

Supplement for

Audit and Governance Committee

On **Tuesday 21 October 2025** At **6.00 pm**

Items 7, 9 and 10

Contents

7.	Internal Audit Progress Report - October 2025	3 - 32
	Report of: The Internal Auditor, BDO	
	Purpose of report: To update the Audit and Governance Committee.	
	Recommendation(s): that the Committee notes and discusses the report.	
9.	Internal Audit Follow Up of Recommendations Report - October 2025	33 - 48
	Report of: The Internal Auditor, BDO	
	Purpose of report: To update the Audit and Governance Committee.	
	Recommendation(s): that the Committee notes and discusses the report.	
10.	Internal Audit Annual Report - October 2025	49 - 72
	Report of: The Internal Auditor, BDO	
	Purpose of report: To update the Audit and Governance Committee.	
	Recommendation(s): that the Committee notes and discusses the report.	

*View or subscribe to updates for agendas, reports and minutes at mycouncil.oxford.gov.uk.
All public papers are available from the calendar link to this meeting once published*

Oxford City Council, Town Hall, St Aldate's Oxford OX1 1BX

The agenda, reports and any additional supplements can be found together with this supplement on the committee meeting webpage.

Oxford City Council

Internal Audit Progress Report

October 2025



IDEAS | PEOPLE | TRUST

Summary of work

Internal Audit

This report is intended to inform the Audit and Governance Committee of progress made against the 2024/25 and 2025/26 internal audit plans. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no' opinion. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



Internal audit plan 2024/25

We are pleased to present the following reports to this Audit and Governance Committee meeting:

- ▶ QL Optimisation
- ▶ Income Generation

On the finalisation of these audit reviews, we are happy to note that all work for the 2024-25 internal audit plan has now been completed.

Internal audit plan 2025/26

We are pleased to present the following reports to this Audit and Governance Committee meeting:

- ▶ Equality, Diversity & Inclusion (EDI) Maturity
- ▶ Treasury Management
- ▶ Purchase Cards

Audit fieldwork is underway for the following audits:

- ▶ Medium Term Financial Strategy

Planning has commenced on the following audits:

- ▶ Fire Safety Follow-Up
- ▶ Leisure Centre Contracts
- ▶ Data Analytics
- ▶ Cyber Security

Review of 2024/25 work

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: QL Optimisation	Nigel Kennedy	Jul 25	✓	✓	✓	M	M
Audit 2: Affordable Housing - Project Management	David Scholes	Jul 25	✓	✓	✓	S	S
Audit 3: Risk Management - (Risk Maturity)	Nigel Kennedy Bill Lewis	Jan 25	✓	✓	✓	N/A	N/A ¹
Audit 4: Homelessness Prevention	Nerys Parry	Apr 25	✓	✓	✓	M	M
Audit 5: Dynamic Purchasing System ² Fire risk Assessments (Specialist Advice)	Nigel Kennedy	Apr 25	✓	✓	✓	N/A	N/A
Audit 6: Income Generation	Nigel Kennedy	Jul 25	✓	✓	✓	S	M
Audit 7: Accounts Payable	Nigel Kennedy	Oct 24	✓	✓	✓	M	M
Audit 8: GDPR and high-level Freedom of Information	Grace Wigham and Emma Griffiths	Apr 25	✓	✓	✓	L	M
Audit 9: Data Analytics	Nigel Kennedy	Jul 25	✓	✓	✓	M	M
Audit 10: Equality, Diversity and Inclusion (EDI Maturity)	Helen Bishop	-	This review has been moved to the 2025-26 Internal Audit Plan and will be undertaken in Q3 (2025-26).				

¹ Risk Management (Risk Maturity) - This was an advisory review and does not generate an internal audit opinion.

² In the October 2024 Audit and Governance Committee it was agreed that the Fire risk Assessments review will replace the Dynamic Purchasing Systems review. This was an advisory review and does not generate an internal audit opinion.

Review of 2025/26 work

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: Medium Term Financial Strategy	Nigel Kennedy	Jan 26	✓	✓			
Audit 2: Fire Safety Follow-Up	Nigel Kennedy	Jan 26	✓				
Audit 3: Leisure Centre Contracts	Helen Bishop	Apr 26	✓				
Audit 4: Data Analytics	Nigel Kennedy	Apr 26	✓				
Audit 5: Purchase Cards	Nigel Kennedy	Oct 25	✓	✓	✓	L	L
Audit 6: Treasury Management	Nigel Kennedy	Oct 25	✓	✓	✓	S	S
Audit 7: Cyber Security	Grace Wigham	Apr 26	✓				
Audit 8: Equality, Diversity & Inclusion (EDI) Maturity	Helen Bishop	Oct 25	✓	✓	✓	N/A	N/A ¹
Audit 9: ODS Client and Commissioning - Thematic Review	Nigel Kennedy	Apr 26					

¹ Equality, Diversity & Inclusion (EDI) Maturity - This was an advisory review and does not generate an internal audit opinion.

Equality, Diversity & Inclusion (EDI) Maturity

CRR REFERENCE: CR003



SCOPE

Background

- ▶ The Equality Act 2010 sets out the Council's legal duties to have due regard to:
 - Eliminating discrimination, harassment, victimisation and any other prohibited conduct
 - Advancing equality of opportunity between people who share a protected characteristic and those who do not; and
 - Fostering good relations between people who share a protected characteristic and those who do not
 - Protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.
- ▶ The Public Sector Equality Duty (PSED) came into force on 5 April 2011. PSED requires Councils to consider how different people will be affected by its activities, helping it to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs. PSED is underpinned by specific duties, set out in regulations which require the Council to produce an annual report detailing relevant, proportionate information demonstrating its compliance.
- ▶ In addition to the mandatory requirements falling under PSED, there is also the Equalities Framework for Local Government (EFLG) which is designed to support Councils by helping them understand how to build equality into processes, identify areas to address to deliver good equality outcomes and enable them to self-assess their progress.
- ▶ This self-assessment includes four improvement modules:
 - Understanding and Working with your Communities
 - Leadership and Organisational Commitment
 - Responsive Services and Customer Care
 - Diverse and Engaged Workforce.
- ▶ Under these modules sit several themes which, following the self-assessment, an organisation can grade itself as either Developing, Achieving or Excellent. Although, Oxford City Council (the Council) has not yet undertaken a self-assessment, the Council has based its EDI Strategy on the Equalities Framework.
- ▶ The Council's Corporate Strategy 2024-2028 sets out four key priorities and as part of delivering these priorities the Council will:
 - Implement the Oxford City Council Workforce Equalities Action Plan to boost employee diversity through recruitment and apprenticeships and expand the management opportunities for underrepresented groups such as Black, Asian and women.
 - Support and enable local voluntary and community groups to play a greater role in improving the city and the lives of residents
 - Implement a new, inclusive Economic Strategy to increase the opportunities for disadvantaged groups to have a fair share in the city's economy

- Use our influence to ensure Oxford's diversity is celebrated, and communities are more connected, which will form part of the Council's Thriving Communities Strategy.

Purpose

- The purpose of the review was to assess the Council against the 'Diverse and Engaged Workforce' module of the EFLG to ascertain how the Council has ensured there is a commitment to EDI across its workforce processes.

Areas reviewed

- We assessed the Council on the work completed so far against each of the themes under this module and provided a view as to where we determine, based on the evidence, they would sit for each using the maturity ratings of either Developing, Achieving or Excellent:

Developing	Achieving	Excellent
------------	-----------	-----------

- We then recommended areas to consider making improvements, being the next reasonable steps or way to achieve the next rating. These may be long term goals.
- We have summarised below the current maturity levels, based on our work performed and the number of recommended actions:

Scope Area	Maturity	Total of Recommended Actions
Workforce diversity and Inclusion	Achieving	4
Inclusive Strategies and Policies	Developing	7*
Collecting, Analysing and Publishing Workforce Data	Achieving	2
Learning, Development and Progression	Developing	3
Health and Wellbeing	Achieving	2

*Whilst seven recommendations have been raised within this scope area, three should be considered Council wide rather than workforce owned.

- As primarily an advisory piece of work assessing the Council's current position against the EFLG, this assessment did not generate an assurance opinion.



AREAS OF STRENGTH

We have noted multiple areas of good Council practice as part of our testing over the 'Diverse and Engaged Workforce' module of the EFLG, with some being noted below.

Workforce diversity and Inclusion

- The Council is aware of its local labour workforce, and a comparison exercise has been completed to compare workforce data to population data, including gender, race, disabilities and sexual orientation. This is presented on the EDI Strategy page of the Council's website.
- The 2025 Staff Survey included six questions in relation to EDI, and all scores have either stayed the same or improved from 2023 and 2024.
- The Council approved a Positive Action Policy in July 2025 which states the Council is committed to promoting equality, diversity and inclusion within the workforce. It outlines the Council's commitment to taking proactive steps to address

underrepresentation of groups in the workforce that share a protected characteristic and to provide greater diversity across the Council teams.

