

**INTERNAL AUDIT ANNUAL PLAN 2021 - 22 &  
STRATEGIC PLAN 2021 - 24**

OXFORD CITY COUNCIL

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# AUDIT RISK ASSESSMENT

## Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the client's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Oxford City Council's current risk profile.

## Planned approach to internal audit plan 2021 - 22

The indicative Internal Audit programme for 2021 - 22 is shown from page 6, with an indicative strategic plan for 2021 - 24 shown from page 12. We have met with the Heads of Services and the Audit Chair in order to bring together a full plan which will be presented at the April 2021 Audit and Governance Committee. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three year audit cycle. In setting the number of days in the plan we have assumed that the control environment within the Council will improve as we work with you to address the issues you have.

## Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

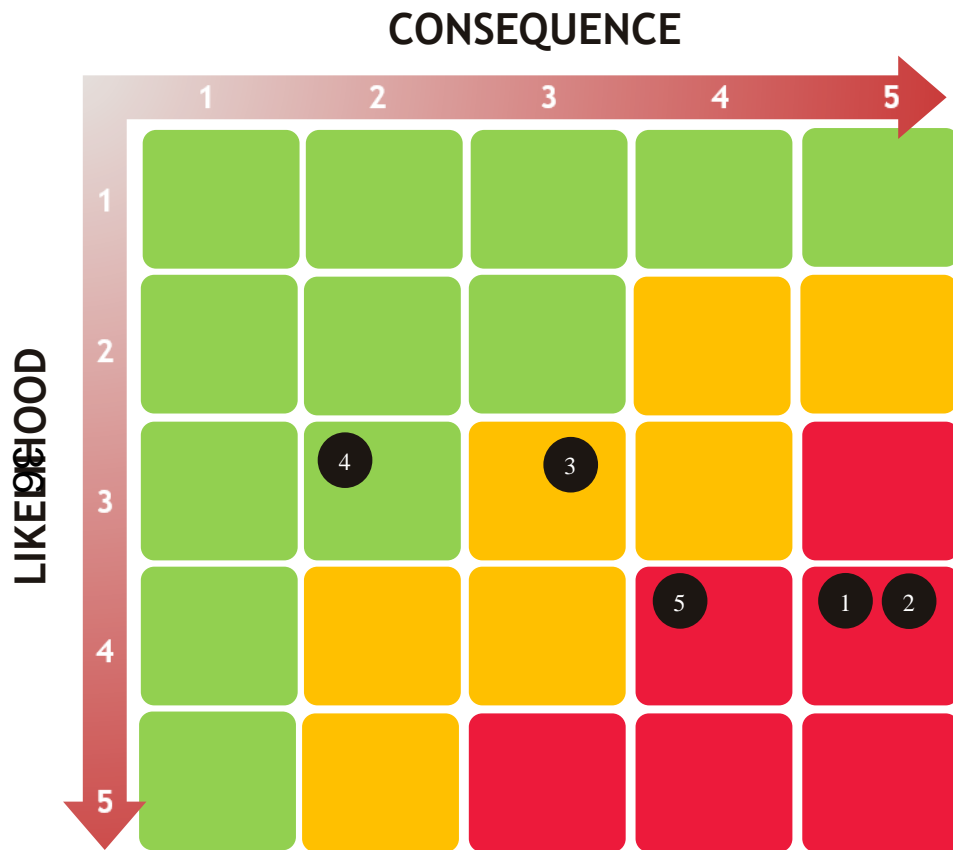
In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

## Variations to the Plan

We review the three year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues.

