

**INTERNAL AUDIT ANNUAL PLAN 2022 - 23 &
STRATEGIC PLAN 2022 - 25**

OXFORD CITY COUNCIL

April 2022

IDEAS | PEOPLE | TRUST



CONTENTS

	Page
Audit Risk Assessment	3
Mapping Your Risk Assessment	4
Mapping your CRR to the Strategic Plan	5
Internal Audit Operation Plan 2022 - 23	6
Internal Audit Strategic Plan 2022 - 25	12
Appendix I - Internal Audit Charter	21

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 2022 - 23

The indicative Internal Audit programme for 2022 - 23 is shown from page 6, with an indicative strategic plan for 2022 - 25 shown from page 12. We have met with the Heads of Services as part of the Operational Delivery Group Meeting and the Audit Chair in order to bring together a full plan which will be presented at the April 2022 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.

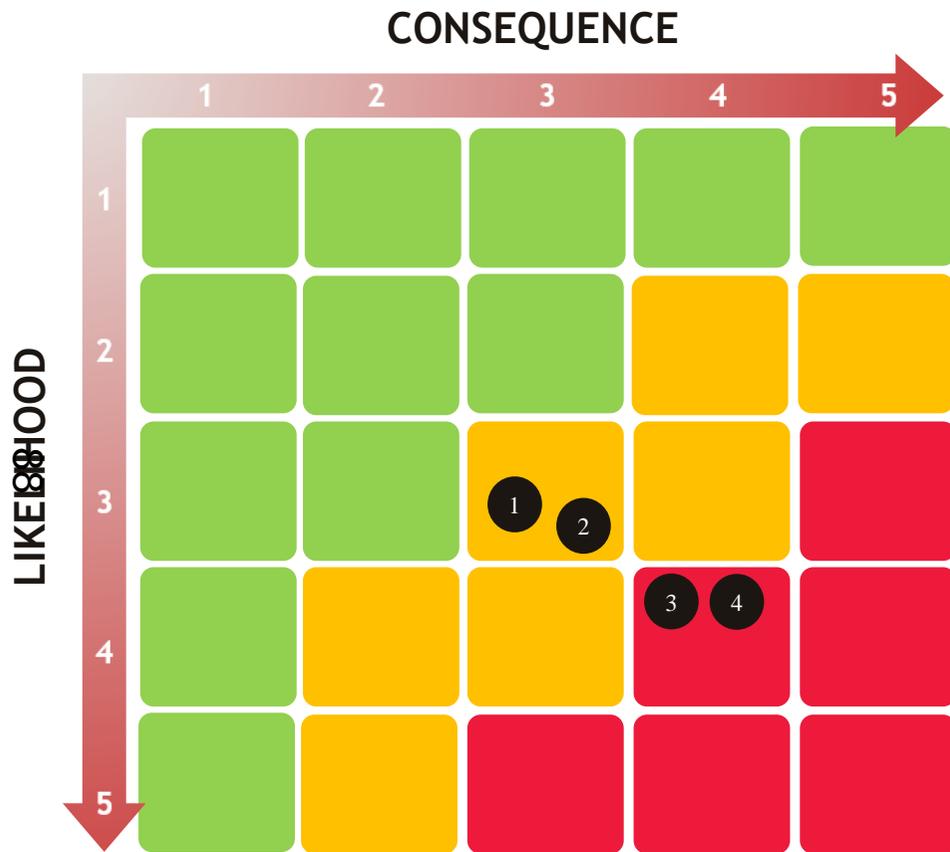
In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

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	Key objectives from your strategy
1	Enable an Inclusive Economy
2	Deliver more affordable housing and tackling homelessness
3	Support thriving Communities
4	Pursue a zero carbon Oxford
1234	All of the above