- ▶ The new draft Recruitment and Selection Policy outline the Council's commitment to diversity and inclusion.
- ▶ The 2024 Workforce Equalities Report presents and analyses data on gender, ethnicity and disability for applicants and new starters. The progress of gender through each level of the organisational hierarchy is reported and the management profile data has been analysed for gender, disability and minority ethnic groups.
- ▶ Analysis of recruitment data led to the development of an Inclusive Recruitment Action plan. This includes actions on implementing diverse panels when interviewing, removing right to work data being from data collection, developing a positive action policy, reviewing service data to see where improvements are needed etc.

Inclusive Strategies and Policies

- ▶ The Council has developed an EDI Strategy, published in March 2022 based on the Local Government Association Equalities Framework.
- ▶ The Council has a People Strategy 2024 - 2026 which identifies equality issues and incorporates the relevant workforce EDI activities from the Council's EDI Strategy and the improvement metrics that will be used to monitor success of these.
- ▶ Priority actions for each year are outlined in the Workforce Equalities Report, and the Scrutiny Committee provide recommendations in response to the report. A Workforce Recommendations document is used as an action plan to show the People team's progress with recommendations provided in response to the 2023 and 2024 Annual Workforce Equalities reports.
- ▶ The organisation has a basic set of policies and practices to enhance workforce equality and diversity including but not limited to Grievance, Flexible Working, Menopause, Family Leave and Dignity at Work.
- ▶ The Council has four diversity networks in place: Race, Ethnicity, and Cultural Heritage (REACH), Women's, Disability and Neurodiverse and Lesbian, Gay, Bisexual, Transgender and Queer/Questioning (LGBTQ+) which are signposted on the Council's intranet page. Networks have been consulted on key EDI related changes/ processes at the Council including the Positive Action Policy and Disability Confident Employer Action Plan.

Collecting, Analysing and Publishing Workforce Data

- ▶ There is a People Data Dashboard, updated monthly, which collects and reports on People Metrics including disability, gender and ethnicity data and the age profile.
- ▶ In the 2024 Workforce Equalities report, trends were reported and analysed on total workforce, new starters, leavers, average age, sexual orientation and religious belief of the workforce. The workforce profile was analysed by grade and employment type for gender and the management profile, applicants, new starters and leavers data analysed for gender, disability and minority ethnic groups.
- ▶ The 2025 Staff survey results were cut by age, ethnicity, gender, sexual orientation and disability. Results were presented to the leadership team and were also provided to staff in a 'Lets Talk' event to discuss trends and seek qualitative feedback.
- ▶ The Council reports on its Gender, Disability and Race pay gaps which is above and beyond reporting requirements which only require the Council to publish the Gender Pay Gap.
- ▶ Workforce information is reported to senior leaders through the quarterly Council Leadership Team and Partnership Working Group meetings as well as in monthly meetings with the People team's portfolio holder. The annual Workforce Equalities report is also presented to the Scrutiny Committee who respond with recommendations that are followed up by the People team.

- ▶ Priority actions for each year are included in the Workforce Equalities Report in response to the data analysed as well as various programmes of work including the Aspiring Managers Programmes and Inclusive Recruitment Plan.

Learning, Development and Progression

- ▶ Clear actions around training, learning and development are included in the Priority Actions for 2024/25 outlined in the 2024 Workforce Equalities Report:
 - Building on the level 1 EDI training to design and deliver level 2 EDI training for hiring managers and Level 3 EDI training for strategic managers and leaders
 - Continued roll out of Bitesize Training for people managers to support inclusive management practices and personal development
 - Set up of a network of mentors to deliver mentoring across the organisation for people developing in role or to support career development, making sure the mentors are from a diverse background
 - Ongoing lunch and learn sessions to raises awareness and build inclusion and a sense of belonging for all groups.
- ▶ Since 2024, the EDI Specialist has provided optional EDI training sessions four times a year on Inclusion for Everyone Training (Level 1 EDI training) and 80 individuals have attended this to date. Level 2 EDI training was opened for bookings in January 2025 (for managers, including Equality Impact Assessments) for March 2025 and Level 3 is being developed for Inclusive Decision Making.
- ▶ There is also mandatory training for new starters on the basics of EDI and protected characteristics.
- ▶ The Council launched an Aspiring Managers programme this year which was a 12-month initiative which included monthly workshops, bi-monthly 1:1 coaching sessions, mentoring opportunities and practical experience of going to work in another area of the council.

Health and Wellbeing

- ▶ The Council have a Health and Wellbeing policy in place, issued in January 2025, which aims to improve the health and wellbeing of the Council's workforce.
- ▶ Clear outcomes for Health and Wellbeing have been included in the People Plan.
- ▶ Three questions were included in the 2025 Staff Survey on health and wellbeing and results improved for all since 2023 and 2024.
- ▶ In our conversations with the People team we have been informed that data is triangulated from all sources and used to inform health and wellbeing interventions including issues raised by networks, leavers data, unions, complaints, challenges etc.
- ▶ There is an EDI page of the Council's intranet which outlines the EDI aims and objectives, key contacts and provides links to the EDI calendar, EqIA guidance, anti-racism charter, EDI Strategy and Staff Networks.
- ▶ There is a Mental Health Teams Channel that anyone can join which signposts wellbeing resources.
- ▶ The Council also provides a PAM Assist function who are a free and confidential life management and personal support service available 24 hours a day to all staff. This is signposted on the intranet.
- ▶ Sickness absence is reported monthly in the People Data Dashboard, and the Council have a target of 6.5 days per FTE in a rolling year. In April 2025, this was 7.64 days compared to rolling average of 6.46 days per FTE in the prior year. This data is analysed by the People Consultancy team monthly using the Bramford factor.



AREAS OF CONCERN

Please find noted below some of the key areas for consideration which have been raised as part of this review for which Management have agreed and provided responses for.

Finding	Areas for Consideration	Responsible Officer and Implementation date
<p><u>Workforce diversity and Inclusion</u></p> <p>The Disability Confident Employer Status reported on the EDI Strategy page of the website is out of date. At the time of the review, inclusive recruitment practices and suppliers were not referenced despite the Council having a commitment to these but this was updated during the review. The Council should update the EDI Strategy page of the website to reflect the updated Disability Confident Employer Status achieved.</p>	<p><u>Management Response</u></p> <p>This has been actioned. The website states that we are a Disability Confident Employer, and we have also now listed our Inclusive Recruitment suppliers such as Stonewall and Inclusive Employers. Please see a link to the updated page here:</p> <p>Our people matter Oxford City Council</p>	<p><u>Responsible Officer</u></p> <p>Sobia Afridi</p> <p><u>Implementation Date</u></p> <p>Actioned</p>
<p><u>Workforce diversity and Inclusion</u></p> <p>The Council should ensure the succession planning work is completed to provide better data and enable the Council to monitor the progression of protected groups.</p>	<p><u>Management Response</u></p> <p>The succession planning work is in its infancy, we will include EDI data analysis and impact monitoring as a part of this project. We are commencing this work in early 2026.</p>	<p><u>Responsible Officer</u></p> <p>Melissa Hope</p> <p><u>Implementation Date</u></p> <p>To begin March 2026</p>
<p><u>Inclusive Strategies and Policies</u></p> <p>The Council's EDI Strategy does not have an end date and the website states that it will be overseen by the Leaders Meeting and CMT which we were informed was not happening in practice. The Council's website should be updated to include a strategy end date to ensure PSED compliance to publish equality objectives every four years can be evidenced and to reflect the current oversight arrangements in place for the EDI Strategy.</p>	<p><u>Management Response</u></p> <p>We will be working with the wider Council on a plan to update this ready for publication next year.</p>	<p><u>Responsible Officer</u></p> <p>Tom Hook</p> <p><u>Implementation Date</u></p> <p>January 2026</p>
<p><u>Inclusive Strategies and Policies</u></p> <p>A consolidated action plan for all EDI actions owned by the People team has not been maintained to provide assurance that all actions agreed are accounted for and are being progressed appropriately. Furthermore, some EDI actions included on the People Plan are at risk or</p>	<p><u>Management Response</u></p> <p>We agree to review the possibility of a single clear actions document; however, our equalities work crosses a range of functions, so it is not easy to isolate. For example, we currently have separate plans around Inclusive Recruitment and Disability Confident actions, outside of our People Plan.</p>	<p><u>Responsible Officer</u></p> <p>Melissa Hope</p> <p><u>Implementation Date</u></p> <p>2026</p>