As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Heads of Service and the Head of Financial Services

# MAPPING YOUR STRATEGIC RISKS



Ref	Strategic Risks from your CRR
1	Foster an Inclusive Economy
2	Deliver More affordable housing
3	Support flourishing Communities
4	Pursue a Zero Carbon Oxford
5	All of the above (1234)



# MAPPING YOUR CRR TO THE STRATEGIC RISKS

Ref	Strategic Risks from your CRR	2021/22	2022/23	2023/24
1	Foster An Inclusive Economy	<ul style="list-style-type: none"> <li>*Car Parking</li> <li>Highways Audit</li> </ul>	<ul style="list-style-type: none"> <li>Companies Oversight follow on</li> <li>Income Generation</li> </ul>	<ul style="list-style-type: none"> <li>Medium Term Financial Strategy</li> <li>Contract Management &amp; Procurement</li> </ul>
2	Deliver More Affordable Housing	<ul style="list-style-type: none"> <li>*Housing Rents</li> </ul>	<ul style="list-style-type: none"> <li>Major Works - Grenfell Report</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety and Fire Safety</li> </ul>
3	Support Flourishing Communities	<ul style="list-style-type: none"> <li>*Community Strategy</li> <li>Homelessness Prevention &amp; Temporary Accommodation</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Oxford Safer Community Partnerships</li> <li>*Enforcement Restructure</li> <li>Town Hall and Community Centre Lettings</li> </ul>	<ul style="list-style-type: none"> <li>Licensing</li> <li>Community Capital Projects</li> </ul>
4	Pursue A Zero Carbon Oxford	<ul style="list-style-type: none"> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Emergency Planning</li> </ul>	<ul style="list-style-type: none"> <li>Decarbonisation</li> </ul>
5	All of the above (1234)	<ul style="list-style-type: none"> <li>Data Analytics</li> <li>Project Management</li> <li>Cyber Security</li> <li>Accounts Payables</li> <li>Business Continuity and Disaster Recovery</li> <li>General Ledger</li> <li>People and Culture</li> <li>Remote Working</li> <li>Insurance</li> </ul>	<ul style="list-style-type: none"> <li>NNDR and Business rates pooling</li> <li>Sickness and Absence Management</li> <li>Purchase Cards and Expenses</li> <li>Treasury Management</li> <li>Fixed Assets Register</li> <li>GDPR and high level Freedom of Information</li> </ul>	<ul style="list-style-type: none"> <li>Payroll and Overtime</li> <li>Data Analytics</li> <li>Contract Management &amp; Procurement</li> <li>Accounts Receivables</li> <li>Recruitment and Retention</li> <li>Scheme of Delegation</li> <li>Risk Management Strategy</li> </ul>

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# INTERNAL AUDIT OPERATIONAL PLAN 2021-22

Area	Days	Timing	Description of the Review	Reason for Inclusion
<b>1. Enable an Inclusive Economy</b>				
*Car Parking	13	Q1	To review the operational controls and processes with regards to setting tariffs, issuing tickets and income collection. Assessment of whether the Council have taken effective steps to maximise economic activity and efficiency of payment for the service through its parking strategy and have met legislative requirements over the use of income toward the support of transport related activity.	This review will provide the Audit Committee with assurance on whether the control and processes within car parking are being adhered to. In addition, we will provide assurance on the use of funds to support transport related activities undertaken by the Council.
Highways Audit	13	Q2	<p>We will review the governance framework, including the frequency and standard agenda of the performance management meetings and the associated Management Information. Review roles, responsibilities, and compliance with external regulations and internal policies and procedures.</p> <p>We will also review the Performance Indicators (PI') and the content of the performance meetings. Assurance that these meet with the standard agenda and includes an issues log. Review a sample of defects for compliance with internal processes and external highway regulations to ensure timeliness and quality expectation have been met.</p> <p>Invoicing - Ensure that purchase orders are in place and the quarterly invoices are issued by ODS and the City Council and ensure cost monitoring</p>	This review will provide the Audit Committee with assurance on the management of highways.

