AUDIT & GOVERNANCE COMMITTEE
8 MAY 2024

INTERNAL AUDIT STRATEGY & PLAN 2024/25

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 2024/25.

Executive Summary

2.   This report presents the Internal Audit Strategy and Internal Audit Plan for 2024/25. A separate plan for Counter-Fraud activity will be presented to the July 2024 Committee.

3.   Appendix 2 sets out the annual Internal Audit plan for 2024/25.

4.   The key focus of audit activity during the year includes:
      - Financial Management
      - Contract Management
      - Directorate Strategic Risks
      - Governance

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 Public Sector Internal Auditing Standards 2013, updated March 2017.

6.   The Public Sector Internal Auditing Standards defines "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."

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 we are required to review annually 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. The operational impacts, new control environment, any changes in governance arrangements, resulting from events such as the pandemic, need to be assessed and internal audit resources targeted across immediate priority areas for the organisation.

Audit Planning Methodology

9. 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.

10. 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.

11. Audit planning is undertaken in accordance with Oxfordshire County Council's Internal Audit Charter and Public Sector Internal Audit Standards.

12. 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 Directorates 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 enables the audit plan to be flexible to meet any changing assurance needs and risks of the organisation.

13. The Audit and Governance Committee will continue throughout 2024/25 to gain assurance through reports from Senior Management on key areas.

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

15.   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.

16.   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.

17.   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.
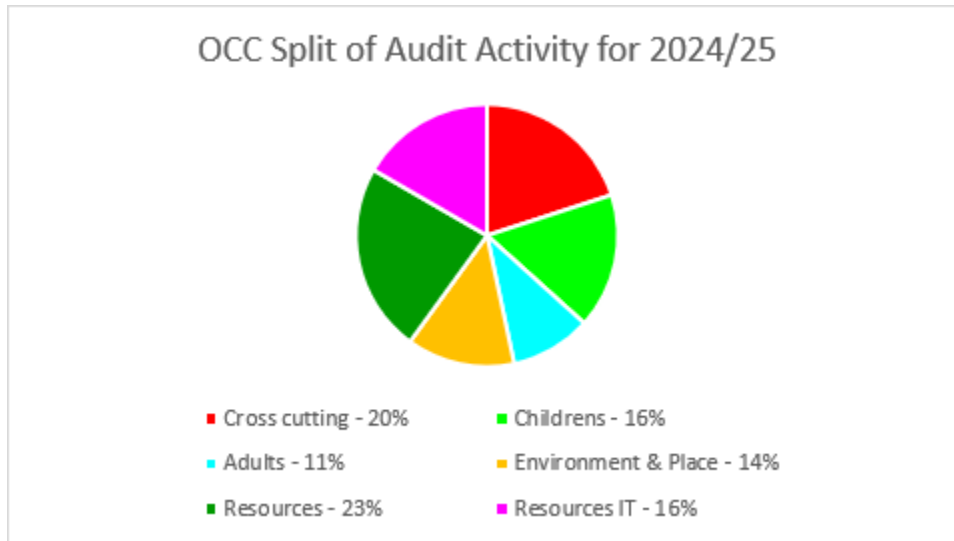
Counter-Fraud

18.   Internal Audit have the responsibility for Counter-Fraud. The Counter Fraud Strategy and Plan for 2024/25 will be presented to the July Audit & Governance Committee.

Internal Audit Resourcing

19.   The 2024/25 internal audit structure is included in Appendix 3. The Audit & Governance Committee are regularly updated regarding the Internal Audit resourcing position.

20.   From the end of April 2024, we will no longer be providing the Internal Audit and Counter Fraud service to Cherwell District Council. As a result of this, one Senior Auditor vacant post has been removed from the structure. (Appendix 3, shows structure with the post removed).

21.   There continues to be a national challenge with the recruitment of good quality internal audit staff, particularly at a Senior Auditor level. We continue with the approach of "growing our own" and are in the process of recruiting a new Internal Audit Apprentice to start in September 2024. We have a vacancy for a Senior Auditor and are trying to successfully recruit to this post.

22.   The planned chargeable days available to OCC in 2024/25 = 1100 (after deducting overheads such as annual leave, and other absences). This is assuming we are able to cover / recruit to the Senior Auditor vacancy. The planned days available for Internal Audit assignments are 900 days. This is in line with the previous allocations in 2023/24, 2022/23, 2021/22 & 2020/21. (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 2024/25

- Cross cutting - 20%
- Childrens - 16%
- Adults - 11%
- Environment & Place - 14%
- Resources - 23%
- Resources IT - 16%

Quality & Performance

23. Oxfordshire County Council Internal Audit operates in conformance with the Public Sector Internal Audit Standards. We promote excellence and quality through our audit process, application of our Quality Assurance Improvement Programme and training and development. During 2023/24 the two current apprentices within the team – one Counter Fraud and one for Internal Audit, will complete their qualification. We are in the process of recruiting a new Internal Audit apprentice.

