AUDIT AND GOVERNANCE COMMITTEE
4 JUNE 2025

INTERNAL AUDIT STRATEGY & PLAN 2025/26

Report by Executive Director of Resources

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**

    Comment and note the Internal Audit Strategy and Internal Audit Plan for 2025/26.

Executive Summary

2. This report presents the Internal Audit Strategy and Internal Audit Plan for 2025/26. A separate plan for Counter-Fraud activity will be presented to this Committee in July 2025.

3. Appendix 2 sets out the annual Internal Audit plan for 2025/26.

4. The key focus of audit activity during the year includes:

    - Financial Management
    - Capital
    - Major Programmes
    - Contract Management
    - Governance
    - IT Security
    - Service Strategic Risks

Introduction

5. The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Global Internal Audit Standards in the UK Public Sector (effective from April 2025).

6. In accordance with the Global Internal Audit Standards in the UK Public Sector (GIAS), the purpose of the internal audit function "is to strengthen Oxfordshire County Council's ability to create, protect and sustain value by providing the Audit & Governance Committee and management with independent, risk-based, and objective assurance, advice, insight and foresight".

7. The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council's Annual Governance Statement. In providing this opinion an annual review is required of the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.

8. The Internal Audit Annual Plan is drafted and presented at the start of each financial year, however, will evolve and needs to be dynamic and subject to amendments / responsive to organisational change and resulting emerging risks during the year. Significant changes to Oxfordshire County Council's business, risks, operations, systems and controls need to be assessed and internal audit resources targeted across immediate priority areas for the organisation.

Service Vision

9. The Internal Audit and Counter Fraud teams are managed under one service. Internal Audit has a statutory role to provide independent assurance that Oxfordshire County Council's risk management, governance and internal control processes are operating effectively. We deliver internal audit work which is fully compliant with Global Internal Audit Standards in the UK Public Sector. The Counter Fraud Team is responsible for developing and implementing the Anti-Fraud and Corruption Strategy, including fraud prevention, undertaking the investigation into suspected or reported financial irregularities and pursuing the appropriate sanctions or recovery of funds.

10. The service strives to be an indispensable part of good governance within the organisation. The service has demonstrated with the Internal Audit and Counter Fraud teams working collaboratively as part of one team, that it works more efficiently, adding more value and contributing to an improved control environment for the organisation.

11. The professions of both internal audit and counter fraud are evolving and will undergo major transformation over the coming years driven by new emerging risks, accelerating data and technological advancements, enhancements to professional standards and the need to expand the pipeline of talent, where there is currently a significant national shortage. The service will need to continue to develop and grow and strengthen skills and capabilities to remain relevant and effective. The service will need to harness new technologies and

the opportunities that data analytics delivers for improved internal assurance activity and fraud prevention and detection.

Service Objectives

12.   The services objectives for the Internal Audit & Counter Fraud teams are:

- Evaluate and improve the effectiveness of Oxfordshire County Council's governance, risk management and control processes, through delivery of the annual internal audit plan and Chief Internal Auditor's overall annual opinion.

- Provide advice, insight and added value, consistent with the achievement of the Oxfordshire County Council's strategic priorities and objectives, acting as a strategic advisor to challenge current practice and promote best practice.

- Protect Oxfordshire County Council's resources by ensuring they are not lost through fraud but are used to deliver services to residents, through delivery of the Anti-Fraud and Corruption Strategy and the agreed annual Counter-Fraud plan, including fraud prevention and detection activities and leading the management of fraud investigations

- Harness new technologies and continue to develop and extend the use of data analytics and the opportunities that it presents to improve internal audit assurance and counter fraud prevention and detection activity.

- Acknowledging the significant shortfall in internal audit and counter fraud talent nationally, develop the skills and capabilities, within the team, that are needed now and, in the future, through a "grow our own strategy" and continued use of apprentices, offering a strong coaching and enabling culture, actively supporting formal professional development and offering career pathways.

Audit Planning Methodology

13.   The Internal Audit Plan is developed to consider the corporate vision and priorities of Oxfordshire County Council, the Strategic Leadership Team's (SLT) priorities and management's assessment of risk as set out in the strategic and directorate risk registers. The audit plan includes cross referencing to those priorities and risks.