			and performance management processes are in place.	
<b>Total</b>	<b>26</b>			

Area	Days	Timing	Description of the Review	Reason for Inclusion
<b>2. Deliver More Affordable Housing</b>				
<b>*Housing Rents</b>	14	Q3	<p>The days have been carried forward from the 2020 - 21 Audit plan. This has been allocated to the 2020-21 plan as the QL Areon system (new housing system) was not implemented.</p> <p>This review will assess the controls and processes to manage housing rents including the effective use of the new QL Areon system which is scheduled to go live in May 2021 . An assessment of the administration and management of policies will also be made i.e. administration of 'market rent' assessments.</p>	This review will provide the Audit and Governance Committee with assurance that the new QL Areon system have sufficient controls and processes in place to manage housing rents effectively.
<b>Total</b>	<b>14</b>			

Area	Days	Timing	Description of the Review	Reason for Inclusion
<b>3. Supporting Flourishing Communities</b>				
<b>Community Strategy</b>	14	Q1	To assess how the Council is working with its communities, encouraging diversity and equality.	To provide assurance to the Audit and Governance Committee that the Council is promoting diversity

				and Equality. We will use our equality, diversity and inclusion benchmarking model as part of this work.
<b>Homelessness Prevention &amp; Temporary Accommodation</b>	14	Q4	<p>Additional spending of around £1.2 million has been allocated per year to tackle rough sleeping including the opening of a new assessment centre and shelter for people sleeping rough at 1 Floyds Row - bringing the City Council's total spend on homelessness to £7.4m a year from 2020/21.</p> <p>We will review policies/procedures, applications, support and on-going monitoring of those assessed to be homeless and the operational effectiveness of the new assessment centre at 1 Floyds Row.</p> <p>We will also include corporate approaches to manage homelessness and how this area is reported.</p>	To provide assurance to the Audit and Governance Committee that the Council is effectively managing rough sleeping and homelessness.
<b>Total</b>	<b>28</b>			

Area	Days	Timing	Description of the Review	Reason for Inclusion
<b>4. Pursue A Zero Carbon Oxford</b>				
<b>*Environment</b>	15	Q3	<p>This review was moved from 2020-21 to 2021-22 and therefore the audit days were carried over.</p> <p>We will review the design and effectiveness of controls in relation to environmental concerns, and understand the extent to which the operational footprint and strategies of the Council are reflecting its Climate Emergency declaration.</p> <p>We will also review the effectiveness of</p>	To provide assurance to the Audit Committee that the Council is taking measures to respond to the climate emergency and develop programmes to reduce the carbon foot print.



			engagement/influencing programmes designed by the Council for driving environmental change.	
<b>Total</b>	<b>15</b>			

Area	Days	Timing	Description of the Review	Reason for Inclusion
<b>5. All Risks Above (1234)</b>				
<b>Data Analytics</b>	15	Q3	To conduct data analytics on main financial system information including the ledger and payroll. This will include conducting data analytics tests and then following up on red flags identified.	Cyclical review of key systems and controls to provide assurance on the core financial controls in place.
<b>Project Management</b>	15	Q3	Following up on our work undertaken in 2018-19 we will review the methodology and practice in the Council to manage projects. We will review particular projects in detail and assess whether the Council's approach was adhered to. Furthermore, a wider assessment of where projects have failed to meet objectives, to consider the root-cause of this with the aim of improving future project management arrangements. We will also review the financial monitoring arrangements within the PMO office/function.	This review will provide assurance to the Audit and Governance Committee that the project management objectives are being monitored and managed properly.
<b>Cyber Security</b>	14	Q2	Due to the rapid evolution of cyber security threats and home working, the Council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security. We will	To provide assurance to the Audit and Governance Committee that the Council has adequate controls and systems to manage cyber security threats

