |
|  | Key areas of focus | ⚫⚫ |

The audit requirement rating drives the frequency of internal audit work for each auditable unit. Our recommended planning approach involves scheduling an annual audit when the rating ranges from 6 to 4, an audit every two years when the rating is 3 and an audit every three years when the rating is 2.

# Annual plan and internal audit performance

## Annual plan and indicative timeline

The following table sets out the internal audit work planned for 1 April 2014 to 31 March 2015, together with indicative start dates for each audit.

| ***Ref*** | ***Auditable Unit*** | ***Indicative number of audit days*** |  |
| --- | --- | --- | --- |
| ***Q1*** | ***Q2*** | ***Q3*** | ***Q4*** |
| **A** | **Cross Cutting Systems** |
|  | **Value Protection Reviews** |
| A.1 | **Finance Systems:*** Fixed Assets
* General Ledger
* Payroll
 | 16 |  |  | 4 |  |
| A.2 | **Debtors and Creditors*** Debtors
* Income Collection
* Creditors
 | 14 |  |  | 4 |  |
| A.3 | **Collection Fund (Council Tax and NNDR)*** Reconciliations
* Calculation of liabilities
* Billing process
* Debt collection and recovery
* Arrangements for changes in legislation
* Uptake of online payment options for CT and BR
 | 12 |  | 4 |  |  |
| A.4 | **Housing Benefits*** Reconciliations
* Accuracy of claims and Quality checks
* Overpayments – monitoring and recovery
* Uptake of online payment options for HB overpayments
 | 10 |  | 4 |  |  |
| A.5 | **Housing Rents*** Reconciliations
* Collection, recovery, arrears management
* Uptake of online payment options
 | 10 |  | 4 |  |  |
| A.6 | **Budgetary Control, Risk Management and Performance**Budgetary control:* Budget setting
* Budget monitoring (Revenue and Capital accounts)
* Management and monitoring of efficiency savings and income collection/generation activities

Risk management and performance:* Review of risk management arrangements for adequacy
* Use of performance monitoring software
 | 12 |  |  |  | 4 |
| **Sub Total** | **74** | - | 32 | 30 | 12 |
| **B** | **Department Level** |
|  | **Value Protection Reviews** |
| B.1 | **Finance – Year End Support*** Year end accounts support in May 2016.
 | 5 |  |  |  | [4] |
| B.2 | **Housing & Property - Housing Allocations*** Housing is allocated in line with the Council’s policy and procedures
* Rigour of evidence to support awards and defend decisions in light of growing scrutiny
* Applicant’s identity is verified at initial stage of application
* Performance reporting
 | 12 | 4 |  |  |  |
| B.3 | **Housing & Property - Homelessness Prevention*** Controls around management of emergency housing placements for statutory homeless with private landlords
* Payments to landlords, rent guarantees,
* Equity between rent guarantee scheme and DHP and how it can be achieved in particular with regard to incentives
* Payments for dilapidations
* Landlord accreditation scheme
 | 10 |  |  |  | 4 |
| B.4 | **Business Improvement & Technology - System Integration*** IT security controls around interfaces between systems e.g. Academy & Agresso
* Review to assess status across Council and focus on older systems
 | 12 |  |  | 4 |  |
| B.5 | **Property Management - Investment properties*** Management of investment properties, lease renewals, rent setting, collection and recovery.
* Valuations
* Consideration of implications for asset management strategy
 | 10 | 4 |  |  |  |
|  | **Sub Total** | **49** | 22 | - | 12 | 15 |
| **V** | **Value Enhancement Reviews** |
| VE.1 | **Finance - Year end financial reporting timetable*** The accounts publication date for principal bodies is to be brought forward from 30 September to 31 July for the 2017/18 accounts onwards.
* The 14/15 year end close is being done for a 31/5/15 deadline as a trial. Review effectiveness of this and identify lessons learned.
* Provide insight into best practice from other Council’s that achieve early close
 | 10 | 4 |  |  |  |
| VE.2 | **Trading Services (including DSO)*** Increasing move towards trading Council services.
* Assess robustness of contracting arrangements, overhead calculations and recharge mechanisms, restriction clauses
* Adequacy of due diligence processes prior to entering contracts
* Consistent processes across the Council for award of contracts
* Contract performance monitoring arrangements and variations
* Client management, processes for feedback, complaints & dispute resolution, managing reputational issues
* Processes for billing and debt collection
 | 16 |  | 4 |  |  |
| VE.3 | **Law & Governance - Member Support Services*** Adequacy of Council services, within the available budget, for providing administrative support and information services to Councillors to enable them to be effective within their roles.
* Best practice training for Members
* Review implementation of “Members Guarantee” improvement plan
 | 7 |  |  |  | 4 |
| VE.4 | **Procurement*** Monitoring overall process, timeliness and efficiency
* Best practice insight
 | 12 | 4 |  |  |  |
| VE.5 | **Enforcement*** Enforcement decisions are made in accordance with the Constitution delegated powers to authorise enforcement action.
* Staff have appropriate qualifications, competence and experience as authorised under the relevant legislation to carry out enforcement functions.
* Robustness of evidence to support decisions
* Environment, licences, planning
 | 12 |  |  |  | 4 |
|  | **Sub Total** | **57** | 22 | 16 | - | 19 |
| **20/15/16 Sub Total** | **180** | 44 | 48 | 42 | 46 |
|  | Recommendation follow-up: prior year recommendations are followed up in our annual VP reviews. Other follow-up is performed by management.  | - |  |  |  |  |
|  | Audit Management | 40 | 4 | 4 | 4 | 4 |
|  | Contingency | 15 | 4 | 4 | 4 | 4 |
| **2015/16 Total** | **235** |  |  |  |  |