MAPPING YOUR CRR TO THE STRATEGIC RISKS

68

Ref	Strategic Risks from your CRR	2022/23	2023/24	2024/25
1	Enable an Inclusive Economy	<ul style="list-style-type: none"> - Car Parking - Income Generation (inc Investigations Team) - Change Programme - Governance 	<ul style="list-style-type: none"> - Economic Regeneration 	<ul style="list-style-type: none"> - Medium Term Financial Strategy
2	Deliver More Affordable Housing and tackling homelessness	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - Health and Safety and Fire Safety (inc Grenfell Major Works) - Planned maintenance and refurbishment 	<ul style="list-style-type: none"> - Homelessness Prevention & Temporary Accommodation
3	Support thriving Communities	<ul style="list-style-type: none"> - Community Strategy - Enforcement Restructure - Town Hall and Community Centre Letting 	<ul style="list-style-type: none"> - Community Capital Projects - Oxford Safer Community Partnerships 	<ul style="list-style-type: none"> - Youth ambition programme
4	Pursue A Zero Carbon Oxford		<ul style="list-style-type: none"> - Housing Decarbonisation 	<ul style="list-style-type: none"> - Energy Superhub Oxford
5	All of the above (1234)	<ul style="list-style-type: none"> - Cyber Security - NNDR and Business rates pooling - Sickness and Absence Management - Treasury Management - Contract Management & Procurement 	<ul style="list-style-type: none"> - Payroll and Overtime - Data Analytics - Accounts Receivables - Recruitment and Retention - Scheme of Delegation - Risk Management Strategy 	<ul style="list-style-type: none"> - Data Analytics - Accounts Payables - Business Continuity and Disaster Recovery - People and Culture - Purchase Cards and Expenses - Fixed Assets Register - GDPR and high-level Freedom of Information

INTERNAL AUDIT OPERATIONAL PLAN 2022-23

Area	Days	Timing	Description of the Review	Reason for Inclusion
1. Enable an Inclusive Economy				
Audit 1: Car Parking	13	Q1	<p>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.</p> <p>We will also assess whether the Council has developed a business case on the future of their carparks</p>	<p>The Council have reported a reduction in car park revenue by £1.5 million. 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.</p>
Audit 2: Income Generation (Inc Investigations Team)	14	Q1	<p>The Council has seen a sharp increase in expenditure to support those in need, together with a second year of reduction in revenues from its core income streams. Income this year is expected to be £500,000 below normal from the Council's leisure centres, £850,000 lower from town hall room hire, £1.5 million down from car parks and £3.74 million less in rents from commercial premises.</p> <p>Therefore, we will review the income generation activities the Council has planned including from its trading companies, to review how the council facilitates and considers 'invest to save' business cases being tabled and also focus on the</p>	<p>This review will provide the Audit Committee with assurance on its Income Generation activities.</p>

06

			<p>operation of income generation within the Investigations Team</p> <p>We will also undertake benchmarking activities and share opportunities undertaken by other clients audited by BDO for the authority to consider.</p>	
Audit 3: Change Programme - Governance	16	Q2	<p>The Council is currently undertaking a change programme which aims to deliver efficiencies to the Medium-Term Financial Strategy.</p> <p>This review will assess the Council's governance of the Change Programme, its performance monitoring, and decision-making processes and whether the programme is delivering in line with its objective.</p>	The Council has requested to undertake a review of the governance of its Change Programme and the delivery of its efficiencies.
Total	43			
3. Supporting thriving Communities				
Audit 4: Community Strategy	14	Q2	<p>To assess how the Council is working with its communities, encouraging diversity and equality We will also review initiative undertaken by the Council to encourage communities to participate in service provision.</p> <p>To understand whether the Council examine the success of the locality hubs in terms of demand and provision of service and whether there are appropriate measures/monitoring arrangements in place to understand whether overall value for money of the model is being achieved.</p>	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.

Audit 5: Enforcement Restructure	15	Q2	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	To provide assurance to the Audit and Governance Committee that the Council has effective controls in place to manage enforcement restructures
Audit 6: Town Hall & Community Centre Lettings	15	Q2	<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"> • Policies and procedures in place for the Letting of Community Centre Lettings and the Town Hall; • Booking records and letting agreements; • Fees and Income; • Maximisation of the use of space examining occupancy • Budget Monitoring and Cost Recovery (VFM) <p>Compliance with legislation and insurance requirements.</p>	This review will provide the Audit and Governance Committee with assurance that the Council has sufficient controls and processes to manage Town Hall & Community Centre Lettings
Total	44			
5. All Risks Above (1234)				
Audit 8: Cyber Security	15	Q3	<p>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</p> <ul style="list-style-type: none"> • Review the overall approach to Cyber including how systems are identified and prioritised 	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"> • Review Security Policies, risk identification and management • Assess connections and reliance on third-parties and how exposure is managed • Review how staff are trained and supported as they are the gate keeper to cyber risks • Assess technology and tools in place to identify and mitigate cyber risks <p>Assess response management procedures.</p>	
Audit 9: NNDR & Business Rates Pooling	13	Q3	<p>Review the controls and processes in place for NNDR and business rates:</p> <ul style="list-style-type: none"> • Policies and processes are adequate in relation to NNDR and Business rates • Properties are identified, valued and billed accurately and in a timely manner including adequate recovery of debt • Exemptions/Discounts are applied accurately • Reconciliations between the Revenues system and the Financials system (Agresso) are performed and reviewed • Reconciliations between the Revenues system and cash collection system are performed and reviewed • Reporting of NNDR and Business rates activity is effective, and management provide oversight of this information. 	To provide assurance to the Audit and Governance Committee that there are adequate controls in place to manage NNDR & Business Rates Pooling
Audit 10: Sickness & Absence Management	15	Q3	To review the sickness absence management process and ensure the Council have adequate	To provide assurance to the Audit and Governance Committee that there are 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 and how effectively this is managed whilst working remotely.	controls in place to manage sickness and absence
Audit 11: Treasury Management	13	Q3	We have previously reviewed the Treasury management processes in 2020 - 21 and have provided substantial assurance. 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.	To provide assurance to the Audit and Governance Committee that the Council effectively manage treasury through its controls and processes
Audit 12: Contract Management and Procurement	15	Q4	<p>Contract Management:</p> <p>There were a number of high priority findings in our previous 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>Procurement:</p> <ul style="list-style-type: none"> • Review procurement exercises vs. 	To provide assurance to the Audit and Governance Committee that the Council effectively manage their contract and procurement processes