	<p>off target and some do not have implementation dates. The People team should consider developing and maintaining a master EDI action plan. The People Plan should also be reviewed to ensure all actions have implementation dates and actions that are off track/ at risk are prioritised.</p>		
	<p><u>Collecting, Analysing and Publishing Workforce Data</u></p> <p>There is currently limited triangulation of EDI data. In line with the need already identified by the Council, moving forward recruitment, workforce and survey data should be regularly analysed by protected characteristics per service area (e.g. quarterly) and appropriate actions implemented.</p>	<p><u>Management Response</u></p> <p>We are introducing a new report for Directorates that houses the data dashboard data, but also analyses this data compared to overall OCC data, and suggests recommendations where improvements are needed. This will be sent quarterly to Directors. This includes Gender, Ethnicity and Disability as well as survey data (once per annum) and where needed, recruitment and leaver data.</p>	<p><u>Responsible Officer</u></p> <p>Sobia Afridi</p> <p><u>Implementation Date</u></p> <p>September 2025</p>
	<p><u>Collecting, Analysing and Publishing Workforce Data</u></p> <p>Whilst the pay gaps have been published, no information has been included on a root cause analysis, or formal actions plans developed to address these. The positive action, aspiring managers programme is linked to the pay gap identified however, this is not explicitly referenced on the pay gap report published on the Council's website. Actions developed to address these pay gaps should be referenced on the Council's website. Where this has not already been undertaken, the Council should identify factors which could impact the pay gaps and put appropriate actions in place.</p>	<p><u>Management Response</u></p> <p>We will be doing further work on analysis following the launch of the Positive Action Policy and assess whether changes linked to this have an impact to pay gap data. But as this is a new policy, we need to implement this over a period of time and then agree to how best to measure this. We track progressions following Aspiring Managers and Careers Series programmes. The Council legally only has to publish the gender pay gap data, but we also publish ethnicity and disability pay gap data</p>	<p><u>Responsible Officer</u></p> <p>Melissa Hope</p> <p><u>Implementation Date</u></p> <p>2026</p>
	<p><u>Learning, Development and Progression</u></p> <p>Whilst the Council's appraisal process references wellbeing, this could be improved to include specific equality objectives relevant for the service areas. This would also ensure staff are aware of the Council's equality objectives and commitment to EDI.</p>	<p><u>Management Response</u></p> <p>We are currently reviewing the appraisal process and feel that staff and managers need a guide in what types of objectives they set and agreed to. We feel that the appraisal should include a conversation about performance in line with our Values and one of which is around Inclusion and Respect.</p>	<p><u>Responsible Officer</u></p> <p>Melissa Hope</p> <p><u>Implementation Date</u></p> <p>March 2026</p>
	<p><u>Learning, Development and Progression</u></p> <p>Whilst mandatory EDI training is required for new starters,</p>	<p><u>Management Response</u></p> <p>We agree that this needs to be revisited as a refresher course, however, this will take a lot of</p>	<p><u>Responsible Officer</u></p> <p>Sobia Afridi</p> <p><u>Implementation Date</u></p>

	current staff or members do not have mandatory EDI training. The Council should consider making this mandatory once every 3 years for all staff including members.	resource to analyse the data and arrange delivery. We will therefore look at this within the next financial year. We are implementing a new e-learning system from November 2026 and may decide to include this training as a refresher course. We offer training around Equity and Intersectionality and Inclusive Recruitment four times per year and have also been targeting service areas and delivering to them.	Start to review in April 2026
	<u>Health and Wellbeing</u> Concerns were raised in our conversations with a Staff Network lead that there was not a consistent approach across the Council to providing reasonable adjustments and accessing support from the government 'Access to Work' scheme, and there was significant disparity in the support provided depending on an employee's manager. More training was requested for managers on this subject. This should be reviewed by the People team and appropriate interventions considered.	<u>Management Response</u> Disability Confident action plan has been supported by our Neurodiversity and Disability Staff Network, and they have come up with suggestions to support this work, including a document that can be used at onboarding stage with questions to support a discussion on needs.	<u>Responsible Officer</u> Sobia Afridi <u>Implementation Date</u> January 2026
	<u>Health and Wellbeing</u> The Council should consider creating toolkits and guidance documents to help staff and their managers discuss sensitive issues such as race, gender identity and religion.	<u>Management Response</u> Toolkits and guidance are growing organically through support and communications from our staff Networks. Guidance is available on all staff network sites on the intranet.	<u>Responsible Officer</u> Sobia Afridi <u>Implementation Date</u> Ongoing



CONCLUSION

- ▶ The Council are making progress to incorporate EDI into workforce processes and initiatives.
- ▶ It is positive to note the Council's approach to health and wellbeing including the policy in place, support functions available and the targeted approach to interventions. Furthermore, workforce data is collected, analysed and reported annually through the Workforce Equalities report and there are examples of some positive reactive work taking place in response to this to address pay gaps and underrepresentation.
- ▶ However, more could be done to improve the uptake on EDI related training to help support the embedding of EDI across the Council and triangulation of data could be enhanced to facilitate the development of appropriate actions.
- ▶ Furthermore, although the review focussed primarily on workforce, some limitations with the overall EDI approach at the Council have also been identified. These have been raised to ensure the Council has the assurance it needs on the EDI agenda as a whole.
- ▶ In the following pages we have provided a separate section for each of the five themes under the 'Diverse and Engaged Workforce' module of the EFLG stating what the Council is doing well, and work is underway to progress this area further, good



practice found at other Councils and actions for consideration to help achieve the next framework rating.

- ▶ We have rated the Council as “developing” in two of the five areas and “achieving” in three. It should be noted that where we have rated the Council as “developing”, pockets of good work have been identified, but a few gaps remaining in the “developing” level have prevented the Council from receiving “achieving”.
- ▶ Overall, we have provided 18 areas to consider. These have not been prioritised and will need to be considered against the resources available.

Treasury Management

CRR REFERENCE: CR001, CR002

Design Opinion



Substantial

Effectiveness
Opinion



Substantial

Recommendations



SCOPE

Background

- ▶ Good treasury management is a key element of the effective management of working capital, ensuring that the organisation has cash available to meet its obligations while ensuring any surplus cash is managed within the council's appetite for risk and return.
- ▶ Oxford City Council (the Council) is required to operate a balanced budget, and the treasury management operation is to ensure adequate planning of cash flow, with surplus monies to be invested in counterparties in line with the Council's risk appetite. In addition, the treasury management service is required to fund the Council's capital plans.
- ▶ Legislation requires local authorities to have regard to statutory proper practices in relation to treasury management, including CIPFA's Treasury Management Code of Practice, CIPFA's Prudential Code and the Ministry of Housing, Communities and Local Governments guidance on local government investments (MHCLG) which provide guidance on recommended treasury management practices.
- ▶ Oxford City Council (the Council) have a Treasury Management Strategy which outlines its approach towards borrowing and investing, setting limits for each in line with statutory guidance. Its prudential borrowing over the next 4 years is estimated at £919.7m in 2028/29, an increase from £342.8m at the end of 2023/24.
- ▶ Investments held by the Council at the 31 December 2024 averaged at a value of £33.3m, a decline from £61.3m held in the previous year. Internal balances have been used to fund capital spend in favour of external borrowing, which has caused the continual decline in investment balances.
- ▶ The Council's treasury advisors, Link Group, support the Treasury Management Strategy and identify counterparties that the Council should hold investments based on the risk factor. Part of the service is also to assist the Council in formulating a view on interest rates.
- ▶ We have previously reviewed the Council's Treasury Management function in 2022/23 providing Substantial assurance for both the control design and effectiveness. Two low findings were raised around the timeliness and review of the risk register and an administrative error regarding the mis recording of an MMF transaction on the loans list.

Purpose

- ▶ The purpose of the audit is to provide assurance over the Council's compliance with the Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice, and the adequacy and effectiveness of the internal control environment for investment and borrowing transactions.

Areas reviewed

The following areas were covered as part of this review:

- ▶ Treasury Management Strategy and assess whether it had been approved by Cabinet and relevant Committees, complied with statutory requirements and sufficiently outlined the approach and limits for investments and borrowing for the Council.
- ▶ For a sample 8 of investments and borrowing we assessed whether these were processed in accordance with the limits set in the Treasury Management Strategy, with counterparties approved by Link Group and with appropriate levels of approval.
- ▶ Reviewed whether treasury management performance reports and cash flow forecasts were presented to management and Members regularly, and in compliance with CIPFA's Prudential Code, to support effective oversight and scrutiny of treasury performance.
- ▶ Treasury reconciliations for 2024/25 to assess whether these were accurate, complete and reviewed by a separate officer in a timely manner.
- ▶ Reviewed risk management arrangements, including risk registers and oversight of key risks by management and Committees, to assess whether risks were identified and managed effectively.