In addition to these services, we will provide a range of benefits to the Council at no additional cost which include:

* Regular technical updates and alerts from PwC Assurance on topics including accounting changes and new legislation;
* Circulation of recent publications by PwC and PwC’s Public Sector Research Institute plus ad hoc reports;
* Provision of thought leadership pieces;
* Ad hoc briefings for the Audit Committee (e.g. risk management and local government finance); and
* An invitation for the Chair of Audit Committee and officers to attend our local training days.

## Key performance indicators

Appendix 4 sets out the proposed Key Performance Indicators for internal audit. Performance against these indicators will be reported quarterly to the Audit and Governance Committee.

# Appendix 1: Detailed methodology

## Step 1 - Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

* Reviewed your Corporate Plan 2013-17 and Strategic Risk Register;
* Drawn on our knowledge of the Local Government sector; and
* Met with a number senior management and non-executive members.

## Step 2 - Define the Audit Universe

In order that the internal audit plan reflects your management and operating structure we have identified the audit universe for Oxford City Council made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

## Step 3 - Assess the inherent risk

The internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise. The criteria used to rate impact and likelihood are recorded in Appendix 2.

The inherent risk assessment is determined by:

* Mapping the corporate risks to the auditable units;
* Our knowledge of your business and its sector; and
* Discussions with management.

|  |  |
| --- | --- |
| Impact Rating | Likelihood Rating |
| **6** | **5** | **4** | **3** | **2** | **1** |
| 6 | 6 | 6 | 5 | 5 | 4 | 4 |
| 5 | 6 | 5 | 5 | 4 | 4 | 3 |
| 4 | 5 | 5 | 4 | 4 | 3 | 3 |
| 3 | 5 | 4 | 4 | 3 | 3 | 2 |
| 2 | 4 | 4 | 3 | 3 | 2 | 2 |
| 1 | 4 | 3 | 3 | 2 | 2 | 1 |

## Step 4 - Assess the strength of the control environment

In order to effectively allocate internal audit resources we also need to understand the strength of the control environment within each auditable unit. This is assessed based on:

* Our knowledge of your internal control environment;
* Information obtained from other assurance providers; and
* The outcomes of previous internal audit reviews.

