



OXFORD CITY COUNCIL
INTERNAL AUDIT ANNUAL PLAN

2024 - 2025 Annual Plan

2024 - 2027 Strategic Plan

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Agenda Item 6

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AUDIT RISK ASSESSMENT



BACKGROUND

Our risk-based approach to internal audit uses Oxford City Council's (the Council) own risk management process and risk register as a starting point for audit planning as this represents your own assessment of the risks to achieving your 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 2024/25

The indicative Internal Audit programme for 2024/25 is set out on pages 6 to 10. We met with the Heads of Services and the Operational Delivery Group (ODG) in order to bring together a full draft plan to be presented to this Audit and Governance Committee meeting 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 page 5.



INDIVIDUAL AUDITS

When we scope each review, we will reconsider the anticipated coverage 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 s151 Officer and the Operational Delivery Group (ODG). 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.

SOX controls

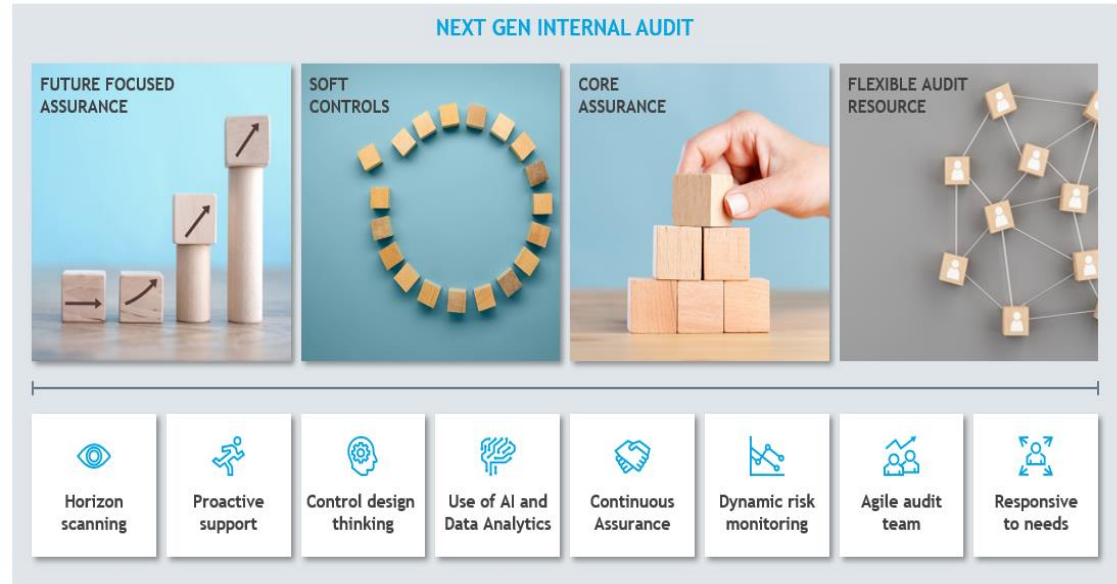
Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

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 CORPORATE PRIORITIES

Ref Corporate priorities from your Strategy 2020 - 24

- 1 Enable an inclusive economy**

Oxford needs a more inclusive economy in which wealth is distributed across our communities and where all citizens can share the benefits of growth.

- 2 Deliver more, affordable housing**

Intervention is needed to address Oxford's housing crisis where existing homes are unaffordable for many and demand for good quality homes outstrips what is available.

- 81 Support thriving communities**

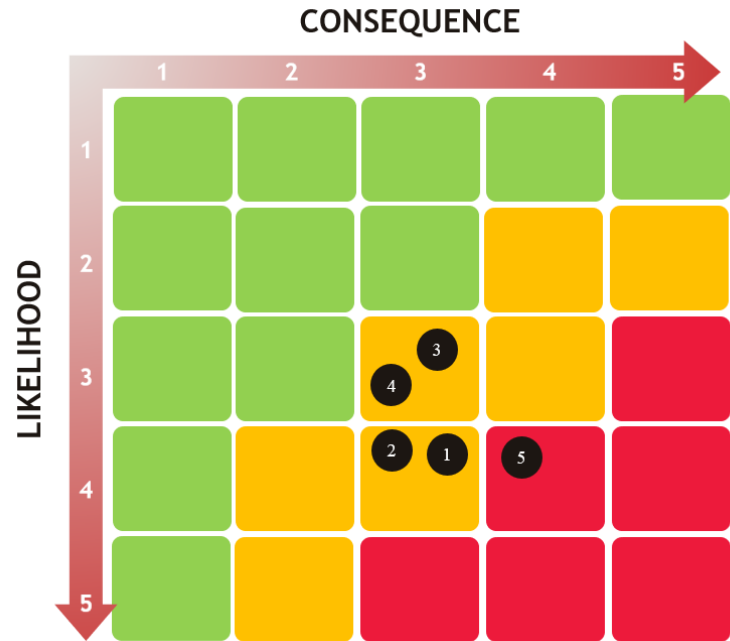
Oxford's diverse communities should be equipped, supported and enabled to tackle inequality and ensure everyone is able to play a full part in the life of our city.

