

AUDIT AND GOVERNANCE COMMITTEE

20 May 2026

INTERNAL AUDIT STRATEGY & PLAN 2026/27

Report by Deputy Chief Executive & S151 Officer

RECOMMENDATION

1. The Committee is RECOMMENDED to:

Comment and note the Internal Audit Strategy and Internal Audit Plan for 2026/27.

Executive Summary

2. This report presents the Internal Audit Strategy and Internal Audit Plan for 2026/27. A separate plan for Counter-Fraud activity will be presented to this Committee in July 2026.
3. Appendix 2 sets out the annual Internal Audit plan for 2026/27.
4. The move to a new unitary authority, or authorities requires Internal Audit to provide continued assurance while supporting transformation and ensuring the alignment of governance, risk management, and control frameworks. To do this effectively, the Internal Audit Plan must remain agile and responsive to emerging risks and changing priorities. It will therefore be subject to regular review and adjustment throughout 2026/27 and 2027/28, leading up to vesting day in April 2028.

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 Head of Internal Audit & Counter Fraud 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 Head of Internal Audit'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.
 - Support Local Government Reorganisation, ensuring an effective transition to new organisational arrangements, including the review of the design and adequacy of new governance and internal control structures as they are developed and implemented.

Audit Planning Methodology

13. The Internal Audit Plan is developed to consider the corporate vision and priorities of Oxfordshire County Council, the Strategic Leadership Board's (SLB) 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 Head of Internal Audit & Counter Fraud meets with members of the Strategic Leadership Board, Directors 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 2026/27 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 Head of Internal Audit & Counter Fraud 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 Head of Internal Audit & Counter Fraud 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.

Local Government Reorganisation

22. Once the government's decision on the future unitary model for Oxfordshire is confirmed, a coordinated and collaborative approach will be required across existing internal audit functions to support an effective transition to any new organisational arrangements. This will include reviewing the design and adequacy of new governance and internal control structures as they are developed. Internal audit will be required to provide assurance over key areas of transitional risk.

23. The internal audit plan will therefore be subject to regular review and adjustment throughout 2026/27 and 2027/28, leading to vesting day in April 2028.
24. To ensure internal audit capacity is available to support Local Government Reorganisation, Oxfordshire County Council internal audit days for 2026/27 and 2027/28 have been reserved for this purpose rather than fully allocated to business-as-usual assurance activity.
25. During 2027/28, Oxfordshire County Council Internal Audit will increase its focus on controls-based compliance work to provide assurance over transaction integrity and OCC accounts leading to vesting day.

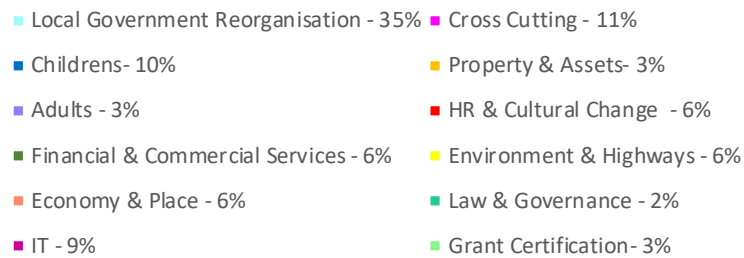
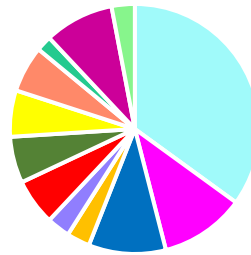
Counter Fraud

26. Internal Audit have the responsibility for Counter Fraud. The Counter Fraud Strategy and Plan for 2026/27 will be presented to the July Audit and Governance Committee.
27. The Counter Fraud plan will need to align with the Internal Audit activity in relation to Local Government Reorganisation, with the Counter Fraud activity focussing on emerging fraud risks during transition and post vesting day.

Internal Audit Resourcing

28. The 2026/27 internal audit structure is included in Appendix 3. The Audit and Governance Committee are regularly updated regarding the Internal Audit resourcing position.
29. 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”, our most recent Internal Audit Apprentice who started with us in September 2024 has recently been appointed into the role of Auditor.
30. The planned chargeable days available to the council in 2026/27 = 1050 (after deducting overheads such as annual leave, and other absences). The planned days available for Internal Audit assignments are 900 days. This is in line with the previous allocations in 2025/26, 2024/25, 2023/24 & 2022/23. (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 2026/27



Quality & Performance

31. 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 2026/27 one of the Auditors is undertaking professional internal audit training, studying the Certified Internal Auditor Qualification.
32. 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.
33. 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.
34. We undertake an annual self-assessment against the new Global Internal Audit Standards in the UK Public Sector. The results are reported to the Audit and Governance Committee (last reported to the January 2026 Audit & Governance Committee meeting).
35. The performance indicators for 2026/27 are attached as Appendix 1 to this report.