			<ul style="list-style-type: none"> <li>• Review the overall approach to Cyber including how systems are identified and prioritised</li> <li>• Review Security Policies, risk identification and management</li> <li>• Assess connections and reliance on third-parties and how exposure is managed</li> <li>• Review how staff are trained and supported as they are the gate keeper to cyber risks</li> <li>• Assess technology and tools in place to identify and mitigate cyber risks</li> <li>• Assess response management procedures.</li> </ul>	
<b>Accounts Payable</b>	14	Q2	Assess the arrangements to input, amend, record and report accounts payable transactions. Review management and monitoring arrangements of KPI's.	Cyclical review of key systems and controls to provide assurance on the core financial controls in place.
<b>Business Continuity and Disaster Recovery</b>	14	Q2	Review Council arrangements for the overall Business Continuity and Disaster Recovery Plan. This includes how this Plan interacts with local service plans and whether there is adequate oversight that these all remain up-to-date, regularly assessed and/or tested via desktop scenarios or live testing. A critical focus will be on where arrangements link to supplier system/arrangements and the strength of these.	To provide assurance to the Audit and Governance committee that the Council has adequate Business Continuity and Disaster Recovery Plans in place
<b>General Ledger</b>	10	Q4	To review general ledger controls from access controls, suspense accounts, journals, chart of accounts and upgrades. To focus particularly on the new ledgers for companies set up and ensure income/expenditure is being coded to the right areas.	Cyclical review of key systems and controls to provide assurance on the core financial controls in place.
<b>People and Culture</b>	18	Q1	Through our Cultural Maturity Toolkit we will assess:	To provide assurance that the Council manage their people effectively and the Council is an effective workplace for staff health and wellbeing.

			<ul style="list-style-type: none"> <li>• how the leadership of the Council set the culture of the organisation and how this is communicated</li> <li>• how success is defined and recognised</li> <li>• workplace policies, procedures, behaviours and relationships</li> <li>• how decisions are made</li> <li>• Transparency Culture</li> <li>• Review the freedom to speak up processes.</li> </ul> <p>Amongst other methods we would survey staff as part of our assessment of culture</p>	
<b>Remote Working</b>	14	Q3	<p>To review the internal controls in relation to remote working, particularly around the financial management controls including:</p> <p>The processing of cash and cheques The management of approvals IT Functions readiness.</p>	To provide assurance to the Audit and Governance Committee that there are adequate controls in place to manage remote working.
<b>Insurance</b>	10	Q4	To review the councils control processes on managing and monitoring insurance claims, their timeliness and reporting mechanisms. We will also review whether the risks insured are appropriate and the process in arriving to these.	To provide assurance to the Audit and Governance Committee that the Council is insured against the relevant risks.
<b>Total</b>	<b>124</b>			

Area	Days	Timing	Description
<b>Planning, Reporting and Follow up</b>			
<b>Planning/ liaison/ management</b>	8	Q1-4	Creation of audit plan, meeting with each Executive Director
<b>Recommendation follow up</b>	8	Q1-4	Assessment and reporting of recommendations
<b>Audit Committee</b>	4	Q1-4	Attendance at all Audit Committees
<b>TOTAL</b>	<b>20</b>		

<b>SUB TOTAL</b>	<b>227</b>		
<b>Less days c/f from 2020 -21 plan</b>	<b>(27)</b>		<b>C/F days from Car Parking, Community Strategy and Environment (N.B some additional days were used for the Companies oversight review)</b>
<b>GRAND TOTAL</b>	<b>200</b>		

# INTERNAL AUDIT STRATEGIC PLAN

## 2021 - 24

Area	2021- 22	2022 - 23	2023- 24	Description of the Review
<b>1. Foster an Inclusive Economy</b>				
<b>Car Parking</b>	13			To review the operational controls and processes with regards to setting tariffs, issuing tickets and income collection. Assessment of whether the Council have taken effective steps to maximise economic activity through its parking strategy and have met legislative requirements over the use of income toward the support of transport related activity.
<b>Highways Audit</b>	13			<p>We will review the governance framework, including the frequency and standard agenda of the performance management meetings and the associated Management Information. Review roles, responsibilities, and compliance with external regulations and internal policies and procedures.</p> <p>We will also review the Performance Indicators (PI') and the content of the performance meetings. Assurance that these meet with the standard agenda and includes an issues log. Review a sample of defects for compliance with internal processes and external highway regulations to ensure timeliness and quality expectation have been met.</p> <p>Invoicing - Ensure that purchase orders are in place and the quarterly invoices are issued by ODS and the City Council and ensure cost monitoring and performance management processes are in place.</p>
<b>Companies Oversight Follow on</b>		10		<p>We carried out a companies oversight review in 2020-21 we will conduct a detailed follow up on the recommendations made from the companies oversight review and provide an overview of the implementation of recommendations. Focussing on:</p> <p>Capacity, Commercial focus, delivering to planned timescales, governance arrangements and financial returns.</p>
<b>Medium Term Financial Strategy</b>			15	We will review the Council's Medium Term Financial Strategy and provide assurance that delivery against savings in the MTFs are being monitored effectively and reported accurately.