			protocols for compliance <ul style="list-style-type: none"> • Review the Strategy vs. progress and reporting • Review counter fraud controls in process for adequacy • Review communication channels • Assess the revisions made to the Procurement strategy and whether these are in line with regulations 	
Total	71			
Area	Days	Timing	Description	
Planning, Reporting and Follow up				
Planning/ liaison/ management	8	Q1-4	Creation of audit plan, meeting with each Executive Director	
Recommendation follow up	8	Q1-4	Assessment and reporting of recommendations	
Audit Committee	4	Q1-4	Attendance at all Audit Committees	
Contingency	1	-	-	
Total	21	-	-	
Grand Total	180			

INTERNAL AUDIT STRATEGIC PLAN 2022 - 25

Area	2022- 23	2023 - 24	2024- 25	Description of the Review
1. Foster an Inclusive Economy				
Car Parking	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.
Income Generation (Inc Investigations Team)	14			We will review the income generation activities the council has planned to include its trading companies.
Change Programme - Governance	16			This review will assess the Council's governance of the Change Programme, its performance monitoring, and decision-making processes and whether the programme is delivering in line with its objective.
Economic Regeneration		15		The Council is investing £20million for the regeneration of property within the city and £9million for the refurbishment of properties at Cave Street we will review the controls and governance processes, reporting and management of the regeneration projects.
Medium Term Financial Strategy			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.
Total	44	15	15	
2. Deliver More Affordable Housing				
Health and Safety and Fire Safety (Inc Grenfell Major Works)		16		<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"> • Review Health and Safety Policies - how these were produced, what do they cover, were they approved and do staff understand them • Assess training in this area and whether arrangements are effective • Review how incidents are reported and then managed/escalated • Assess how sites are maintained to ensure they are safe. This includes Council offices and Council housing properties • Assess performance indicator information and reporting to management groups who assess this.

				<p>We will review minutes and interview key stakeholders</p> <ul style="list-style-type: none"> • Understand and assess how the Council assess contractor risks in this area • A high level review of the implementation of the Council's response to the Grenfell report, to cover both Council owned and other residential properties in Oxford.
Planned Maintenance and Refurbishment		15		The Council plan to invest £51m for planned maintenance, refurbishments, and estate improvements to their existing stock of 7,664 council houses over the next four year. We will assess the governance process, cost effectiveness, budget management and monitoring/reporting mechanisms in place.
Homelessness Prevention & Temporary Accommodation			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>
Total	-	31	14	

3. Support Flourishing Communities

Community Strategy	14			To assess how the Council is working with the communities, encouraging diversity and equality.
Enforcement Restructure	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
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"> • Policies and procedures in place for the Letting of Community Centre Lettings and the Town Hall; • Booking records and letting agreements; • Fees and Income; • Budget Monitoring and Cost Recovery (VFM) <p>Compliance with legislation and insurance requirements.</p>
Community Capital Projects		14		Review the community projects managed by the Council and whether they provide value for money and benefits to the community
Oxford Safer Communities partnership		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.
Youth Ambition Programme			13	The Council intends to continue to protect its Youth Ambition programme that helps disadvantaged 11-19 year-olds. The aim of Youth Ambition is to build meaningful relationships with disadvantaged young people aged 11-19 years old, (or up to 25 if they have physical or learning difficulties), who are from Oxford's regeneration areas. We will assess the controls and processes of the Youth Ambition programme and whether it achieves its aims and objectives and has adequate processes to understand, listen and action local needs.
Total	44	29	13	