14.   We also use our own risk assessment against each activity assessing their significance, sensitivity and materiality – ranking each activity as high, medium or low priority for inclusion within the Internal Audit Plan.
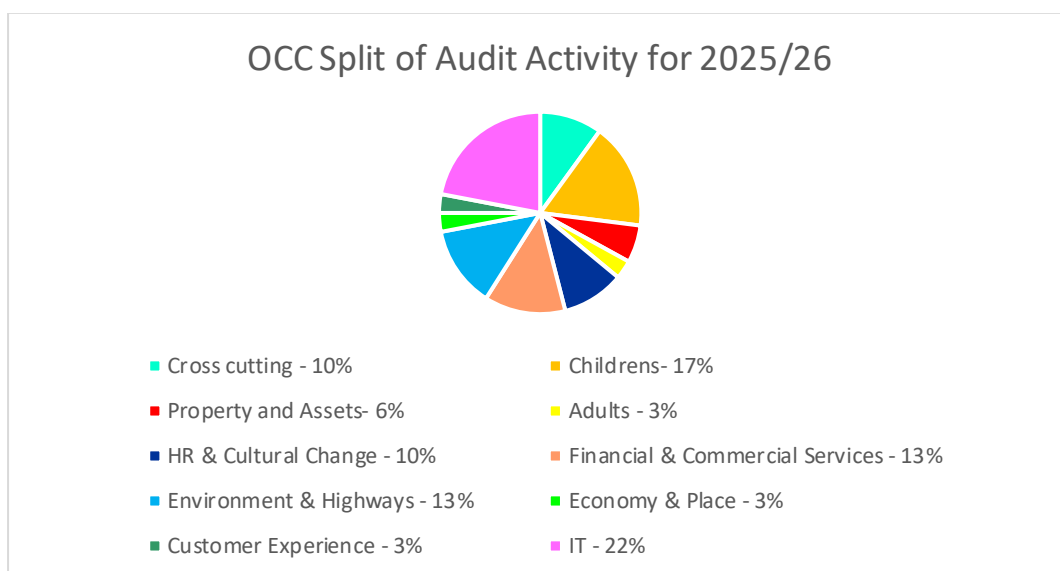
15.   Audit planning is undertaken in accordance with Oxfordshire County Council's Internal Audit Charter and Global Internal Audit Standards in the UK Public Sector.

16.   As part of the annual planning process the Chief Internal Auditor meets with members of the Strategic Leadership Team and other Senior Managers. This provides crucial insight and intelligence into the strategic and operational priorities of the organisation. There are regular meetings with each of the Directors/Services to ensure the plan is kept under continuous review. The plan is also reviewed quarterly and presented to the Audit and Governance Committee for consideration and comment. This ongoing review and insight enable the audit plan to be flexible to meet any changing assurance needs and risks of the organisation.

17.   The Audit and Governance Committee will continue throughout 2025/26 to gain assurance through reports from Senior Management on key areas.

18.   The aim is to align work with other assurance providers where appropriate, including the External Auditors and the auditors for the IBC (Hampshire's Integrated Business Centre).

19.   The Chief Internal Auditor is a member of the Corporate Governance Assurance Group, which supports the monitoring and development of the assurance framework and production of the Annual Governance Statement. This includes review of the key governance areas through the Corporate Leads.

20.   The Chief Internal Auditor continues to attend the Counties Chief Auditor Network (National Group) and also the Midland Counties and Districts Chief Internal Auditors Group to enable networking and to share good practice. This contributes to the internal audit planning activity.

21.   The Audit and Governance Committee will receive a quarterly report, including a status update on the approved work plans, and a summary of the outcomes of completed audits.

Counter-Fraud

22.   Internal Audit have the responsibility for Counter-Fraud. The Counter Fraud Strategy and Plan for 2025/26 will be presented to the July Audit and Governance Committee.

Internal Audit Resourcing

23. The 2025/26 internal audit structure is included in Appendix 3. The Audit and Governance Committee are regularly updated regarding the Internal Audit resourcing position.

24. One of the Principal Auditors has been temporarily covering the role of Audit Manager for a period of six months, from the beginning of January 2025. This arrangement has now been formalised and from the beginning of July 2025 will be permanently performing the role of Audit Manager.

25. There continues to be a national challenge with the recruitment of good quality internal audit staff, particularly at a Senior/Principal Auditor level. We continue with the approach of "growing our own" and have a current Internal Audit Apprentice who started with us in September 2024. The service has a vacancy for a Principal Auditor and is trying to successfully recruit to this post.

26. The planned chargeable days available to the council in 2025/26 = 1100 (after deducting overheads such as annual leave, and other absences). This is assuming the successful recruitment to the Principal Auditor vacancy. The planned days available for Internal Audit assignments are 900 days. This is in line with the previous allocations in 2024/25, 2023/24, 2022/23 & 2021/22. (Other Chargeable days – non- audit assignment, are recorded at the end of the narrative plan in Appendix 2) The following chart shows an approximate split of chargeable audit activity days across directorates.