AREAS OF STRENGTH

- ▶ The Council's Treasury Management Strategy (approved by the full Council on 13 February 2025) for 2025/26 has been developed in accordance with the CIPFA Prudential Code, CIPFA Treasury Management Code of Practice and MHCLG's Guidance on Local Government Investments. The strategy presents the Council's Prudential Indicators for 2025/26 to 2028/29, to ensure monitoring of affordability and prudence of financial activities. The investment policy prioritises security, liquidity, and yield, incorporating an Ethical Investment Policy to avoid investments in businesses that pose environmental or social harm.
- ▶ Borrowing and investment transactions are supported by cash flow forecasts and conducted within strategy limits. Loans are secured with approved funding providers such as the Public Works Loan Body (longer term loans) and other local governments bodies (loans up to a year) and involve separate personnel for proposal (Treasury Manager) and approval (Financial Accounting Manager). Investments and withdrawals from money market funds (MMF) are verified by separate personnel, providing supporting evidence and maintaining alignment with strategy limits. These practices reflect a structured approach to managing financial activities responsibly.
- ▶ Regular review and oversight of the Council's treasury management function is in line with the CIPFA Prudential Code best practice. The Council reports on its Treasury Management activities three times a year, providing comprehensive updates to the Cabinet and full Council. A monthly meeting is held between the s151 Officer, Financial Accounting Manager and the Treasury Manager which covers detailed analysis of investments, interest rates, and inflation forecasts to provide up to date information and oversight to senior management. The mid-year report offers insights into economic indicators, investment performance, and risk management while the annual report further expands on these areas, providing an executive summary and detailed analysis of investment income, borrowing activity, and compliance with prudential indicators.
- ▶ The Council demonstrates good practice in its reconciliation of movements in and out of the Council's Agresso system, detailing loans, investment interest, redemptions, and subscriptions to money market funds. Importantly, the Council adheres to its policy by ensuring no investments or loans are made outside the dates and amounts specified in the strategy document.



AREAS OF CONCERN

Finding	Recommendation	Responsible Officer and Implementation date

	<p>The process of signing off the preparation and review of the monthly treasury reconciliation between the Council's Agresso system and the Dealing Database was not dated and was performed on excel, which increases the risk of unauthorised changes and approval processes being actioned retrospectively or not in line with procedure (Finding 1 - Low).</p>	<p>1a. The officer that prepares the reconciliation should send the completed document to the reviewer via email and the reviewer should then reply to the email that the reconciliation has been reviewed.</p> <p>1b. The council should limit access to the reconciliation document to authorised personnel only.</p> <p><u>Management Response</u></p> <p>1a. This will be done by email going forwards.</p> <p>1b. Access is now limited via SharePoint.</p>	<p><u>Responsible Officer</u></p> <p>1a. Paul Jeffrey</p> <p>1b. Bill Lewis</p> <p><u>Implementation Date</u></p> <p>1a. Immediate</p> <p>1b. Implemented</p>
--	---	--	---



CONCLUSION

We conclude that the Council has a Substantial design and effectiveness of control over treasury management.

Control Design

The control design is Substantial because there is a sound system of internal control in place design to achieve system objectives.

The Council's Treasury Management Strategy for 2025/26 is well-designed, aligning with legislative requirements and best practices. It adheres to the CIPFA Prudential Code, CIPFA Treasury Management Code of Practice, and MHCLG's Guidance on Local Government Investments.

The strategy effectively outlines the Council's approach to borrowing and investing, setting clear limits and incorporating an Ethical Investment Policy. The design of the strategy ensures that financial activities are conducted prudently, prioritising security, liquidity, and yield.

The structured approach to managing financial activities responsibly reflects a robust control design, earning a substantial assurance rating.

Control Effectiveness

The Council demonstrates Substantial effectiveness in its treasury management function.

The Council's practices reflect a commitment to managing financial activities responsibly and maintaining compliance with statutory requirements. Transactions are supported by cash flow forecasts and conducted within strategy limits, with separate personnel involved in proposal and approval processes.

Regular reporting on Treasury Management activities to the Cabinet and full Council ensures compliance with the CIPFA Prudential Code. The monthly, mid-year, and annual reports provide comprehensive updates and analysis, supporting effective oversight and scrutiny.

Despite a minor finding related to reconciliation processes and an observation raised for audit trails regarding MMF, the overall effectiveness of the Council's internal control environment for investment and borrowing transactions is substantial.

QL Optimisation

BAF REFERENCE: CRR005

Design Opinion	M Moderate	Effectiveness Opinion	M Moderate
Recommendations	0 2 1		



SCOPE

Background

- ▶ Oxford City Council (the Council) implemented the Areon QL Housing Management System (QL) as part of a strategic initiative to modernise its housing IT infrastructure. The system was designed as an enterprise resource planning (ERP) solution, which integrated various business functions including customer relationship management (CRM), housing management, asset and repairs management and finance.
- ▶ The primary objective of this implementation was to streamline operations, enhance service delivery, and improve overall efficiency in managing housing services.
- ▶ The Council initially approved the procurement and the implementation of the QL in 2017, to replace legacy systems and consolidate multiple functions into a single platform. However, the project encountered several challenges that impacted its rollout and effectiveness.
 - Delayed Implementation - The systems deployment faced repeated delays, with the planned 'go live' date postponed multiple times. These delays were attributed to extended testing phases and additional consultancy requirements. The Council formally expressed concerns regarding the delays and sought compensation from the supplier for the setbacks.
 - Financial Implications - The prolonged implementation resulted in increased costs, requiring an additional capital budget allocation of £423k. This budget was approved to address the unforeseen expenses linked to project delays and associated consultant fees.
 - Operational Impact - The delayed implementation affected key Council services, including Oxford Direct Services (ODS). The setbacks hindered business processes and service delivery affecting the Council's ability to meet housing related objectives.
- ▶ In January 2023 the Audit and Governance Committee were presented with a report on the issues arising during the implementation of QL. A series of lessons learnt were presented to the Committee in a confidential session.
- ▶ QL is now operating as designed and several automations have been made including:
 - The automation of the sales order review process - the process by which ODS are paid for the works carried out on housing repairs
 - The customer portal - where tenants can make rent payments, log repair requests, and monitor repair progress. The portal also acts as a knowledge hub, providing tenants with key information regarding their tenancy and the resources available to them.
- ▶ In February 2024 BDO undertook an internal audit review on Data Input Controls on QL. Overall, the report was concluded as a moderate opinion on both its design and effectiveness. The report found the absence of a data quality policy. Also, it was recommended that the LGO4 file produced for payment processing on works orders

(and sent to the Council for payment processing) should be restricted to staff who only require access.

Purpose

- ▶ We assessed whether the Council's interventions for QL (including Governance structures) were operating effectively.

Areas reviewed

QL Testing

- ▶ The governance structures in place for QL interventions and corresponding meeting minutes were assessed to understand whether QL interventions were monitored and managed appropriately.
- ▶ A sample of payments for works orders made by the Council from October 2023 to September 2024 to ensure a sales order was processed by ODS and goods receipted prior to payment.
- ▶ We reviewed whether there was adequate evidence provided by ODS operatives to verify the works undertaken on Council property prior to payment.

Rents Testing

- ▶ We performed a walkthrough of the QL system to understand the rent collection, recording and monitoring of rents
- ▶ We reviewed a sample of rent payments made from October 2023 to September 2024 and assessed whether:
 - Payments were made on time
 - Payments were made in line with their tenancy agreement terms, and these were visible on the QL system
 - Payments were allocated to the correct rental account within QL.
- ▶ We reviewed a sample of daily reconciliations between QL and the Council's finance system Agresso to assess whether reconciliations were undertaken on a timely basis and any reconciling differences were investigated and signed off.



AREAS OF STRENGTH

- ▶ The Council has a QL Exploitation Programme which comprises of a QL Executive Oversight Project Board (the Project Board) who meet fortnightly and focus on the overall status of various programmes within QL. The Project Board has several members comprising of both Council and ODS individuals. The Board is chaired by the Council's s151 Officer. The Council also has a subgroup, the Business Assurance Group (BAG) that meets twice weekly, providing assurance on the progress against project plans and assures the Council business readiness for their area. The group also addresses any risks and issues and participates in discussions to support continuous improvement of solutions.
- ▶ We reviewed the Terms of Reference for both the Project Board and the BAG and their corresponding meeting minutes. For the Project Board we found that:
 - They had well defined Terms of Reference, which clearly outlined the input reports and expected outputs.
 - Meetings were structured with a clear agenda and all actions from previous meetings were appropriately followed up.
 - A key discussion during the meeting focussed on a new Choice based lettings portal for homes allocation and providing housing options for residents around Oxford. This included the evaluation of a business case and assessing the strengths and challenges of implementing such a system including its financial implication on the Council. Part of the contract with Areon was to create a choice-based lettings system and to make this an integral part of their core product. However, Areon later announced a provider would partner with Areon and continue the

development of a choice-based lettings system. The Council have subsequently gone out to procure a choice-based lettings system which will be a separate system to QL. The above demonstrated good oversight and transparency and decisions were clearly documented within the Project Board meeting minutes. Appropriate decisions were made where QL was not demonstrating the expected functionality.