- 4 Pursue a zero carbon oxford**

In 2019 Oxford City Council declared a Climate Emergency and held the Oxford Citizens' Assembly on Climate Change. The clear message from citizens was that they want the city to continue to take a lead in reducing emissions and increasing biodiversity, while ensuring this does not impact citizens' living standards.

- 5 Well run Council**


We will improve the ways we work, recruiting the right people, providing the right tools and training, and delivering services efficiently for residents. As a well-run council, we will deliver the maximum benefit for all Oxford's residents, businesses and communities within the resources available.



MAPPING YOUR CORPORATE PRIORITIES TO THE STRATEGIC PLAN

Ref	Priorities from your corporate plan	2024/25	2025/26	2026/27
1	Enabling an inclusive economy	<ul style="list-style-type: none"> Equality, Diversity and Inclusion (EDI) Dynamic Purchasing System (DPS) for the Supply of Electric Vehicle (EV) Charging Infrastructure 	<ul style="list-style-type: none"> Medium Term Financial Strategy Companies Oversight 	<ul style="list-style-type: none"> Income Generation Economic Regeneration Commissioning Arrangements
2	Deliver more, affordable housing	<ul style="list-style-type: none"> Affordable Housing - Project Management Homelessness Prevention and Council Homes allocation 	<ul style="list-style-type: none"> Housing Decarbonisation 	<ul style="list-style-type: none"> Housing Rents Private Rented Sector
3	Support thriving communities	<ul style="list-style-type: none"> Risk Maturity Homelessness Prevention and Council Homes allocation 	<ul style="list-style-type: none"> Leisure Centre Contracts Health and Safety 	<ul style="list-style-type: none"> Youth Ambition Programme
4	Pursue a zero carbon Oxford	<ul style="list-style-type: none"> Dynamic Purchasing System (DPS) for the Supply of Electric Vehicle (EV) Charging Infrastructure 	<ul style="list-style-type: none"> Housing Decarbonisation 	
5	Well run Council	<ul style="list-style-type: none"> Income Generation Data Analytics Accounts Payable GDPR and high-level Freedom of Information 	<ul style="list-style-type: none"> Data Analytics Purchase Cards and Expenses Treasury Management Council Tax and NNDR Cyber Security 	<ul style="list-style-type: none"> Data Analytics Payroll and Overtime Recruitment and Retention Fixed Asset Register Business Continuity and Disaster Recovery

INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (1/5)

Area	Priority	Days	Timing	Description of the Review	Reason for Inclusion
Core Assurance					
Affordable Housing - Project Management	1,2	16	Q3/4	To review the Council's governance and performance monitoring arrangements for their current affordable housing development projects; Black Bird Leys (New Homes and Community Space) and OX Place (New Group (ODG), these developments are a key focus area for the Council, and it is paramount the projects are managed efficiently, and key objectives are met.	Oxford's housing crisis has led to existing homes becoming increasingly unaffordable and a lack of good quality homes available. From discussions with the Operational Delivery Group and the Audit and Governance Committee, these developments are a key focus area for the Council, and it is paramount the projects are managed efficiently, and key objectives are met.
Risk Maturity 	3	15	Q1	As part of this review, we will assess whether: <ul style="list-style-type: none"> Adequate governance structures are in place to monitor risks and insufficient scrutiny is given to risk management. Risks are adequately/effectively identified, monitored and managed. The risks on the risk registers correspond to those actually facing the Council. Risks are reviewed on a regular basis and appropriate assurance and controls are assigned to them Software to record and monitor risks is utilised effectively. Escalation and management review of risks is sufficient, and mitigating actions are effective. 	This area was identified as a key focus area by the Operational Delivery Group and the Audit and Governance Committee.

INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (2/5)

Area	Priority	Days	Timing	Description of the Review	Reason for Inclusion
Core Assurance					
Homelessness Prevention and Council Homes allocation	2,3	16	Q1	To review the homelessness strategy, assess whether staff capacity and training is sufficient to effectively facilitate homelessness prevention, whether multi agency working is supported by the Council and there are adequate financial management and budget monitoring arrangements in place. We will also undertake a high - level review on council home allocations and whether practices are in line with Council policy.	Due to the existing pressures in homelessness and the Oxford housing crisis the Council require assurance on whether relevant resources effectively manage homelessness and are allocating Council properties to those who meet the criteria.
Dynamic Purchasing System (DPS) for the Supply of Electric Vehicle (EV) Charging Infrastructure	1,4	15	Q3	To review the controls and processes of the Dynamic Purchasing System (DPS) electronic system and assess whether compliance criteria are met for both the Council and suppliers and the processes built into and documented before suppliers are able to join the DPS.	This is a new area for the Council and therefore the Council would like assurance on whether the DPS system is beneficial and suppliers are operating effectively.
Income Generation	3	16	Q3	To review governance and operational arrangements in place for Income Generation.	An area of increased focus by the ODG and s151 Officer. Income Generation was covered as part of the 2022-23 internal audit plan, in particular Commercial Rent. We will undertake an income generation review the area of focus will be determined at the scoping meeting stage.

INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (3/5)

Area	Priority	Days	Timing	Description of the Review	Reason for Inclusion
Core Assurance					
Accounts payable	4	16	Q3	A cyclical review of a sample of accounts payable transactions and to assess the three-way match process ensuring transactions are raised, approved and paid accurately and in a timely manner. We will review management performance reports, whether policies and procedures are fit for purpose and a scheme of delegation is up-to-date and appropriately embedded within the Agresso system.	This is a cyclical review and is a mandatory area to form part of the Head of Internal Audit Opinion.
GDPR and high-level Freedom of Information	4	15	Q2	To review whether the GDPR and the Freedom of Information act are both being adhered to in accordance with legislation.	This is a sector-wide area of focus and an area of focus for the Audit and Governance Committee.
Data Analytics	2,3	15	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/exceptions identified.	Cyclical review of key systems and controls to provide assurance on the core financial controls in place.

INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (4/5)

Area	Priority	Days	Timing	Description of the Review	Reason for Inclusion
Soft Controls					
Equality, Diversity and Inclusion (EDI Maturity)	3	18	Q2	A review of the Councils arrangements on Equality, Diversity and Inclusion. This will be a maturity assessment identifying the Council's improvement arrangements on a scale such as the tone from the top, policies and statements and compliance to standards.	This is an increasing area of focus across Local government. This will provide insights into the Council's current position and future improvement.

INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (5/5)

Area	Priorities	Days	Timing	Description of the Review	Reason for Inclusion
Contract Management					
Planning / liaison / management	N/A	20	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
Recommendation follow up	N/A	9	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for ODG and Audit and Governance Committee
Audit and Governance Committee	N/A	4	Q1 - Q4	Attendance at Audit and Governance Committee meetings, pre-meets and Audit and Governance Committee Chair liaison	Effective contract management
Summary					
Core assurance	Various	124			
Soft controls	Various	18			
Future focused	Various	-			
Flexible audit resource	Various	-			
Contract Management		33			
Contingency Days		5			
Total Days		180			

APPENDIX I (1/5)

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.

APPENDIX I (2/5)

Internal Audit Charter - Role and Scope of Internal Audit

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.

8 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.

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.

APPENDIX I (3/5)

Internal Audit Charter - Role and Scope of Internal Audit

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 Oxford City 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 on the following page 14 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.

APPENDIX I (4/5)

Internal Audit Charter - Role and Scope of Internal Audit

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 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 three indicators on the following page 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.

APPENDIX I (5/5)

Internal Audit Charter - Role and Scope of Internal Audit

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	Email
Gurpreet Dulay	Partner, BDO	Gurpreet.Dulay@bdo.co.uk
Yasmin Ahmed	Internal Audit Manager	Yasmin.Ahmed@bdo.co.uk

FOR MORE INFORMATION:**Gurpreet Dulay**

Gurpreet.Dulay@bdo.co.uk

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