4. Pursue A Zero Carbon Oxford

Housing 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>
Energy Superhub Oxford			15	<p>As a key part of the Council's response to the climate emergency, ESO will provide a model for cities around the world to cut carbon and improve air quality. Energy Superhub Oxford (ESO) aims to eliminate 10,000 tonnes of CO2 emissions a year. That's the equivalent of taking 2,000 cars off the road.</p> <p>The Council will be installing a very large, hybrid battery energy storage system, enabling more clean electricity, encouraging the uptake of electric vehicles (EVs) in Oxford, including the electrification of the Council's own fleet of vehicles, and by implementing electric heating in homes and businesses.</p> <p>We will review the governance processes to manage and monitor this project and whether it provides value for money for the Council.</p>
Total	-	15	15	

5. All of the Above (1234)

Cyber Security	15			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.
NNDR and Business rates pooling	13			Review the controls and processes in place for NNDR and business rates.
Sickness and absence management	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.
Treasury Management	13			We have previously reviewed the Treasury management processes in 2020 - 21 resulting in substantial assurance. 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.
Contract Management & procurement	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"> • Review procurement exercises vs. protocols for compliance • Review the Strategy vs. progress and reporting • Review counter fraud controls in process for adequacy <p>Review communication channels</p>
Payroll and Overtime			10	This review will cover payroll and overtime arrangements within the Council
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.
Accounts Receivable		13		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.
Recruitment and Retention		15		To review all recruitment arrangements from promotion through to following protocol and approvals throughout the process.

				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.
Accounts Payables			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.
Business Continuity and Disaster Recovery			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.
People and Culture			18	We would review: <ul style="list-style-type: none"> • how the leadership of the Council set the culture of the organisation and how this is communicated • how success is defined and recognised • workplace policies, procedures, behaviours and relationships • how decisions are made • Transparency Culture • Review the freedom to speak up processes. Amongst other methods we would survey staff as part of our assessment of culture
Purchase Cards Expenses			14	Review the controls and processes in place for purchase cards. Ensure purchases are approved by appropriate persons and suitable transactions are undertaken.
Fixed Assets Register			13	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.
GDPR and high-level Freedom of Information		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.
Total	71	58	98	
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	1	16	-	
Total	21	36	20	
Grand Total	180	180	175	

APPENDIX I

Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this Charter

This Charter formally defines internal audit's purpose, authority and responsibility and is a requirement of Public Sector Internal Audit Standards (PSIAS).

This Charter establishes internal audit's position within Frimley Health NHS Foundation Trust and defines the scope and limitations of internal audit activities and its relationship with the Audit Committee and Senior Management.

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 the Board of Frimley Health NHS Foundation Trust.

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 for the Professional Practice of Internal Auditing

The internal audit function undertakes its work in line with PSIAS which encompass the mandatory elements of the IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing as set out by the Global IIA.

Internal audit's purpose

Internal audit provides independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the 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 the information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports the organisation's 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 authority

Internal audit staff are authorised to:

- ▶ Have full, free, and unfettered access to all of the organisation's records, property, and personnel relevant to the performance of engagements; whilst being accountable for the confidentiality and safeguarding of such records and information.

- ▶ Obtain assistance from the necessary organisation’s personnel in relevant engagements, as well as other specialised services from within or outside the organisation.

The Head of Internal Audit will have unrestricted access to the Audit Committee and retain the right to meet *in camera* with the Audit Committee, without management present.

Internal audit has no authority or management responsibility for any of its engagement subjects.

Internal audit will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence.

For the purposes of this charter the term “Board” refers to the Trust Board/Executive, “Senior Management” refers to the Executive Directors within the organisation.

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.

Internal audit’s responsibility

The Head of Internal Audit is responsible for all aspects of internal audit activity, including strategy, planning, performance, and reporting.

Internal audit will:

Strategy

- ▶ Develop and maintain an Internal Audit Strategy
- ▶ Review the Internal Audit Strategy at least annually with management and Audit Committee.

Planning

- ▶ Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy
- ▶ Engage with management and consider the organisation’s strategic and operational objectives and related risks in the development of the Internal Audit Plan
- ▶ Review the Internal Audit Plan periodically with management and adjust the plan as necessary to respond to any changes in business risks, operations, systems and controls
- ▶ Present the Internal Audit Plan, including updates, to the Audit Committee for periodic review and approval
- ▶ Prepare an internal audit budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan
- ▶ Submit the internal audit budget to the Audit Committee for review and approval annually

- ▶ Coordinate with and provide oversight of other control and monitoring functions, including risk management, compliance and ethics, and external audit
- ▶ Consider the scope of the work of other assurance providers for the purpose of providing optimal audit coverage to the organisation.

