

**INTERNAL AUDIT
ANNUAL PLAN
2023-24 AND
STRATEGIC PLAN
2023-2026**

Oxford City Council

April 2023

IDEAS | PEOPLE | TRUST



CONTENTS

AUDIT RISK ASSESSMENT 2

OUR NEXT GEN INTERNAL AUDIT APPROACH..... 3

MAPPING YOUR STRATEGIC RISKS 4

MAPPING YOUR PRIORITIES TO THE STRATEGIC PLAN 5

INTERNAL AUDIT OPERATIONAL PLAN 2023/24 7

APPENDIX I - INTERNAL AUDIT CHARTER 13



AUDIT RISK ASSESSMENT

BACKGROUND

Our risk-based approach to internal audit uses Oxford City 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 the Council's current risk profile.

PLANNED APPROACH TO INTERNAL AUDIT 2023/24

The indicative Internal Audit programme for 2023/24 is set out on pages six to 10. We met with the Operational Divisional Group (ODG) and the S151 Officer to bring together a full plan which will be presented at this Audit and Governance Committee for formal review and approval. 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. We have suggested future areas of focus as part of the three-year strategic internal audit plan, set out on pages five.

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 Head of Service 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 and takes account of any operational pressures being experienced.

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 propose to undertake, 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 Services. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

OUR NEXT GEN INTERNAL AUDIT APPROACH

Our new and innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated Public Sector Internal Audit team and wider BDO specialist teams.

The Next Gen approach has allowed us to move away from the traditional approach of compliance auditing, transitioning in to delivering a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

CORE ASSURANCE

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

SOFT CONTROLS

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

FUTURE FOCUSED ASSURANCE

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

FLEXIBLE AUDIT RESOURCE

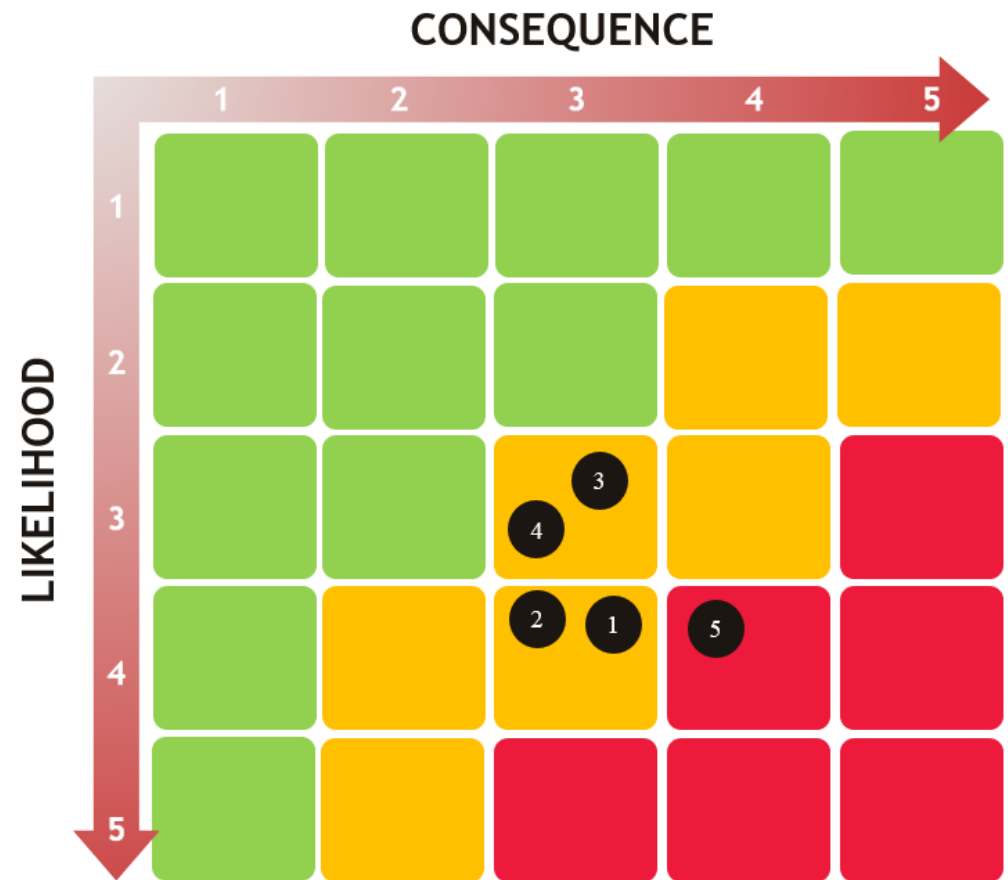
Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.