OCC Split of Audit Activity for 2025/26

- Cross cutting - 10%
- Childrens- 17%
- Property and Assets- 6%
- Adults - 3%
- HR & Cultural Change - 10%
- Financial & Commercial Services - 13%
- Environment & Highways - 13%
- Economy & Place - 3%
- Customer Experience - 3%
- IT - 22%

Quality & Performance

27. Oxfordshire County Council Internal Audit operates in conformance with the Global Internal Audit Standards in the UK Public Sector. The service promotes excellence and quality through its audit process, application of its Quality Assurance Improvement Programme and training and development. During 2025/26 there is one internal audit apprentice within the team. One of the

Auditors is also undertaking professional internal audit training and is studying the Certified Internal Auditor Qualification.

28. The service uses a number of ways to monitor performance, respond to feedback and seek opportunities to improve. Evidence of the quality of audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.

29. During 2023/24 the service was subject to an external assessment against the previous Public Sector Internal Audit Standards. The results of the external assessment concluded that the service fully conformed with the standards. The full report was presented to the January 2024 Audit and Governance Committee. The next external assessment is due in 2028/29.

30. During 2025/26, the service we undertake a self-assessment against the new Global Internal Audit Standards in the UK Public Sector. Once complete the results will be reported to the Audit and Governance Committee.

31. The performance indicators for 2025/26 are attached as Appendix 1 to this report.

Financial Implications

32. There are no direct financial implications arising from this report.

Comments checked by: Lorna Baxter, Executive Director of Resources and Section 151 Officer lorna.baxter@oxfordshire.gov.uk

Legal Implications

33. There are not direct legal implications arising from this report.

Kim Sawyer, Interim Head of Legal and Governance,
kim.sawyer@oxfordshire.gov.uk

Staff Implications

34. There are no direct staff implications arising from this report.

Equality & Inclusion Implications

35. There are no direct equality and inclusion implications arising from this report.

Sustainability Implications

36.   There are no direct sustainability implications arising from this report.

Risk Management

37.   There are no direct risk management implications arising from this report.

NAME: Lorna Baxter, Executive Director of Resources and Section 151 Officer.

Annex: Annex 1: 2025/26 Performance Indicators
                                    Annex 2: 2025/26 Internal Audit Plan
                                    Annex 3: 2025/26 Internal Audit Structure Chart

Contact Officer: Sarah Cox, Chief Internal Auditor,
                                    sarah.cox@oxfordshire.gov.uk

May 2025.

APPENDIX 1   PERFORMANCE INDICATORS 2025/26

	Performance Measure	Target	Frequency of reporting	Method
1	Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the CIA, no more than three times the total audit assignment days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
2	Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
3	Elapsed time between receipt of management responses and the issue of the final report	10 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2026.	Annual Report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	Quarterly Report to AWG	Action Management Tracking System
6	Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 (1= Good, 2 = Satisfactory, 3 = Unsatisfactory, 4 = Poor)	Quarterly Report to A&G Committee	Questionnaire
7	Directors' satisfaction with internal audit work	Satisfactory or above	Periodically (every 2-3 years) review of the effectiveness of IA - Monitoring Officer report to A&G Committee	Last completed by the Monitoring Officer in 2023/24 and reported to A&G in November 2024 (so not due for 2025/26)

APPENDIX 2: Internal Audit Plan 2025/26

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Cross Cutting	Capital Programme Delivery	The audit will provide assurance over the governance, risk management and internal control processes which ensure that capital projects are managed effectively, funds are used appropriately, and objectives are met.	H	Strategic Risk Register: SR01 Financial Resilience.
Cross Cutting	Grants (received)	The audit will provide assurance across services of the effectiveness of the grants received management process in ensuring funds are used effectively and in compliance with grant requirements.	M	Strategic Risk Register: SR01 Financial Resilience.
Cross Cutting	Local Government Reorganisation.	In response to the government's white paper on devolution and local government reorganisation Oxfordshire County Council will be replaced by consolidating council services into a unitary authority or authorities. The audit will provide assurance over the initial stages of planning and preparation for transition to Unitary, including how existing key governance, risk management and high-level control mechanisms are being considered.	H	Strategic Risk Register: SR12 Devolution/Local Government Reorganisation.
Childrens	Transformation Programme – including Financial Management	The audit will provide assurance over the implementation of the children's transformation programme, including the improvements being delivered in financial and performance management. (The audit will follow on from the work completed as part of the 23/24 internal audit plan)	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Strategic Risk Register: SR04: Demand Management Children, SR09 Delivering the Future Together – Transformation, SR01 Financial Resilience