<b>Contract Management &amp; Procurement</b>			13	<p><b>Contract:</b></p> <p>There were a number of high priority findings in this report and therefore, we will revisit this area in 2023-24 and assess the most important contracts at the Council and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear, understood and reported with appropriate action taken and if the culture between parties is effective, whether contract arrangements achieve social value, KPIs are in place and being met.</p> <p><b>Procurement:</b></p> <ul style="list-style-type: none"> <li>• Review procurement exercises vs. protocols for compliance</li> <li>• Review the Strategy vs. progress and reporting</li> <li>• Review counter fraud controls in process for adequacy</li> <li>• Review communication channels</li> </ul>
<b>Income Generation</b>		10		Post Covid the Council has lost on £4.2 m for commercial rental income p.a and is forecasted to be £3m in 2021. We will therefore review the income generation activities being undertaken by the Council to recuperate these losses
<b>Total</b>	26	20	28	

## 2. Deliver More Affordable Housing

<b>*Housing Rents</b>	14			<p>The days have been carried forward from the 2019 - 20 Audit plan. Due to delays in system implementation this has been allocated to the 2021-22 plan .</p> <p>This review will assess the controls and processes to manage housing rents including the effective use of the new QL Areon system scheduled to be implemented in May 2021. An assessment of the administration and management of policies from 'cradle to grave' from the allocation of a property, collection of rent and recovery of rent arrears including the performance management of recovery teams. This will also include an overview of the administration of 'market rent' assessments.</p>
<b>Major Works - Grenfell Report</b>		15		A review of the implementation of the Council's response to the Grenfell report, to cover both Council owned and other residential properties in Oxford.



<b>Health and Safety and Fire Safety</b>			12	<p>Health and Safety is an integral part of the Council, therefore, we will review the following processes:</p> <ul style="list-style-type: none"> <li>• Review Health and Safety Policies - how these were produced, what do they cover, were they approved and do staff understand them</li> <li>• Assess training in this area and whether arrangements are effective</li> <li>• Review how incidents are reported and then managed/escalated</li> <li>• Assess how sites are maintained to ensure they are safe. This includes Council offices and Council housing properties</li> <li>• Assess performance indicator information and reporting to management groups who assess this. We will review minutes and interview key stakeholders</li> <li>• Understand and assess how the Council assess contractor risks in this area</li> </ul>
<b>Total</b>	14	15	12	

### 3. Support Flourishing Communities

<b>*Community Strategy</b>	14			To assess how the Council is working with the communities, encouraging diversity and equality.
<b>Homelessness Prevention &amp; Temporary Accommodation</b>	14			<p>We will review all arrangements from policies/procedures, applications, support and on-going monitoring of those assessed to be homeless and the effectiveness of the new assessment centre at 1 Floyds Row.</p> <p>We will also include corporate approaches to manage homelessness and how this area is reported.</p>
<b>Oxford Safer Communities partnership</b>		15		A review of how the Oxford Safer Communities Partnership engages with Local Safeguarding Boards and Multi agency Safeguarding Hub. Assess how the Council invest in services and manage relationships with external parties to protect vulnerable children and adults.
<b>*Enforcement Restructure</b>		15		Review the restructure as to whether it has achieved the aims set out to make the teams more resilient, more proactive and report more accurate, timely and relevant information with robust key performance indicators
<b>Community Capital Projects</b>			14	Review the community projects managed by the Council and whether they provide value for money and benefits to the community
<b>Licensing</b>			13	Review license fees policies and assess whether they have been produced with appropriate conditions and consultation with stakeholders