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

25. During 2023/24 we were subject to an external assessment against Public Sector Internal Audit Standards. The results of the external assessment concluded that we fully conformed with the standards. The full report was presented to the January 2024 Audit & Governance Committee.

26. The performance indicators for 2024/25 are attached as appendix 1 to this report.

Financial Implications

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

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

Legal Implications

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

        Comments checked by: Paul Grant, Head of Legal
        paul.grant@oxfordshire.gov.uk

Staff Implications

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

Equality & Inclusion Implications

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

Sustainability Implications

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

Risk Management

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

NAME: Lorna Baxter, Executive Director of Resources.

Annex: Annex 1: 2024/25 Performance Indicators
                        Annex 2: 2024/25 Internal Audit Plan
                        Annex 3: 2024/25 Internal Audit Structure Chart

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

May 2024.

APPENDIX 1   PERFORMANCE INDICATORS 2024/25

	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 2025.	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 2024/25)

APPENDIX 2: Internal Audit Plan 2024/25

Directorate / Service Area	Audit	Scope	Audit Needs Assessment	Link to Corporate Plan / Leadership Risk Register
Cross Cutting	Transformation - Programmes & Major Projects.	As part of the new ways of working of delivering the future together, a new portfolio approach is being implemented to manage programmes and major projects. Each portfolio will provide the structure and governance for the transformation activity. A new Data, Insights and Delivery Hub is being established which includes the creation of a new PMO (Project Management Office). The audit will review the effectiveness of the new arrangements and processes implemented. (The audit was deferred from the 23/24 internal audit plan)	H	Leadership Risk Register SR09 – Delivering the Future Together – transformation.
Cross Cutting / Resources – Finance & Procurement	Strategic Contract Management	The audit will provide assurance over the strategic approach to contract management activities across services, which will include the prioritisation/risk rating of contracts and whether effective oversight of contract management arrangements is in place. (The audit was deferred from the 23/24 internal audit plan)	H	Leadership Risk Register SR01 – financial resilience.
Cross Cutting / Resources – Finance & Procurement	Social Value Policy	Our Social Value Policy enables the council's spending to go further by encouraging suppliers to provide additional social value that will benefit local communities. The policy sets out the framework and procedure governing our use of the social value portal tool. The portal is used during tendering to evaluate social value bids and after contract signature to monitor the delivery of social value. The audit will review how the policy is being adopted and embedded within contracting activity and how outcomes are measured and reported on.	M	Strategic Plan Priority: Work with local business and partners for environmental, economic and social benefit.
Cross cutting / Law & Governance	Conflicts of Interest & Gifts and Hospitality	The Declaring and Registering Interests policy sets out when and how conflicts of interests should be declared. The Gifts and Hospitality Policy sets out how offers of gifts, hospitality and discounts received should be dealt with.	M	

		The audit will review the processes for application of and compliance with both policies.		
Cross Cutting	Joint Internal Audit & Counter Fraud proactive review – Travel Expenses	Undertake a joint Internal Audit and Counter Fraud review on key controls and processes relating to the payment of employee travel expenses, including pro-active testing on a sample of employee travel expense transactions across services. (This follows on from the pro-active review of expenses undertaken in 23/24)	M	
Cross Cutting / Resources – Finance & Procurement	Delivery of Savings & Investments	Savings and investment proposals are included within the Council's medium term financial plan. The audit will review a sample of proposed savings and investments across directorates to provide assurance that robust processes are in place when setting targets and to monitor and report on the achievement of delivery.	H	Leadership Risk Register: SR01 Financial Resilience.
Childrens	Independent Reviewing Officer	An Independent Reviewing Officer (IRO) is appointed for each child we care for. The IRO is responsible for chairing the child's review and monitoring a child's case on an ongoing basis. The audit will provide assurance over the governance and operational processes in place. (The audit was deferred from the 23/24 internal audit plan)	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Leadership Risk Register: SR4: Demand Management Children
Childrens	Transformation Programme – including Financial Management	The audit will provide assurance over the implementation of the children's change programme, including the improvements being delivered in financial and performance management. (The audit will follow on from the work completed as part of the 2324 internal audit plan)	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Leadership Risk Register: SR4: Demand Management Children, SR9 Delivering the Future Together –