- Additionally various QL projects were reviewed with milestones and ongoing activities discussed and completed projections with the QL system.
 - The BAG recorded all actions within an action log rather than holding formal meeting minutes. The action log was clear and up to date at the time of our review, it was sufficiently detailed, and the actions could be clearly followed. There was also an action update documented for actions that remained in progress.
- ▶ Daily reconciliations between QL and Agresso (AP025 reports) were undertaken, the quantity and value of sales order invoices were matched, and irreconcilable differences were investigated.
- ▶ Of the 20 rental payments reviewed, 14 tenants paid housing rents in a timely manner. This was not always according to the tenancy agreement; however, payments were made to settle their liability.
- ▶ The Council has a sound debt recovery process to manage tenancy payments. The Council will contact tenants via a phone call and discuss payment arrangements with them, considering vulnerable tenants and their financial situation. Of the 20 rental payments we reviewed, we found that where tenants were in rent arrears these were all identified and resolved by the Council's Debt Recovery team either through a payment plan or overdue rent was recovered in full.
- ▶ When a rent increase is proposed by the Council, each tenant receives an individual written notification at least 28 days in advance. The updated rent amounts, including associated service charges, are accurately recorded on the QL housing management system. Prior to the distribution of notifications, the Landlord Services Manager formally reviews and approves the content within the rent notification letters ensuring oversight and accountability.



AREAS OF CONCERN

Finding	Recommendation	Responsible Officer and Implementation date
The Council does not independently verify that POs relating to repair and maintenance work on properties are accurate and appropriate prior to making payment to ODS for the completed work. Furthermore, the Council does not have a comprehensive procedure in place to satisfy itself that repairs and maintenance is completed to a sufficient standard prior to making payment to ODS (Finding 1 - Medium).	<p>1a. The Council should identify and agree a process to ensure POs are available for review and verification by the Council prior to payment being made to ODS. PO verification should then form part of the checks carried out by the Council prior to making payment to ODS.</p> <p>1b. The Council should develop and implement a process for verifying that repair and maintenance jobs are being completed to a satisfactory standard prior to making payment to ODS. This could involve reviewing photographic evidence of completed repairs, carrying out pre and/or post work inspections, or engaging with tenants to confirm their satisfaction with the work carried out. The Council should</p>	<p><u>Responsible Officer</u> Malcom Peek, Property Services Manager</p> <p><u>Implementation Date</u> 30 November 2025</p>

		<p>also agree the level of verification required for different sized jobs. Once agreed, all aspects of the verification requirements should be documented in policy and guidance documents to ensure all parties are aware of their roles and responsibilities for verifying satisfactory completion of work.</p> <p><u>Management Response</u></p> <p>1a. A client-commissioned review, running in conjunction with the BDO Audit identified the need to strengthen its oversight of repair works, both in terms of financial governance and quality assurance. The review highlighted the importance of implementing a more robust process to manage financial variations and ensure value for money (VFM) across all commissioned works. In response, the Council is actively recruiting additional staff to oversee the financial variation process and to maintain a more visible presence on-site, conducting inspections to assess the quality and effectiveness of completed works. These measures are designed to enhance accountability and service standards. It is anticipated that the revised process and newly appointed staff will be fully embedded by the end of November 2025.</p> <p>1b. Please see above.</p>	
	<p>Records within QL do not accurately reflect the payment schedules agreed with tenants. Our sample testing of 20 tenancies identified four cases where staff within the Incomes Team did not record actions to outline that the tenants were under debt management due to the tenant falling behind on rental payments. We also identified one tenancy where an appropriately signed rental agreement or deed of variation could not be obtained, we have included the case reference for Council consideration. In addition, there were two cases where payment arrangements with tenants had not been accurately recorded within QL (Finding 2 - Medium).</p>	<p>2a. For the Incomes Team to investigate all outstanding cases identified above and provide satisfactory evidence that these cases have been investigated and resolved.</p> <p>2b. In situations where a repayment arrangement has been agreed with the tenant, this should be updated within QL and the payment schedule amended to ensure that the system accurately reflects whether a tenant is behind with a payment schedule or up to date with payments.</p> <p>2c. When rent collection is under debt management by the Incomes Team QL should be updated to reflect this along with what actions are agreed</p>	<p><u>Responsible Officer</u> Phil McGaskill, Incomes Team and Bill Graves, Landlord Services Manager</p> <p><u>Implementation Date</u> 31 December 2025</p>

		<p>with the tenant to recover overdue payments.</p> <p><u>Management Response</u></p> <p>2a. The Incomes Team have investigated the cases listed, with findings as follows:</p> <ul style="list-style-type: none"> ▶ 9000556461 - Account now up to date and noted as such, therefore no repayment arrangement needed. ▶ 9000218367 - No repayment plan was ever agreed as there were no arrears on the account, therefore there was nothing to record on QL. ▶ 9001016001 - No repayment arrangement was agreed until 04/04/2025, at this point this was set up on QL. ▶ 9000692985 - Although the account is in arrears, no payment arrangement has been agreed with the tenant. Attempts to do this will be made as soon as possible. ▶ 9000004702 - Account now up to date and noted as such, therefore no repayment arrangement needed. ▶ 9000677423 - No repayment plan was ever agreed as there were no arrears on the account, therefore there was nothing to record on QL. ▶ 90001397652 - Incomes Team are not responsible for the tenancy agreements. ▶ Tenancy agreement - We will investigate and locate it, ensuring that it is in Enterprise - Bill Graves. <p>2b. Incomes Team - where a repayment arrangement has been agreed with the tenant, this will be recorded on the notepad of QL and set up under the arrangements tab on QL.</p> <p>2c. Incomes Team - when the rent account is in arrears, the Incomes Team will update QL notepad to reflect what actions have been agreed with the tenant to recover overdue payments.</p>	
	<p>Daily reconciliations (AP025) between the QL housing management system and Agresso are not subject to formal review and approval processes (Finding 3 - Low).</p>	<p>3a. To implement a formal review and approval process on the daily reconciliations to ensure accuracy and compliance with financial controls this should include one officer who undertakes the reconciliation</p>	<p><u>Responsible Officer</u></p> <p>Phil McGaskill, Incomes Team</p> <p><u>Implementation Date</u></p> <p>Implemented</p>

	<p>and a second officer to review and approve the reconciliations confirming that all values match and discrepancies have been investigated.</p> <p><u>Management Response</u></p> <p>3a. The invoice reconciliation process within QL is as follows:</p> <ul style="list-style-type: none"> ▶ Whenever invoices are processed, they are reviewed and checked by two individuals before being uploaded into Agresso. ▶ A reconciliation spreadsheet is maintained to track these checks, and it can be referenced for all reconciliations since the system was introduced in 2022. ▶ Once uploaded, the data is then checked against the AP25 report from Agresso to ensure consistency between systems. 	
--	--	--



CONCLUSION

We conclude that the Council has a Moderate design and effectiveness of controls for its management of the QL Housing Management System specifically for the maintenance works and rent accounts.

Control Design

The control design was Moderate because there is generally a sound system of internal controls designed to achieve system objectives with some exceptions.

The Council has a robust oversight structure through the QL Exploitation Programme managed by the Executive Oversight Project Board and the BAG. All new projects were scrutinised and actions for the smooth running of QL were reviewed and closed once completed.

However, issues were found where staff within the Incomes Team did not always record actions to outline that the tenants were under debt management due to the tenant falling behind on rental payments.

Control Effectiveness

The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk.

There was no evidence of PO approval for ODS sales/works orders, and the Council overly relies on ODS to undertake all relevant PO and goods receipt processes without verification.