Performance

- ▶ Implement the Internal Audit Plan
- ▶ Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan
- ▶ Allocate and manage resources to accomplish internal audit engagement objectives
- ▶ Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques
- ▶ Monitor delivery of the Internal Audit Plan against the budget
- ▶ Ensure the ongoing effectiveness of internal audit activities
- ▶ Ensure the principles of integrity, objectivity, confidentiality, and competency are upheld.

Reporting

- ▶ Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management actions to be taken
- ▶ Provide periodic reports to management and the Audit Committee summarising internal audit activities and the results of internal audit engagements
- ▶ Provide periodic reports to management and the Audit Committee on the status of management actions taken in response to internal audit engagements
- ▶ Report annually to the Audit Committee and management on internal audit performance against the goals and objectives set out in the internal audit plan and any agreed key performance indicators
- ▶ Report as needed to the Audit Committee on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan
- ▶ Inform the Audit Committee of emerging trends and issues that could impact the organisation.

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 Frimley Health NHS Foundation Trust (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.

Access to records and confidentiality

There are no limitations to internal audit's right of access to Frimley Health NHS Foundation Trust 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 2018.

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 Frimley Health NHS Foundation Trust

- 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 Trust 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 Frimley Health NHS Foundation Trust
- Reporting honestly on performance against targets to the Audit Committee.

Independence and internal audit's position within the organisation

- To provide for internal audit's independence, its personnel and any contractors will report to internal audit function, who reports to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit Committee.
- Internal audit reports administratively to the Chief Executive or their delegate [enter job title e.g. CFO] who provides day-to-day oversight.
- The appointment or removal of internal audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit Committee.
- The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises and judgement on audit matters is not subjugated to others.
- If the independence or objectivity of the internal audit service is impaired, details of the impairment will be disclosed to either the [enter job title e.g. CFO, CEO] or the Chair of the Audit Committee, dependent upon the nature of the impairment.
- The internal audit service is not authorised to perform any operational duties for the organisation; initiate or approve accounting transactions external to the internal audit service; or direct the activities of any the organisation employee not employed by the internal auditing service, except to the extent such employees have been appropriately assigned to service or to otherwise assist the internal auditor.

Internal audit's scope

- The scope of internal audit activities includes all activities conducted by the organisation. The Internal Audit Plan identifies 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 audit executive 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. The nature and scope of consulting engagements are subject to agreement with management. When performing consulting services, internal audit will maintain objectivity and not assume management responsibility.

Quality Assurance Improvement Programme (QAIP)

The internal audit function will maintain a QAIP. As required by PSIAS an external assessment of the service will be performed at least every five years. The programme will include an evaluation of the internal audit activity's conformance with The Standards and an evaluation of whether the internal auditors apply The IIA's Code of Ethics. The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Periodic reporting on compliance against Professional Standards

Internal audit will periodically report to the Audit Committee to:

- ▶ Confirm the independence of the function on at least an annual basis.
- ▶ Report annually on conformance with The IIA's Code of Ethics and the Standards.
- ▶ Confirm the maintenance of a QAIP, and
- ▶ Report on the results of internal assessments and the results of the external quality assessments (undertaken at least once every 5 years by a qualified, independent assessment team).

Approval and validity of this Charter

This Charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of the Board of the organisation.

Table One: Performance measures for internal audit

Measure / Indicator
<p><i>Audit Coverage</i></p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p><i>Relationships and customer satisfaction</i></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><i>Staffing and Training</i></p> <p>At least 60% input from qualified staff</p>
<p><i>Audit Reporting</i></p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting</p> <p>Finalise internal audit report 1 week after management responses to report are received.</p> <p>90% recommendations to be accepted by management</p> <p>Information is presented in the format requested by the customer.</p>
<p>Audit Quality</p>

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 Frimley Health NHS Foundation Trust commit to the following:

- providing unrestricted access to all of Frimley Health NHS Foundation Trust'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
<i>Response to Reports</i> Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
<i>Implementation of recommendations</i> Audit sponsor to implement all audit recommendations within the agreed timeframe
<i>Co-operation with internal audit</i> Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff

BDO contacts

Name	Grade	Telephone	Email
Greg Rubins	Partner	0238 088 1892	Greg.rubins@bdo.co.uk
Yasmin Ahmed	Internal Audit Manager	07970027030	Yasmin.ahmed@bdo.co.uk



FOR MORE INFORMATION:
GREG RUBINS
Greg.Rubins@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2019 BDO LLP. All rights reserved.

www.bdo.co.uk