MAPPING YOUR STRATEGIC RISKS

REF	STRATEGIC PRIORITIES FROM YOUR CORPORATE STRATEGY
1	Enable an Inclusive Economy
2	Deliver More Affordable Housing
3	Support Thriving Communities
4	Pursue a Zero Carbon Oxford
5	Other (Including Finance/ICT)

71



MAPPING YOUR PRIORITIES TO THE STRATEGIC PLAN

REF	PRIORITIES FROM YOUR CORPORATE PLAN	2023/24	2024/25	2025/26
1	Enable an Inclusive Economy	<ul style="list-style-type: none"> • Planning Services • Building Control • Health and Safety and Fire Safety 	<ul style="list-style-type: none"> • Economic Regeneration • Equality Diversity and Inclusion (EDI) 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Tourism - Income Generation
2	Deliver More Affordable Housing	<ul style="list-style-type: none"> • Private Rented Sector • Empty Properties and Dwellings • Planning Services • Health and Safety and Fire Safety 		<ul style="list-style-type: none"> • Housing Decarbonisation • Housing Rents
3	Support Thriving Communities	<ul style="list-style-type: none"> • Selective Licensing • Town Hall and Community Centre Lettings • Private Rented Sector • Planning Services • Health and Safety and Fire Safety 	<ul style="list-style-type: none"> • Community Capital Projects • Oxford Safer Communities 	<ul style="list-style-type: none"> • Youth Ambition Programme • Leisure Centre Contracts

REF	PRIORITIES FROM YOUR CORPORATE PLAN	2023/24	2024/25	2025/26
4	Pursue a Zero Carbon Oxford		<ul style="list-style-type: none"> Energy Super Hub Oxford (EV infrastructure) 	<ul style="list-style-type: none"> Housing Decarbonisation
5	Other (Including Finance/ICT)	<ul style="list-style-type: none"> Data Analytics Accounts Receivables QL Optimisation 	<ul style="list-style-type: none"> Payroll and Overtime Accounts Payable Recruitment and Retention Business Continuity and Disaster Recovery GDPR and High-level Freedom of Information 	<ul style="list-style-type: none"> Purchase Cards and Expenses Fixed Assets Register Treasury Management Data Analytics Housing Rents

INTERNAL AUDIT OPERATIONAL PLAN 2023/24

AREA	PRIORITY	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Core Assurance					
Private Rented Sector	2,3	15	Q2	To review the controls and processes within the Private Rented Sector covering the Rent Guarantee Scheme (RGS), Lord Mayor Deposit, Home Choice Scheme and Real Lets. This review will be undertaken two years on from its initial review which concluded on a limited assurance opinion.	We undertook a review within the Private Rented Sector in 2021-22. We noted a lack of controls within the sector particularly around authorisation of finders fees and due diligence of landlords. This resulted in a limited assurance opinion. We are revisiting this area to provide assurance to the Audit and Governance Committee that all recommended controls have been embedded within the sector.
Planning Services	1,2,3	16	Q1	To review the controls and processes within Planning particularly focussing on the end-to-end process of planning applications and to assess the income generation and collection activities within the service. We will also undertake a high level overview on the effectiveness of partnership working within the service.	We last reviewed planning services in 2020 where we assessed the capacity and resilience of the planning team. The Council is becoming more commercially focused, therefore we will review the Income generation activities within planning services and the planning applications end to end process.
Building Control	1,2,3	17	Q3	This review will assess the initial analytical work the Council has undertaken to determine its readiness in partnering with the Council including an assessment of the financial and governance structures proposed for the partnership.	The Council are considering partnering with other Local authorities on their Building Control activities. We will provide assurance to the Audit and Governance Committee on its state of readiness for its partnership.
Selective Licensing	3	16	Q4	To review the controls and processes within Selective Licensing. We will review the end-to-end process and management of selective licensing.	The Housing Act 2004 allows the Council to require any private rented homes within a specified area to have a licence (unless it falls under mandatory or

AREA	PRIORITY	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
					<p>additional HMO licensing). The reason for selective licensing is to address problems such as poor property conditions.</p> <p>On 21 April 2022, the government confirmed the designation of the whole city for selective licensing. The selective licensing scheme came into effect on 1 September 2022 and will end on 31 August 2027.</p> <p>We will provide assurance to the Audit and Governance committee on how well the processes within selective licensing are working one year on since its introduction.</p>
75	Health and Safety and Fire Safety	1,2,3	16	Q3	<p>We will review the Health and Safety processes and assess a sample of health and safety checks completed by the Council. We will also assess the Council's Fire Safety arrangements and whether fire risk assessments have been undertaken for its high-risk properties in line with regulations.</p> <p>The Council is identified as a 'responsible person' as per the guidance within the Fire and Safety regulations 2022.</p> <p>We will provide assurance to the Audit and Governance Committee whether Health and Safety and Fire Safety requirements are undertaken in line with regulations.</p>
Total		80			