Financial Implications

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

Comments checked by: Lorna Baxter, Deputy Chief Executive and Section 151 Officer

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Legal Implications

37. There are no direct legal implications arising from this report.

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Staff Implications

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

Equality & Inclusion Implications

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

Sustainability Implications

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

Risk Management

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

NAME: Lorna Baxter, Deputy Chief Executive and Section 151 Officer.

Annex:

Annex 1: 2026/27 Performance Indicators

Annex 2: 2026/27 Internal Audit Plan

Annex 3: 2026/27 Internal Audit Structure Chart

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May 2026.

APPENDIX 1 PERFORMANCE INDICATORS 2026/27

	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 2027.	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 - due November 2026

APPENDIX 2: Internal Audit Plan 2026/27

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Internal Audit Plan Part 1 – Local Government Reorganisation				
<p>The move to a new unitary authority (or authorities) requires Internal Audit to provide continued assurance while supporting transformation and ensuring the alignment of governance, risk management, and control frameworks. To do this effectively, the Internal Audit Plan must remain agile and responsive to emerging risks and changing priorities. It will therefore be subject to regular review and adjustment throughout 2026/27 and 2027/28, leading up to vesting day in April 2028.</p> <p>Once the government's decision on the future unitary model for Oxfordshire is confirmed, a coordinated and collaborative approach will be required across existing internal audit functions to support an effective transition to any new organisational arrangements. This will include reviewing the design and adequacy of new governance and internal control structures as they are developed. Internal audit will be required to provide assurance over key areas of transitional risk, including:</p> <ul style="list-style-type: none"> • The overall governance framework and programme management controls • Financial transition • Procurement & contracts transition • Technology transition • Data transition • HR, culture and workforce transition • Legal and democratic transition • Property & assets transition • Major services transition <p>To ensure internal audit capacity is available to support Local Government Reorganisation, OCC internal audit days for 2026/27 and 2027/28 have been reserved for this purpose rather than fully allocated to business-as-usual assurance activity.</p> <p>During 2027/28, OCC Internal Audit will increase its focus on controls-based compliance work to provide assurance over transaction integrity and OCC accounts leading to vesting day.</p> <p>There will also be a requirement for a coordinated and collaborative approach across existing Counter Fraud functions with Counter Fraud Plans aligned and coordinated with the Internal Audit activity, focussing on emerging fraud risks during transition and post vesting day.</p>				

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Part 2 of the audit plan sets out assurance work for existing priority service areas and processes for the 2026/27 financial year, ensuring robust governance, risk management and internal controls, which will also support readiness for the new organisation/organisations.				
Internal Audit Plan Part 2 – 2026/27 – Existing priority services and processes.				
Cross cutting	Capital Programme - Delivery Assurance	The audit will review the effectiveness of delivery controls across the capital programme, including programme management, monitoring, risk management, and reporting arrangements. It will consider how well delivery risks, delays and cost pressures are identified and addressed to provide assurance over the successful completion of capital projects. (The audit was deferred from the 2025/26 internal audit plan)	H	
Cross cutting	Capital Programme – Pipeline & Business Case Development	The audit will assess the adequacy and effectiveness of controls over capital pipeline development, scheme prioritisation, business case quality and gateway review arrangements, including the recently implemented governance improvements in these areas.	H	
Environment & Highways	Housing Infrastructure Fund (HIF1)	This audit will review the arrangements for the delivery phase of the Housing Infrastructure Fund programme, providing assurance over governance, project management and financial control.	H	Strategic Risk Register: Housing Infrastructure Fund (HIF1)
Environment & Highways	Lane Rental	This audit will review the council's implementation and operation of the lane rental scheme for utility works, providing assurance over governance, compliance and income controls.	M	

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Childrens	SEND – Financial Management	The audit will review the effectiveness of arrangements to plan, control and monitor SEND expenditure, focusing on the robustness of financial decision-making for high-cost support and the adequacy of governance, forecasting processes and oversight to manage financial risk. It will include review of the council’s response to SEND reform and the receipt and use of additional funding.	H	Strategic Risk Register: Special Educational Needs and Disability. Corporate Priority: “Deliver more specialist school places for children with special educational needs and disabilities (SEND).”
Childrens	SEND – Appeals and Legal Challenges	The audit will examine the effectiveness of the Council’s control framework for managing SEND-related legal challenge, from initial dispute through to appeal, judicial review or resolution. It will focus on the quality and oversight of decision-making, timeliness and the effectiveness of joint working between SEND and Legal Services.	H	Strategic Risk Register: Special Educational Needs and Disability. Corporate Priority: “Deliver more specialist school places for children with special educational needs and disabilities (SEND).”
Childrens	Foster Care Payments	The audit will review the adequacy and effectiveness of controls over Foster Care payments and other related carer-based financial support, including Special Guardianship Order allowances, Child Arrangement Order payments, Kinship Care support payments, Adoption Allowances (for pre-adopters). It will assess whether payments are accurate, timely and compliant with policy, and subject to robust oversight and review.	M	