Childrens	Missing Children	The audit will provide assurance over the application and effectiveness of policies, procedures and processes in place for identifying and following up on Missing Children.	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens / Property & Assets	Safeguarding Transport	The audit will follow up on work previously completed by Internal Audit, providing assurance over the robustness of Safeguarding policies and procedures for the transport of children and young people via commissioned transport services.	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens	Multiply	The purpose of the Multiply initiative is the delivery of programmes which improve adult numeracy. In addition to the requirement for sign off of the grant declaration by the Chief Finance Officer and Chief Executive, the Department for Education requires that the grant spend is audited and the internal controls reviewed.	M	Strategic Plan Priority: Tackle inequalities in Oxfordshire.
Childrens	School Attendance Orders	The audit will provide assurance on the Council's school attendance processes, including school attendance orders (which are issued by a local authority when they believe a child is not receiving suitable education) and ensuring compliance with agreed policy, procedure and legal requirements.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens	Repairs & Maintenance in Schools	Repairs and maintenance budgets are devolved to maintained schools. This has allowed schools to take responsibility for managing their ongoing maintenance needs. The audit will review the oversight the Council has to ensure that schools are maintaining their facilities properly and complying with legal and safety standards.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Adults	Discharge to Assess	A new Discharge to Assess programme has been implemented to change the process and speed at which patients are offered social care support after a stay in hospital, enabling them to leave hospital sooner and recover safely in their home. The audit will review the processes/discharge pathways in place, including how performance and outcomes are monitored and reported	M	Strategic Plan Priority: Prioritise the health and wellbeing of residents & Support carers and the social care system.

		on. (The audit was deferred from the 2024/25 internal audit plan).		
HR & Cultural Change	Recruitment – Applicant Tracking System	Recruitment activity has been brought back in house after previously being delivered by the (IBC) Integrated Business Centre. A new applicant tracking system has been implemented. The audit will review the processes in place / operation of the system to ensure effective management of applications. (The audit was deferred from the 2024/25 internal audit plan).	M	Strategic Risk Register: SR07 Strategic Workforce Planning
HR & Cultural Change	Schools HR	The audit will provide assurance over the delivery of statutory responsibilities for HR for Schools.	M	Strategic Risk Register: SR07 Strategic Workforce Planning
HR & Cultural Change	Absence Recording	The audit will provide assurance over compliance with absence recording policies and procedures, including annual leave and sickness.	M	Strategic Risk Register: SR07 Strategic Workforce Planning
Financial & Commercial Services	Pensions Administration	This is an annual audit to test the key controls providing assurance that members records are accurately maintained and that payments through the pension's payroll are accurate, timely and legitimate.	M	
Financial & Commercial Services	Pension Fund Investments	The audit will test the key controls providing assurance that the pension fund is being properly managed, with funds invested securely, maximising investment opportunities and is compliant with relevant legislation.	M	
Financial & Commercial Services	Insurance	The audit will review the Council's insurance strategy, providing assurance on governance and policy, claims handling and risk management.	M	
Financial & Commercial Services	Duplicate Payments	The audit will review the adequacy and effectiveness of internal controls to prevent / identify duplicate payments.	M	
Property & Assets	Vehicle Management Service	The audit will review the governance and internal control arrangements with the Vehicle Management Service which has been recently established to centralise coordination of	M	

		all vehicle assets and colleague travel requirements across the Council.		
Environment & Highways	Highways	A new highways maintenance contract will commence on 1 April 2025 (following a mobilisation period from September 2024). The audit will review the adequacy and effectiveness of the contract management activity in place.	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network.
Environment & Highways	HIF1 (Didcot Garden Town Housing Infrastructure Fund)	HIF 1 is a major infrastructure programme, which is part funded from the Homes England's Housing Infrastructure Fund. The audit will review the programme delivery assurance governance and mechanisms. (The audit was deferred from the 2024/25 internal audit plan).	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network. Strategic Risk Register: SR03 HIF1 & HIF2
Environment & Highways	Bridge Management	The audit will provide assurance over the systems and processes in place for inspecting, maintaining and managing bridges.	M	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network.
Environment & Highways / IT Operations	HIAMS (Highways Infrastructure Asset System) – IT audit.	The audit will review the key security controls over HIAMS, covering system administration, user management, data security and protection. The audit will also review the planned replacement of the system in terms of changes to architecture, utilisation of new technologies such as AI, process automation and the development of the specification of requirements.	M	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network. Strategic Risk Register: SR02 Cyber Security.
Economy & Place	S106 Developer Contributions	A new IT system was implemented in May 2022, which records secured, held and allocated S106 developer contributions. There has also been a detailed service review of S106 end-to-end processes and workflows. The audit will follow on from the audit completed in 2023/24, reviewing the effectiveness of the management, oversight and reporting of contributions. (The audit was deferred from the 2024/25 internal audit plan).	H	Strategic Risk Register: SR11 S106.