				<p>Sample test license holders to assess whether appropriate fees have been recovered</p> <p>Whether there are appropriate controls in place to ensure effective recovery of fee income.</p>
Town Hall and Community Centre Lettings		15		<p>To review the adequacy, application and effectiveness of the internal controls in place for the Town Hall and Community Centre lettings. The review will consider:</p> <ul style="list-style-type: none"> <li>• Policies and procedures in place for the Letting of Community Centre Lettings and the Town Hall;</li> <li>• Booking records and letting agreements;</li> <li>• Fees and Income;</li> <li>• Budget Monitoring and Cost Recovery (VFM)</li> </ul> <p>Compliance with legislation and insurance requirements.</p>
<b>Total</b>	<b>28</b>	<b>45</b>	<b>27</b>	

#### 4. Pursue A Zero Carbon Oxford

Environment	15			<p>This review was moved from 2019 -20 to 2020-21 and therefore the audit days were carried over. We will review the design and effectiveness of controls in relation to environmental concerns, and understand the extent to which the operational footprint and strategies of the Council are reflecting its Climate Emergency declaration. We will also review the effectiveness of engagement/influencing programmes designed by the Council for driving environmental change.</p>
Decarbonisation			15	<p>Oxford City Council is to develop proposals to reduce carbon emissions in its key sites across the city, after being awarded up to £10.9m from BEIS' Public Sector Decarbonisation Fund administered by Salix</p> <p>The grant funding will allow the Council to explore the provision of heat pumps, thermal storage and battery storage powered by renewable energy, at key Council sites.</p> <p>We will review the governance arrangements in place to manage these key projects. Assess these are being monitored and managed effectively including the councils progress to zero carbon.</p>
Emergency Planning		10		To review the Councils Emergency Planning arrangements
<b>Total</b>	<b>15</b>	<b>10</b>	<b>15</b>	

#### 5. All Of the Above (1234)

Data Analytics	15		15	To conduct data analytics on main financial system information including the ledger and payroll. This will include conducting data analytics tests and then following up on red flags identified.
Project Management	15			We reviewed project management in 2018 -19. We will review the methodology and practice in the Council to manage projects including the monitoring and reporting of spend. We will review

				particular projects in detail and assess whether the Council's approach was adhered to. Furthermore, a wider assessment of where projects have failed to meet objectives, to consider the root-cause of this with the aim of improving future project management arrangements and ensure that the council feeds back the learning from such issues.
<b>Cyber Security</b>	14			Due to the rapid evolution of cyber security threats, the Council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security. Therefore, we will review the IT infrastructure in place within the Council.
<b>Accounts Payables</b>	14			Assess the arrangements to input, amend, record and report accounts payable data including whether the software/procurement methods in place is effective and whether opportunities for efficiencies have been identified.
<b>Business Continuity and Disaster Recovery</b>	14			High level review of the Council's emergency planning and business continuity and disaster recovery arrangements including the robustness of any business impact analysis and testing of the disaster recovery plan.
<b>General Ledger</b>	10			To review general ledger controls from access controls, suspense accounts, journals, chart of accounts and upgrades. To focus particularly on the new ledgers for companies set up and ensure income/expenditure is being coded to the right areas.
<b>NNDR and Business rates pooling</b>		13		Review the controls and processes in place for NNDR and business rates.
<b>Sickness and absence management</b>		15		To review the sickness absence management process and ensure the Council have adequate controls and triggers in place to monitor and manage sickness absence effectively. We will also assess measures undertaken by the Council to enable staff to return to work quickly.
<b>Purchase Cards &amp; Expenses</b>		15		Review the controls and processes in place for purchase cards. Ensure purchases are approved by appropriate persons and suitable transactions are undertaken.
<b>Treasury Management</b>		13		We have previously reviewed the Treasury management processes in 2020 - 21. The investment portfolio is around £100 million at any one time and prudential borrowing over the next 4 years is estimated at £355m. We will assess whether the controls and processes are operating effectively and an adequate process is being followed.
<b>Fixed Assets Register</b>		14		Review the Fixed assets register, ensure PPE is recorded on the fixed assets register, valued appropriately, depreciated in line with their useful economic life and sale proceeds are accurately recorded.
<b>GDPR and high level Freedom of Information</b>		15		We previously reviewed the preparedness of the council for new GDPR regulations ahead of May 2018. We will now review the GDPR plan and ensure the plan is embedded within the Council and regulations are adhered to. We will also revisit Freedom of Information and ensure there are controls in place to manage and address Freedom of Information requests appropriately.
<b>Payroll and Overtime</b>			10	This review will cover payroll and overtime arrangements within the Council