Income Generation

CRR REFERENCE: CR003

Design Opinion	S Substantial	Effectiveness Opinion	M Moderate
Recommendations	0 1 1		



SCOPE

Background

- ▶ Generating income presents a greater challenge and opportunity for local authorities as central government funding reduces. Local authorities receive a large proportion of its income through council tax and national non-domestic rates receipts. However, there are opportunities to generate income through other services provided to the public, grant income from central government and marketing.
- ▶ Many authorities are now focusing on how income can be generated from services they already provide by extending them to other interested parties, e.g. other local authorities or businesses. With increasing financial pressures, it's crucial for local authorities to explore and optimise income generation opportunities to ensure long-term financial sustainability.
- ▶ In 2017, Oxford City Council (the Council) set up Oxford Direct Services (ODS) a wholly owned trading company to seek increased income generation through dividend payments to the Council. Oxford Direct Services Trading Ltd (ODSTL) undertakes commercial contracts for highway works, construction and trade waste collection.
- ▶ Oxford City Council main source of income is from:
 - Business rates, Council tax, New Homes Bonus
 - Commercial Rent, planning fees, car parking income and garden waste.
- ▶ The audit focused on controls and income recovery for the following service operated by the Council that have been identified to have income generating opportunities:
 - Taxi Licensing
 - Counter Fraud
 - Licensing income
 - Home Improvement agency
 - Rechargeable jobs to council house tenants
 - Service Charges for council house tenants.
- ▶ The Council currently uses the Civica Pay Income Management system to allocate income coming into the Council, which went live in 2021. Agresso is the Council's main financial system and has various interfaces on all the Council's systems to manage income.
- ▶ The Council has been transitioning to cashless pay for service transactions including the payment of car parking, although there has been mixed success in this journey.

Purpose

The purpose of this audit was to assess:

- ▶ Whether the Council had controls and procedures in place for generating income, including the setting of fees, benefiting from grant funding opportunities and maximising marketing and advertising income.
- ▶ The Council's journey to cashless.
- ▶ The financial controls in place within the Civica Pay system to ensure income is allocated correctly.

Limitations of scope

- ▶ We could not review the External Income Strategy as this is not in place, an observation has been raised regarding this.
- ▶ The Technical Accountant within the Council confirmed that income would need to be traced to Agresso rather than Civica as this was the income's destination within the Council. Therefore, we amended the test from the scope to review a sample of receipts from Agresso to ensure income was allocated correctly within Agresso.

Areas reviewed

- ▶ Review of the Medium-Term Financial Strategy (MTFS) which set out approach to fees and charges.
- ▶ Reviewed the fee setting process and calculations for a sample of fee types for 2024-25. We assessed the assumptions used to establish the fees or charges and ascertained whether these considered the costs associated with providing the service.
- ▶ Reviewed a sample of income generating service areas to determine whether they both charged and recovered income correctly.
- ▶ Reviewed the measures in place to support the cashless transition and the effectiveness of its implementation.
- ▶ Reviewed the recovery of income generated for a sample of departments and ascertain whether this helps them to become self-sufficient.



AREAS OF STRENGTH

We identified the following areas of good practise:

- ▶ The Council's **MTFS 2025-26 to 2027-28** outlines the changes to fees and charges and assumptions behind. This includes the rate of inflation and the changes made to fees in line with this. Some fees are dictated by government and therefore the updates to any such fees are noted in the updated 2024-2025 and 2025-2026 fees and charges tables, published by the Council.
- ▶ The movement to a cashless Council has been effective due to moving towards fully cashless Council car parks. This started with one car park Gloucester Green car park (a city centre location) moving to cashless as a trial to determine whether this would be successful. After the first successful trial Summertown Car Park also moved to cashless as the second phase of the trial, before all car parks became cashless. The Council expected a cash saving of £12,000 once rolled out across all car parks as each car park box collection cost £6.50.
- ▶ Income was allocated in Agresso correctly in all cases reviewed apart from one instance of uncertainty within general licensing as identified in Finding 1.
- ▶ To ensure the Council are covering the costs they incur with the fees that are being charged, an Agresso report can be generated to show the cost versus income generated for each service area by their cost code. Management Accountants/Budget Holders will monitor the budget within their monthly budget monitoring meetings, with any issues actioned or escalated at this stage. Finally, we reviewed meeting minutes from January 2024 to July 2025 to confirm the budget position is reported on a quarterly basis to Corporate Management Team (CMT) and Cabinet on a service area basis.
- ▶ There were no issues identified in the charging and recovery of funds for the transactions reviewed for the following service areas:

- Service charge - As part of council rented properties
- Rechargeable jobs - performed to Council rented properties
- Taxi Licensing.



AREAS OF CONCERN

Finding	Recommendation	Responsible Officer and Implementation date
There were two instances, across two service areas, in which a payment for the wrong amount was processed or the payment was incorrectly allocated to the service area (Finding 1- Medium).	<p>1a. The Council should investigate and rectify all exceptions to sample testing as identified in the finding this will be reviewed as part of our quarterly follow up process.</p> <p>1b. The HIA undercharge should be rectified in the July 2025 processing of funds, the HIA manager should recalculate all costing and charge calculations and be provided with sufficient detail.</p> <p><u>Management Response</u></p> <p>1a. Investigations are still ongoing to correct the discrepancies identified in the audit in terms of Home Improvement Agency and Licensing.</p> <p>1b. Investigations are still ongoing to correct the discrepancies identified in the audit in terms of Home Improvement Agency and Licensing.</p>	<p><u>Responsible Officer</u></p> <p>1a. Clare Paterson, Strategic Finance Manager</p> <p>1b. Clare Paterson, Strategic Finance Manager</p> <p><u>Implementation Date</u></p> <p>1a. October 2025</p> <p>1b. October 2025</p>
Cash controls within community centres are not monitored therefore increasing the risk of financial losses, errors and a lack of accountability (Finding 2- Low).	<p>2a. Spot checks should be made once to twice per year to ensure cash controls are operating effectively within community centres. This can be used as an opportunity to identify and execute training needs.</p> <p><u>Management Response</u></p> <p>2a. Spot checks will be undertaken during the year on cash controls as appropriate with staff in community centre.</p>	<p><u>Responsible Officer</u></p> <p>2a. Hagan Lewisman, Active Communities Manager</p> <p><u>Implementation Date</u></p> <p>2a. October 2025</p>



CONCLUSION

We conclude that the Council has a Substantial design of controls and Moderate effectiveness of controls for Income Generation.

Control Design









The control design was Substantial because there was generally a sound system of internal control designed to achieve system objectives. Whilst we have raised a low finding surrounding the lack of robust cash controls within community centres the risk remains low due to the small value of cash handled. There were also strong controls identified in the fee setting, approval and monitoring of cost versus income generated.




Control Effectiveness

The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. There were instances across two service areas that identified an incorrect charge, payment or allocation of income demonstrating non-compliance with procedures.





Key performance indicators

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit and Governance Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Assistant Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Information is presented in the format requested by the customer.	No requests to change the BDO format.	
Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.	This KPI will be updated once customer satisfaction responses are received for 2024-25 and 2025-26.	
REPORTING ARRANGEMENTS	KPI	RAG RATING
Draft report to be produced 3 weeks after the end of the fieldwork. We have issued draft reports within 3 weeks of fieldwork 'closing' meeting and finalised internal audit reports within 1 week after receiving management responses.	There has been a delay in issuing draft reports for the QL Optimisation and Purchase Cards audits, which has taken place more than 3 weeks after the fieldwork 'closing' meeting.	
Management to respond to internal audit reports within 2 weeks	We have not received management responses within 2 weeks for all audit reports reported to October Committee, with it being noted that response for QL Optimisation, Income Generation and EDI Maturity, commentary taking longer than the two weeks provided.	
Final report to be produced 1 week after management responses	The final reports issued were released within one week of receipt of final management comments for all reviews so far in 2025/26.	
90% recommendations to be accepted by management	All our recommendations made were accepted by management and we worked with the Auditees to present information in the format requested.	