AREA	PRIORITY	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Core Assurance					
Data Analytics	5	16	Q3	To conduct data analytics on main financial system information including the ledger and payroll. This will include conducting data analytics tests and subsequently following up on red flags identified.	Cyclical review of key systems and controls to provide assurance on the core financial controls in place.
Empty Properties and Dwellings	1,2	16	Q1	To review the arrangements to manage empty properties and dwellings and to ensure they are promptly and effectively brought into use. This will include ensuring the reporting of data is accurate and sufficiently scrutinised.	There are over 57,000 dwellings in Oxford. Over the next 15 years 28,000 more homes are needed with 11,000 of these being built in the city. In addition, there is a rise in the number of empty properties and dwellings within Oxford. We will provide assurance to the Audit and Governance Committee that the Council have adequate arrangements to bring empty properties and dwellings into use as early as possible.
Town Hall and Community Centre Lettings	3	15	Q2	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: <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) Compliance with legislation and insurance requirements.	Since the pandemic the Council has moved their existing workforce to the Town Hall. This area has not been reviewed previously and therefore we will provide assurance to the Audit and Governance Committee on the adequacy of management of Town Hall and Community Centre Lettings.
Accounts Receivables	5	15	Q3	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	Due to COVID-19, debt recovery processes were temporarily paused across the Council resulting in an increase in the level of debt owed to the Council. This review was previously undertaken in 2021-22 and is part of a cyclical review process. We will

AREA	PRIORITY	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
				arrangements are sound and followed up appropriately.	assess the controls and processes post the pandemic.
Total		62			

AREA	PRIORITY	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Flexible Live Assurance					
QL Optimisation	5	16	Q4	We will assess whether the Council's interventions for QL (including Governance structures) are working well.	In January 2023 the Council underwent a detailed consultation on the underlying issues experienced with QL Areon (Housing Management System). The Council have worked hard to embed controls to ensure the system is established as business as usual.
Total		16			

AREA	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Contract Management				
Planning / liaison / N/A management	10	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
Recommendations follow up	8	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for Executive Team and Audit and Governance Committee
Audit and Governance Committees	4	Q1 - Q4	Attendance at Audit and Governance Committee meetings, pre-meets and Committee Chair liaison	Effective contract management
Total	22			

79

SUMMARY	DAYS
Core Assurance	142
Soft Controls	
Future Focused Reviews	-
Flexible Audit Resource	16
Contract Management	22
Total days	180

APPENDIX I - INTERNAL AUDIT CHARTER

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 Audit and Governance Committee in practice the charter shall be reviewed and approved annually by management and by the Audit and Governance Committee on behalf of Oxford City 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 and Governance 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 Oxford City 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 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, 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 Oxford City 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

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit and Governance Committee. The Head of Internal Audit has free and full access to the Chair of the Audit and Governance Committee. The Head of Internal Audit reports administratively to the S151 Officer who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of 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 Oxford City 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. Approval of the arrangements for such engagements will be sought from 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 and Governance Committee to discuss the implications.

BDO provides internal audit services to each of the Council's subsidiaries Oxford Direct Services ODSL/ODSTL and Oxford City Housing Limited OCHL. These are operated by separate teams and whilst we may become aware of the opinion of these subsidiaries, the Head of Internal Audit does not attend the Audit committees for these subsidiaries. Where there is overlap between the Council and subsidiary reviews we have implemented a protocol process which sets out the principles of our approach for developing consistent working arrangements between BDO, Oxford City Council (OCC), Oxford Direct Services Limited (ODSL/ODSTL) and Oxford City Housing Limited (OCHL) within their respective internal audit programmes.

INTERNAL AUDIT'S ROLE IN COUNTERING 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 suspects a fraud, this will be referred to appropriate management in the first instance and then the Audit and Governance Committee.

ACCESS TO RECORDS AND CONFIDENTIALITY

There are no limitations to internal audit's right of access to Oxford City Council 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 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 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 the Council
- Reporting honestly on performance against targets to the Audit and Governance Committee.

INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables below 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 and Governance 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 and Governance Committee as part of the internal audit annual report, along with corrective action plans.

TABLE ONE: PERFORMANCE MEASURES FOR INTERNAL AUDIT

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

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 and Governance Committee Progress Report.

TABLE TWO: PERFORMANCE MEASURES FOR MANAGEMENT AND STAFF

MEASURE / INDICATOR

Response to Reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe.

Co-operation with internal audit

Internal audit to confirm to each meeting of the Audit and Governance 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
Gurpreet Dulay	Director	0238 088 1892	gurpreet.dulay@bdo.co.uk
Yasmin Ahmed	Audit Manager	(0)772 142 9959	yasmin.ahmed@bdo.co.uk
Max Armstrong	Assistant Manager	(0)781 246 4822	max.armstrong@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.

© 2023 BDO LLP. All rights reserved.

www.bdo.co.uk

This page is intentionally left blank