<b>Contract Management &amp; procurement</b>			15	<p>There were a number of high priority findings in this report and therefore, we will revisit this area in 2023-24 and assess the most important contracts at the Council and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear, understood and reported with appropriate action taken and if the culture between parties is effective.</p> <p>Procurement:</p> <ul style="list-style-type: none"> <li>• Review procurement exercises vs. protocols for compliance</li> <li>• Review the Strategy vs. progress and reporting</li> <li>• Review counter fraud controls in process for adequacy</li> <li>• Review communication channels</li> </ul>
<b>Accounts Receivable</b>			13	<p>Assess the arrangements to input, amend, record and report accounts receivable data including ensure new structures in place are robust and have met the objectives set out. Ensure Debt collection arrangements are sound and followed up appropriately.</p>
<b>Recruitment and Retention</b>			15	<p>To review all recruitment arrangements from promotion through to following protocol and approvals throughout the process.</p> <p>This will include focussing on successful and unsuccessful campaigns and seeing how best practice is shared and embedded. Review the Council's retention strategy ensuring it is fit for purpose and is effective.</p>
<b>Scheme of Delegation</b>			10	<p>Review the Council's Scheme Of Delegation. Assess whether the scheme of delegation is up to date, has been approved by senior management, limits are appropriate, embedded into workflows and systems. The scheme of delegation is communicated to all staff appropriately. Assess whether the Council updates and informs all relevant staff accordingly.</p>
<b>Risk Management Strategy</b>			10	<p>Use our Risk Maturity Toolkit to advise where the Council sit in terms of risk management on a five-point scale from Naive to Enabled</p> <p>Assess how the Council system is used and if risks are engaged with well and updated effectively to manage and mitigate risks</p> <p>Interview key personnel involved in the process.</p>
<b>People and Culture</b>	18			<p>We would review:</p> <ul style="list-style-type: none"> <li>• how the leadership of the Council set the culture of the organisation and how this is communicated</li> <li>• how success is defined and recognised</li> <li>• workplace policies, procedures, behaviours and relationships</li> <li>• how decisions are made</li> <li>• Transparency Culture</li> <li>• Review the freedom to speak up processes.</li> </ul> <p>Amongst other methods we would survey staff as part of our assessment of culture</p>

<b>Remote Working</b>	14			<p>To review the internal controls in relation to remote working, particularly around the financial management controls including:</p> <ul style="list-style-type: none"> <li>The processing of cash and cheques</li> <li>The management of approvals</li> <li>IT Functions readiness</li> <li>Performance Management and Staff Wellbeing</li> </ul>
<b>Insurance</b>	10			<p>To review the councils control processes on managing and monitoring insurance claims, their timeliness and reporting mechanisms. We will also review whether the risks insured are appropriate and the process in arriving to these.</p>
<b>Total</b>	<b>124</b>	<b>85</b>	<b>88</b>	

Planning, Reporting and Follow up				
Planning/ liaison/ management	8	8	8	Creation of audit plan, meeting with each Executive Director
Recommendation follow up	8	8	8	Assessment and reporting of recommendations raised
Audit Committee	4	4	4	Attendance at all Audit Committees
Contingency	-	-	-	
<b>Total</b>	<b>20</b>	<b>20</b>	<b>20</b>	
Less c/f 27 days	(27)	-	-	C/F Housing Rents, Community Strategy, Car Parking and Environment

<b>Grand Total</b>	<b>200</b>	<b>195</b>	<b>190</b>	
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# APPENDIX I

## Internal Audit Charter - Role and Scope of Internal Audit

### Purpose of this charter

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Oxford City Council and defines the scope of internal audit activities.