DELIVERY	KPI	RAG RATING
Annual Audit Plan delivered in line with timetable and Actual days are in accordance with Annual Audit Plan	There has been a delay in the delivery and progression of the Internal Audit Plan for 2024/25 in line with agreed timescales. However, we have now completed all audits in the 2024-25 plan.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations, and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

Copyright © 2025 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

This page is intentionally left blank

Internal Audit Follow Up of Recommendations Report

 **Oxford City Council**

October 2025



CONTENTS

SUMMARY 2

RECOMMENDATIONS: COMPLETE..... 4

RECOMMENDATIONS: IN PROGRESS..... 8

RECOMMENDATIONS: OVERDUE 12

34



SUMMARY

2023/24

	Total Recs	H	M	L	To follow up
Income Generation	1	1	-	-	1
Building Control	4	-	3	1	3
Recruitment and Retention	6	-	5	1	5
Selective Licensing	3	-	3	-	3
Data Analytics	4	1	1	2	2
Total	18	2	12	4	14

Previously complete		Complete		In progress		Overdue		Not Due	
H	M	H	M	H	M	H	M	H	M
-	-	-	-	-	-	1	-	-	-
-	2	-	1	-	-	-	-	-	-
-	2	-	1	-	-	-	2	-	-
-	2	-	-	-	-	-	1	-	-
-	1	-	1	-	-	-	-	-	-
-	7	-	3	-	-	1	3	-	-

2024/25

	Total Recs	H	M	L	To follow up
Accounts Payable	7	-	4	3	3
Risk Management	5	-	4	1	4
Fire Risk Assessment ¹	-	-	-	-	-
GDPR and high-level Freedom of Information	5	1	3	1	4
Homelessness Prevention	4	-	3	1	3
Data Analytics	3	-	3	-	3
Affordable Housing	2	-	-	2	-
Total	26	1	17	8	18

Previously complete		Complete		In progress		Overdue		Not Due	
H	M	H	M	H	M	H	M	H	M
-	3	-	-	-	-	-	-	-	1
-	2	-	2	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2	1	1	-	-
-	-	-	1	-	2	-	-	-	-
-	-	-	1	-	2	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	5	-	4	-	6	1	1	-	1

¹ Fire Risk Assessment - This was an advisory review, with the Fire Safety Follow-Up review being undertaken in 2025-26 to provide detailed follow up of noted recommendations.

SUMMARY

2023/24

Please find below a summary of the status of implementation of recommendations arising from reports issued in 2023/24.

- ▶ There has been completion of all recommendations noted for Building Control and Data Analytics audits.
- ▶ Delays have been noted in the implementation of the recommendation resulting from the Income Generation audit, with the procurement of an asset management system now anticipated to take place in the early part of next calendar year. This is noted as being delayed by over three years which is of concern given the high priority level of this recommendation.
- ▶ Progress has been made towards the completion of recommendations of the Recruitment and Retention audit, but these are not fully complete, with two of the three recommendations still outstanding. This is due to internal reporting requirements for the Recruitment and Retention Policy and an internal server problem limiting the Council's ability to effectively report on recruitment monitoring data.
- ▶ There has been action taken towards implementing the recommendations resulting from the Selective Licensing audit, however, there has been an extension in the implementation agreed to allow for the recommendations to be fully completed.

2024/25

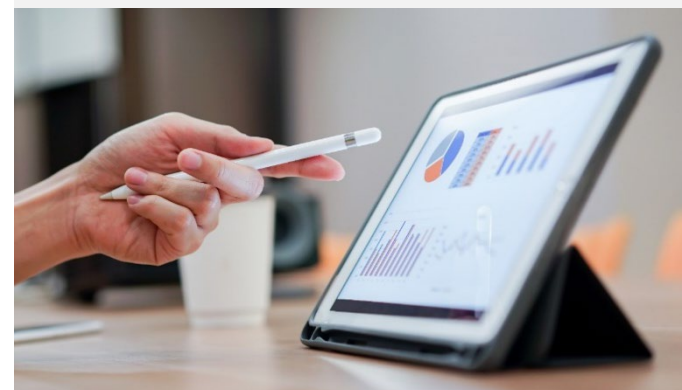
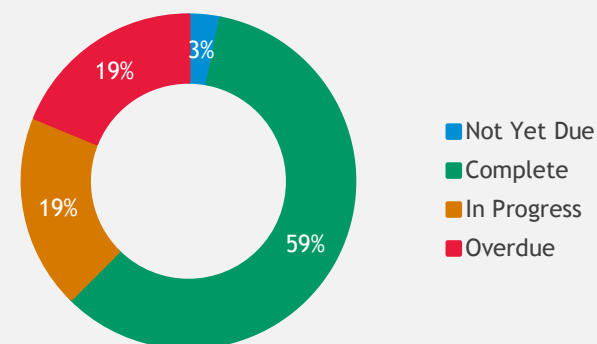
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2024/25.

- ▶ There has been completion of all recommendations noted for the Risk Management audit, with the outstanding recommendation for Accounts Payable not due until 30 November 2025.
- ▶ We did not receive a response to the recommendations due for the GDPR and high-level Freedom of Information audit. There was also no response provided for a revised due date for actions and therefore we have will revised this date to ensure follow up ahead of the next Audit and Governance Committee.
- ▶ Completion of one recommendation of the Homelessness Prevention audit has been observed, but two of the three recommendations are still outstanding as not all actions have been implemented.
- ▶ For the Data Analytics recommendations, there has been progress towards completing the recommendations, but these are not fully complete. This is due to delays in reviewing the easement portfolio based on risk level and exploring the best approach to reviewing and sharing information on Sundry Debt groups customers to ensure it delivers meaningful value.

REQUIRED AUDIT COMMITTEE ACTION:

We ask the Audit Committee to note the progress against the recommendations.