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Adults	Community Support Services	This audit will review governance and financial management arrangements within the Community Support Service, including budget management, financial management controls and compliance with relevant HR policies.	M	
HR & Cultural Change	Schools HR	The audit will provide assurance over the delivery of statutory responsibilities for HR for Schools. (The audit was deferred from the 2025/26 internal audit plan)	M	
HR & Cultural Change	Performance Management	The audit will review compliance with the organisation's 12:3:2 performance management framework and assess how effectively services oversee team performance. It will examine how team-level performance information is used to shape, support and inform individual performance management. In addition, the audit will consider the operation and effectiveness of the newly implemented Senior Management Performance Framework.	M	
Financial & Commercial Services	Pensions Administration	This is an annual audit which tests 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	Income – Application of Fees and Charges	The audit will provide assurance on whether the Council's approved fees and charges are consistently and accurately applied across services.	M	

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Property & Assets	Safeguarding Transport – follow up.	A follow up audit will be undertaken of Safeguarding Transport, which was audited during 2025/26 and had an overall conclusion of Red. The audit will review the effectiveness of the implementation of agreed management actions and confirm whether robust safeguarding policies and procedures are in place for the transport of children and young people via commissioned transport services.	H	
Economy & Place	S106 – Improvement Programme.	The audit will review the governance and project management arrangements of the S106 Improvement Programme. (The audit was deferred from the 2025/26 internal audit plan)	H	
Economy & Place	Enterprise Oxfordshire – Governance & Performance.	This audit will review the governance, oversight and performance arrangements between the council and Enterprise Oxfordshire, including shareholder controls, decision-making, performance monitoring, and reporting, to provide assurance that the organisation is operating effectively, transparently and in line with the council's objectives.	M	Corporate Priority: "Through initiatives like Connect to Work, help people overcome barriers to employment."
Law & Governance – Information Management	NHS Data Security & Protection Toolkit.	The audit will review the organisation's compliance with the mandatory NHS Data Security and Protection Toolkit (DSPT), assessing whether all required standards and evidence submissions are met to ensure continued authorised access to NHS patient data and systems	M	

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Technology & Customer Experience	Cyber Security	The audit will assess whether the Council's cyber security governance, risk management and control arrangements are appropriately designed and effectively implemented to protect systems and data, and to support organisational resilience against cyber threats.	H	Strategic Risk Register: Cyber Security
Technology & Customer Experience	IT Project Management	The audit will assess whether IT project management standards are clearly defined and consistently applied to ensure projects are delivered on time, within budget and to the required specification. It will also consider the impact of the new operating model on IT project delivery processes and review the implementation of the newly adopted project and product management system within the IT project team.	M	
Technology & Customer Experience	IT Change and Release Management	The audit will assess whether formal, controlled processes exist for requesting, approving and releasing changes to production systems.	M	
Technology & Customer Experience	Microsoft 365 Cloud	The audit will assess the security configuration of the Microsoft 365 cloud environment to confirm that data and applications are appropriately protected. Given its central role in authentication and organisational security, the review will also provide assurance over the effectiveness of cyber security controls within the cloud platform.	M	Strategic Risk Register: Cyber Security

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Technology & Customer Experience	Artificial Intelligence – follow up.	The audit will follow up on the management actions from the 2024/25 AI audit to ensure they have been effectively implemented.	M	
Cross Cutting	Follow Up	This audit will provide assurance that agreed actions from previous internal audits have been implemented, through follow-up of a risk-based sample of prior reviews and a high-level review of all open actions, supporting effective closure of issues ahead of Local Government Reorganisation (LGR).	M	
Grant Certification		There are several requests made throughout the year for Head of Internal Audit sign off, of grant certifications.	Mandatory	Head of Internal Audit 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:	<ul style="list-style-type: none"> • Head of Internal Audit'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. 	<ul style="list-style-type: none"> • Follow up on implementation of agreed management actions. • Annual self-assessment against internal audit standards – In accordance with the requirements of the Global Internal Audit Standards in the UK public sector. • Advice and Liaison • Production of the Head of Internal Audit 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 2026/27