Final approval resides with the Board, in practice the charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of Oxford City Council [the Council]

### Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

### Standards of internal audit practice

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

### Internal audit definition and role

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

### Internal audit's scope

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief internal auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

### **Effective internal audit**

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to the Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

### **Independence and internal audit's position within Oxford City Council**

The Internal Audit function within Oxford City Council is currently provided by BDO LLP, a limited liability partnership providing, accounting, audit and assurance, tax and financial advisory services. The Head of Internal Audit function is provided by Greg Rubins, a partner in BDO.

To provide for internal audit's independence, its personnel and external partners report to the Head of Financial Services, who reports functionally to the Audit and Governance Committee and provides day to day oversight of the contract with BDO. The Head of Internal Audit has free and full access to the Chair of the Audit and Governance Committee.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and in consultation with the Chair of the Audit and Governance Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for the Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Such arrangements will be in consultation with the Audit and Governance Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting

activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Audit and Governance Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit Committee to discuss the implications.

### **Internal audit's role in fraud, bribery and corruption**

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the audit committee.

### **Access to records and confidentiality**

There are no limitations to internal audit's right of access to the Council's officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the Data Protection Act 1998.

### **Coordination and reliance with other assurance providers**

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

### **Internal audit's commitments to Oxford City Council**

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation
- performing work in accordance with PSIAS
- complying with the ethical requirements of PSIAS
- dealing in a professional manner with the Council staff, recognising their other commitments and pressures

- raising issues as they are identified, so there are no surprises and providing practical recommendations
- liaising with external audit and other regulators to maximise the assurance provided to Oxford City Council
- Reporting honestly on performance against targets to the Audit and Governance Committee.

**Internal audit performance measures and indicators**

The tables on the right contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

**Quality assurance and improvement programme**

As required by PSIAS an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Audit Committee as part of the internal audit annual report, along with corrective action plans.

**Table One: Performance measures for internal audit**

Measure / Indicator
<p><b><i>Audit Coverage</i></b></p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p><b><i>Relationships and customer satisfaction</i></b></p> <p>Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.</p> <p>Annual survey to Audit Committee to achieve score of at least 70%</p> <p>External audit can rely on the work undertaken by internal audit (where planned)</p>
<p><b><i>Staffing and Training</i></b></p> <p>At least 60% input from qualified staff</p>
<p><b><i>Audit Reporting</i></b></p>

Issuance of draft report within 3 weeks of fieldwork `closing` meeting

Finalise internal audit report 1 week after management responses to report are received.

90% recommendations to be accepted by management

Information is presented in the format requested by the customer.

**Audit Quality**

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review

**Management and staff commitments to Internal Audit**

The management and staff of Oxford City Council commit to the following:

- providing unrestricted access to all of Oxford City Council’s records, property, and personnel relevant to the performance of engagements
- responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- implementing agreed recommendations within the agreed timeframe
- being open to internal audit about risks and issues within the organisation
- not requesting any service from internal audit that would impair its independence or objectivity
- providing honest and constructive feedback on the performance of internal audit

**Management and staff performance measures and indicators**

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit Committee progress report.

**Table Two: Performance measures for management and staff**

Measure / Indicator
<p><i>Response to Reports</i></p> <p>Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt</p>
<p><i>Implementation of recommendations</i></p> <p>Audit sponsor to implement all audit recommendations within the agreed timeframe</p>


### ***Co-operation with internal audit***

Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff

### **BDO contacts**

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