Transformation, Digital & Customer Experience	Freedom of Information Requests	The audit will review the processes for handling Freedom of Information Requests, ensuring that deadlines are met and effectiveness of the quality review of the responses provided.	M	
IT Operations	Database Security	SQL databases are used by critical corporate applications within the council, including Liquidlogic's Adults and Children's systems. The audit will provide a technical review over the security configuration of SQL databases.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	ICT Backups	A new back-up solution is being implemented in 2025. The audit will review the procedures and processes for taking, securing and assuring backups of digital systems and data.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	Bring Your Own Device (BYOD)	The audit will review the policy and technical security controls over personal devices that are allowed access to corporate systems and data.	M	Strategic Rick Register: SR02 Cyber Security.
IT Operations	IT Disaster Recovery	The audit will review the plans and procedures for recovering digital systems and services following a major IT incident.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	IT Asset Management	The audit will provide assurance over the management of end-user devises over their lifecycle, including procurement, inventories, storage and disposal.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	GOSS – IT Audit	GOSS is a technology platform which allows public sector organisations to create online website forms. The audit will review the IT security controls over the digital platform.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations / Finance	ContrOCC – IT Audit	The ContrOCC system is already used for making payments within Adult's and Children's social care and is being implemented to replace LIFT for early years payments. The audit will review the management and IT security controls over the system. This will include system roles and responsibilities between Finance and ITID.	M	Strategic Risk Register: SR02 Cyber Security.
Grant Certification		There are several requests made throughout the year for Chief Internal Auditor sign off, of grant certifications.	Mandatory	*Chief Internal Auditor sign off – requirement of grant claim conditions.*

Other (Chargeable days – non- audit assignment)		
There are days which are not attributed to specific planned audit activity and include:	• Chief Internal Auditor's management days • Preparation of the audit plan and operational planning • Reports for the Audit Working Group and Audit & Governance Committee • Attendance at Leadership Team meetings and regular meetings with Senior Management • Attendance at the Corporate Governance Assurance group including contribution to and overview of the Annual Governance Statement • External Audit liaison • Liaison with other assurance providers.	• Follow up on implementation of agreed management actions. • Annual self-assessment against internal audit standards – In accordance with the requirements of the Public Sector Internal Audit Standards • Advice and Liaison • Production of the Chief Internal Auditors' Annual Report • Development of data matching / analytics • Contribution to change management programmes • Admin support for actual audit work

APPENDIX 3: INTERNAL AUDIT AND COUNTER FRAUD TEAM STRUCTURE 2025/26

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                        ┌─────────────────────┐
                        │ Chief Internal      │
                        │ Auditor 0.8 fte     │
                        └─────────────────────┘
        ┌──────────────┬────────────┴─────────────┬──────────────┐
   ┌─────────┐   ┌──────────────┐        ┌──────────────┐   ┌──────────────┐
   │ Counter │   │ Audit        │        │ Audit        │   │ IT Audit     │
   │ Fraud   │   │ Manager      │        │ Manager      │   │ Lead         │
   │ Team    │   │ 0.8 fte      │        │ 0.8 fte      │   │ (external)   │
   │ Manager │   └──────────────┘        └──────────────┘   │ 0.5 fte      │
   │ 1 fte   │                                              └──────────────┘
   └─────────┘
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Chief Internal Auditor 0.8 fte

- **Counter Fraud Team Manager 1 fte**
  - Senior Counter Fraud Officer 1 fte
  - Intelligence & Data Officer 1fte
  - Assistant Counter Fraud Officer 1 fte

- **Audit Manager 0.8 fte**
  - Principal Auditor 0.8 fte
  - Assistant Auditor (IIA Apprentice) 1 fte
  - Senior Auditor 1 fte

- **Audit Manager 0.8 fte**
  - Principal Auditor 1fte (vacant)
  - Auditor 1 fte

- **IT Audit Lead (external) 0.5 fte**