				Transformation, SR1 Financial Resilience
Childrens	Direct Payments	Direct Payments are offered to children aged 16 or over who have a disability and to parents or carers, aged 16 or over of young people to enable them to buy in support that is assessed as being needed. Direct Payments can be made for special educational provision, health care and social care provision. The audit will review the internal control processes in place for the administration and management of direct payments.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Leadership Risk Register: SR4: Demand Management Children
Childrens	Supported Families	Following new funding invested by the Government in the Supporting Families Programme, the Department for Levelling Up, Housing, and Communities (DLUHC) have developed the programme further, expanding the outcomes framework and updating the funding formula. Oxfordshire County Council became an early adopter of the new framework, and have built an automated system, Ohana, to identify claimable families. The conditions of the grant claim require Internal Audit to test a sample of families identified within each claim. The service plan to submit regular claims 2024/25.	Mandatory	Chief Internal Auditor sign off – requirement of grant claim conditions.
Childrens & Resources – IT	EYES & LIFT - IT Application Review	EYES (Early Years Education System) is the primary system used within the Children's education service and LIFT (Liquid logic Integrated Finance Technology) is the integrated finance solution. The two systems went live in 2022. The audit will review the management and IT security controls over the systems.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens	Primary School 1	At the request of the Schools Improvement Team there will be a primary school audit undertaken in June 2024.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.

Adults	Client Charging	The audit will provide assurance over the accuracy, integrity and timeliness of client charging. It will include review of the new financial assessments online system.	M	Strategic Plan Priority: Support carers and the social care system.
Adults	Void Management	The audit will provide assurance over the robustness of processes in place across the various adult's provisions where block contracts are in place, ensuring that placements are effectively utilised.	M	Strategic Plan Priority: Support carers and the social care system.
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 on.	M	Strategic Plan Priority: Support carers and the social care system.
Resources – Property, Investment & Facilities Management	Property Strategy Implementation	The Property Strategy sets out the Council's approach to property assets and the priorities for managing and developing the estate. The audit will include providing assurance that governance and management arrangements effectively support delivery of the strategy. (The audit was deferred from the 23/24 internal audit plan)	H	Strategic Plan Priority: Put action to address the climate emergency at the heart of our work.
Resources – Property, Investment & Facilities Management / Cross Cutting	Utilities Management	The audit will provide assurance over the operational processes and internal controls for the management of utilities expenditure and income across the council.	M	
Resources – Workforce & OD	Recruitment – Applicant Tracking System	Recruitment activity is moving away from being delivered by the (IBC) Integrated Business Centre and an in-house resourcing team is being created. A new applicant tracking system is being implemented. The audit will review the processes in place / operation of the system to ensure effective management of applications.	M	Leadership Risk Register: SR07 Strategic Workforce Planning

Resources – Workforce & OD	Mandatory Training	The audit will review the processes in place for identifying what training is categorised as mandatory, quality assurance over the training provided and monitoring of training completion.	M	Leadership Risk Register: SR07 Strategic Workforce Planning
Resources – Workforce & OD	Retention – Employee Feedback	The audit will provide assurance on how feedback from employees, through mechanisms such as engagement surveys, grievances and exit interviews, effectively assesses issues affecting retention of staff.	M	Leadership Risk Register: SR07 Strategic Workforce Planning
Resources – Finance & Procurement	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	
Resources – Finance & Procurement / Childrens – Education	Schools S151 Assurance	The audit will identify and evaluate the key sources of assurance over the standards of governance, financial management and spending within schools.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Resources - IT	Identity and Access Management	The audit will review the provisioning and deprovisioning of network accounts, including third-party supplier accounts.	M	
Resources – IT / Cross Cutting	Artificial Intelligence	Artificial Intelligence (AI) technology is being assessed within local government to help streamline operations and processes, with the aim of increasing efficiency. The audit will review the council's planning and preparations for the use of AI and the governance and control frameworks being developed around its introduction.	M	
Resources – IT	Cyber Security	The audit will review the adequacy and effectiveness of IT security controls used to protect against cyber threats. It will include a review of recommendations from the recent peer review with the LGA.	H	Leadership Risk Register: IT risk – cyber security SR2
Resources – IT / Cross Cutting	Data Management and Utilisation	The audit will review progress against the data strategy and how directorates are benefiting from it. This will include a review of the use of Power BI tools (interactive data visualisation software product).	M	

Resources – IT	Corporate Website	The audit will review the management of the corporate website, including access, security and publishing of content. (this was last audited in 2016).	M	
Customers & Cultural Services	Library System – IT Application review	The audit will review the management and IT security controls over the Library IT system. The system has not been subject to a previous IT audit review.	M	
Environment & Place	Highways	A new highways maintenance contract will commence on 1 April 2025 (following a mobilisation period from September 2024). The existing contract with Milestone is due to expire 31 March 2025. The audit will review the processes in place for managing the commencement of the new contract and the design of the proposed governance arrangements.	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network.
Environment & Place	Income Collection & Parking Account	The audit will review income collection across parking and street works and the governance and control processes in place to determine fees and collect, monitor and spend monies.	M	
Environment & Place	S106 – New IT System	A new IT system has been implemented which records secured, held and allocated S106 contributions. The audit will follow on from the audit completed in 2023/24, reviewing the effectiveness of the system in the management, oversight and reporting of contributions.	M	
Environment & Place	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.	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network. Leadership Risk Register: SR03 HIF 1 & HIF2
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 2024/25