## Step 5 - Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas with high reliance on controls or a high residual risk.

|  |  |
| --- | --- |
| **Inherent Risk Rating** | **Control design indicator** |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 6 | 6 | 5 | 5 | 4 | 4 | 3 |
| 5 | 5 | 4 | 4 | 3 | 3 | n/a |
| 4 | 4 | 3 | 3 | 2 | n/a | n/a |
| 3 | 3 | 2 | 2 | n/a | n/a | n/a |
| 2 | 2 | 1 | n/a | n/a | n/a | n/a |
| 1 | 1 | n/a | n/a | n/a | n/a | n/a |

## Step 6 - Determine the audit plan

Your risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

In some cases it may be possible to isolate the sub-process (es) within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating be subject to reduced frequencyof audit work. These sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

## Step 7 - Other considerations

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

# Appendix 2: Risk assessment criteria

## Determination of Inherent Risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

|  |  |
| --- | --- |
| **Impact rating** | **Assessment rationale** |
| 6 | Critical impact on operational performance; orCritical monetary or financial statement impact (materiality); orCritical breach in laws and regulations that could result in material fines or consequences; orCritical impact on the reputation or brand of the organisation which could threaten its future viability. |
| 5 | Significant impact on operational performance; orSignificant monetary or financial statement impact (materiality/2); orSignificant breach in laws and regulations resulting in large fines and consequences; orSignificant impact on the reputation or brand of the organisation. |
| 4 | Major impact on operational performance; orMajor monetary or financial statement impact (materiality/4); orMajor breach in laws and regulations resulting in significant fines and consequences; orMajor impact on the reputation or brand of the organisation. |
| 3 | Moderate impact on the organisation’s operational performance; orModerate monetary or financial statement impact (materiality/8); orModerate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the organisation. |
| 2 | Minor impact on the organisation’s operational performance; orMinor monetary or financial statement impact (materiality/16); orMinor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the organisation. |
| 1 | Insignificant impact on the organisation’s operational performance; orInsignificant monetary or financial statement impact (materiality/32); orInsignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the organisation. |

| **Likelihood rating** | **Assessment rationale** |
| --- | --- |
| 6 | Has occurred or probable in the near future |
| 5 | Possible in the next 12 months |
| 4 | Possible in the next 1-2 years |
| 3 | Possible in the medium term (2-5 years) |
| 2 | Possible in the long term (5-10 years) |
| 1 | Unlikely in the foreseeable future |

# Appendix 3: Key performance indicators

## Key performance indicators

To ensure your internal audit service is accountable to the Audit and Governance Committee and management, we have proposed the following key performance indicators.

| **KPI** | **Target** | **Responsible** |
| --- | --- | --- |
| 1. Infrastructure
 |
| Audits budgeted v actual | 100% | Internal Audit |
| 1. Planning
 |
| Percentage of audits with Terms of Reference | 100% | Internal Audit |
| Audit sponsor contacted | **No less than 4 weeks** before the start of audit fieldwork | Internal Audit |
| Meeting between Audit Sponsor and Internal Audit to agree scope of review | **No less than 3 weeks** before the start of audit fieldwork | Internal Audit and Audit Sponsor |
| Draft scope issued to Audit Sponsor and Head of Service for agreement | **No less than 2 weeks** before the start of audit fieldwork | Internal Audit |
| 1. Fieldwork
 |
| Exit meeting to confirm matters arising from the audit. | **No more than 1 week** after the completion of fieldwork | Internal Audit and Audit Sponsor |
| 1. Reporting
 |
| Initial draft report issued to Audit Sponsor, Head of Service, Executive Director, Head of Finance, Executive Director Organisational Development and Corporate Services and other agreed stakeholders | **No more than 2 weeks** after exit meeting | Internal Audit |
| Report finalised, and circulated. | **No more than 1 week** after final draft report has been issued. | Internal Audit |
| Attendance at Audit and Governance Committee | 100% | Internal Audit |