Implementation of recommendations since 2023/24



RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2023-24 Building Control	<p>2a. A Training Needs Analysis should be undertaken annually to explore the type of training the Council can offer staff including exploring opportunities for joint training</p> <p>2b. A training plan should be created as a result of the training needs analysis and circulated to the Building Control Team and other teams (where applicable).</p>	M	Courtney Bennet, Building Control Team Manager	<p>31/07/2024</p> <p>31/01/2025</p> <p>30/09/2025</p>	<p>Management Comments</p> <p>A Training Needs Analysis is now undertaken annually using a competency matrix and a structured training procedure (BC010). Training needs are identified through staff appraisals and management discussions, with Building Control surveyors responsible for arranging CPD training required for BSR registration and chartered membership. External training opportunities are available through LABC, including CPD courses, accredited qualifications, online VLE modules and in-person sessions.</p> <p>A training plan is created for each staff member as a result of the training needs analysis and documented through individual Training Journals and Performance & Development Forms, which are reviewed as part of the corporate appraisal process. The Building Control Training Procedure (BC010) provides a structured approach for planning and recording training. The Customer Service Building Control Applications Team and Corporate Support Building Control Teams follow dedicated training procedures and maintain their own records.</p> <p>Internal Audit Comments</p> <p>Evidence to support the management comments was reviewed and sufficient to support the completion of the recommendation.</p>
2023-24 Recruitment and Retention	<p>3a. A. To review the use of ITrent and the functionality to contain all documentation including employee references in relation to recruitment.</p> <p>3b. B. To update the Recruitment and Selection Policy to provide clarity of the roles and responsibilities of the People Team and Hiring Managers with respect to uploading documents and updating the ITrent System.</p> <p>3c. C. A risk assessment should be undertaken, and mitigating actions should be in place</p>	M	Gail Malkin, Head of People	<p>31/12/2024</p> <p>28/02/2025</p> <p>30/09/2025</p>	<p>Management Comments</p> <p>The Council have reviewed the use of ITrent for documentation storage purposes, and it has been concluded that it is not suitable for this purpose.</p> <p>As noted above, ITrent has not been deemed suitable and therefore update to Policy is not further required.</p> <p>A risk assessment template is completed by Human Resources with mitigating actions noted in the event of a positive disclosure and following meeting with applicant/existing employee if necessary.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	while waiting for DBS check results, should management employ an individual prior to DBS check results being received.				Internal Audit Comments Evidence to support the management comments was reviewed and sufficient to support the completion of the recommendation.
2023-24 Data Analytics	<p>3a. The Accounts Payable team should run a monthly report of all purchase card transactions that have not been reviewed and approved by the relevant officers. Reminders should be sent to the line managers to ensure these are reviewed</p> <p>3b. The Council should determine a suitable timeframe for transactions incurred by purchase cards to be reviewed and approved by the purchase card holder and the corresponding line manager. If transactions are not reviewed in a timely manner the purchase card should be froze until the relevant action has been taken.</p>	H	Gaynor Didcock, Accounts Payable Officer	<p>30/11/2024</p> <p>30/04/2025</p> <p>30/09/2025</p>	Internal Audit Comments As part of the Council's Internal Audit Plan for 2025-26, a review has been undertaken regarding the use of Purchase Cards and the recording and approval of Council expenditure including ensuring there is appropriate sign off. The report is to be presented at the October Audit and Governance Committee. Therefore, this recommendation has been seen as superseded by any findings coming from the report to be issued.
2024-25 Risk Management	<p>1a. The Council should review the title, description, cause and consequence columns of the corporate and service risk registers to ensure that they provide enough information to clearly understand the risk.</p> <p>1b. The Council should consider adding in additional columns to the risk register which outlines what corporate priorities and categories the risk aligns with.</p>	M	Roger Martin, Insurance, Risk Management and Business Continuity Manager	<p>01/07/2025</p> <p>15/07/2025</p>	<p>Management Comments</p> <p>A full review of the risk register (corporate and service) was undertaken in the summer and reported to the Audit committee on the 25th of July. As part of this title, description, cause and consequence were considered by risk owners to ensure they provide enough information to clearly understand the risk.</p> <p>Additional columns for corporate priority and category of risk were added as required.</p> <p>Internal Audit Comments</p> <p>Evidence to support the management comments was reviewed and sufficient to support the completion of the recommendation.</p>
2024-25 Risk Management	<p>3a. The Council should review actions/controls listed in the both the corporate and service risk register to ensure:</p> <ul style="list-style-type: none"> They remain up-to-date and are effective to mitigate the risks identified 	M	Roger Martin, Insurance, Risk Management and Business Continuity Manager	<p>01/07/2025</p> <p>15/07/2025</p>	<p>Management Comments</p> <p>A full review of the risk register (corporate and service) was undertaken in the summer and reported to the Audit committee on the 25th of July. With regards to corporate risks, 8 old risks were closed, and 10 new ones added. For service risks, 10 were closed and 25 were added.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<ul style="list-style-type: none"> Progress updates and controls remain up to date and remain relevant Allocated risk owners are still employed by the Council; and The relevant mitigating controls are in place and that they manage the risk to a tolerable risk level. 				<p>In addition to the review in the summer, the Council are reviewing actions and controls to ensure they are up to date and effective and progressing.</p> <p>All risk owners have been deemed as employed by the Council.</p> <p>Internal Audit Comments</p> <p>Evidence to support the management comments was reviewed and sufficient to support the completion of the recommendation.</p>
2024-25 Homelessness Prevention	<p>2a. Housing Prevention Manager to:</p> <p>Understand the root cause of the PHP delays.</p> <ul style="list-style-type: none"> To consider the cost implications of using agency staff to complete PHP applications or utilise staff in other service areas to complete PHPs and reduce the current timescales. To forecast the number of homeless applications received vs the PHP completion and monitor its compliance. To take relevant action where the PHP exceeds the three-day timescale. <p>2b. Housing Prevention Manager to implement a mandatory document verification checklist requiring officers to obtain and store copies of eligibility documents before accepting prevention duty.</p> <p>2c. The Housing Team should complete quality assurance reviews on a sample of cases monthly to ensure progress on each PHP is on track. Once management are satisfied that compliance has reached the three-day timescale the number of checks undertaken could be reduced.</p> <p>2d. The results of the above assurance reviews should be reported as part of housing</p>	M	Richard Wood, Housing Strategy and Needs Manager	30/06/2025	<p>Management Comments</p> <p>The Council has clarified the 3-Day target is not the required approach as this is not a statutory requirement and not required within the code of guidance compliance. However, all Options Officers have a KPI in their annual appraisals that decisions on all cases in emergency accommodation should have a Not Eligible, Not Homeless or Relief Duty accepted decision issued within 5 working days and if Relief Duty is accepted, PHP will be issued accordingly. This is monitored through three appraisal meetings per year and on a weekly basis by the Senior Options Team Leader, who monitors placements into emergency accommodation every Monday and raises with officers where the KPI has been breached. The team is now fully staffed, and assessment deems no more staff are required to meet target.</p> <p>Placement requests are not signed off by an Options Team Leader unless an in-person appointment at the Westgate Library has been booked into the shared Outlook calendar by the Housing Options Officer requesting the placement. A written procedure is in place in support of this process (available in the Housing Needs Manual) and if eligibility proof is not provided temporary accommodation will be ended.</p> <p>A Quality Assurance Document is saved in each Options Officer's personal file on SharePoint where the Senior Options Team Leader would spot-check a case and provide both areas for recognition and improvement.</p> <p>The report has been discussed with the Housing Director and discussions between the Homelessness Prevention Manager, Housing Needs and Strategy Manager with additional Team Leader meetings occurring monthly to discuss performance.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	management meetings or the Housing Board.				Internal Audit Comments Evidence to support the management comments was reviewed and sufficient to support the completion of the recommendation.
2024-25 Data Analytics	1a. The Council should develop a Purchase Card Policy. This Policy should include the following: <ul style="list-style-type: none"> A list of roles authorised to be issued cards. Expenditure limits according to each role. The process and requirements for carrying out regular reconciliations. The cost centres purchases should be charged to. Items that are eligible and ineligible to be purchased using cards. The consequences of inappropriate use of purchase cards. 1b. Reconciliations should be completed consistently each month for all cards to ensure the requirements of the Purchase Card Policy are being adhered. 1c. The Policy must be reviewed periodically to ensure it is up to date and following the best practice. We would suggest that it is reviewed every three years.	M	Sue Allen, Payments Team Leader Gaynor Didcock, Accounts Payable Officer	03/07/2025	Internal Audit Comments As part of the Council's Internal Audit Plan for 2025-26, a review has been undertaken regarding the use of Purchase Cards and the recording and approval of Council expenditure including ensuring there is appropriate sign off. The report is to be presented at the October Audit and Governance Committee. Therefore, this recommendation has been seen as superseded by any findings coming from the report to be issued.

RECOMMENDATIONS: IN PROGRESS

These recommendations have been marked as In Progress as they have not been implemented by their original date; a revised date has been provided.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
41 2024-25 GDPR and high-level Freedom of Information	3a. Directors should ensure that the Data Protection training modules are completed by all staff on an annual basis.	M	Grace Wigham, Senior Information Governance Officer	30/09/2025	Internal Audit Comments We will follow up on the action to this recommendation in accordance with the revised due date as no response has been received regarding this recommendation from requests on 29 August, a cancelled meeting to discuss on 22 September and further chasers on 1 October and 8 October (we have requested a revised due date for this action but did not receive a response and as such will revise to ensure follow up ahead of the next Audit and Governance Committee).
	3b. Directors, in conjunction with the Information Governance Team, should ensure that training completion is accurately recorded and monitored on an ongoing basis to ensure that it is completed by all members of staff and arrangements should be put in place for the effectiveness of the training to be actively assessed and reported to Senior Management.			31/12/2025	
	4a. For any third-party data transfers, the Council should ensure that these are being recorded within the RoPAs and any other applicable documentation, for example the information sharing log, and that appropriate safeguards, such as Data Sharing Agreements, are in place.	M	Emma Jackman, Head of Law and Governance, Council Monitoring Officer and Data Protection Officer	30/09/2025	Internal Audit Comments We will follow up on the action to this recommendation in accordance with the revised due date as no response has been received regarding this recommendation from requests on 29 August, a cancelled meeting to discuss on 22 September and further chasers on 1 October and 8 October (we have requested a revised due date for this action but did not receive a response and as such will revise to ensure follow up ahead of the next Audit and Governance Committee).
	4b. Arrangements should be made to ensure that the information sharing log is subject to review on a regular basis.			31/12/2025	
2024-25 Homelessness Prevention	1a. The Housing Team should continue be reminded of their responsibility to ensure all relevant data is collected and recorded correctly on the QL housing management system for example tenant name, address, rent rate and move in date.	M	Richard Wood, Housing Strategy and Needs Manager	30/06/2025	Management Comments The Council's Rapid Rehousing Manager attended the Allocations Team Meeting to run through the findings of the audit report. The Allocations Team have been reminded of role requirements and audit compliance has also been added to Team Plan for 2025-26 and individuals' objectives. Performance monitoring is currently being undertaken by the Allocations and Assessment Team Leader.
	1b. Housing Benefits Manager and the Rapid Rehousing Manager should establish regular operational meetings between Housing and Benefits Teams to share relevant		Laura Bessell, Local Tax & Benefit Service	31/12/2025	

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
42	<p>information and best practices to improve collaboration to reclaim temporary accommodation costs and avoid financial loss to the Council.</p> <p>1c. The new communication process established by both teams should continue and rent arrears should be regularly monitored to keep to minimum levels and ensure both teams i.e. the Housing Team and Housing Benefits Team are informed of all recent accommodation to work as quickly as possible to claim subsidies where possible.</p> <p>1d. Head of Housing should investigate options for system integration solutions between the Housing QL system and Housing Benefits Civica system.</p> <p>1e. The Housing Benefits Manager and Rapid Rehousing Managers to consider providing additional Civica system access to key Housing staff for a more efficient system.</p>		Delivery Manager		<p>A Working Group for Allocation & Housing Benefit has been established within the Council. Meetings take place on the 3rd Monday of every month and reporting and sharing of information is currently ongoing.</p> <p>There are bi-weekly Friday meetings which take place between Rapid Rehousing management and the Incomes Team. This is to track arrears and monitor internal processes. A Power BI report has been created for easier and more reliable tracking of balances, including in nightly paid and generic owned / leased TA. There has also been the implementation of a Service Level Agreement/Standards with the Incomes Team which is renewed annually and tracks debt collection through monitoring and reporting of key performance indicators.</p> <p>There is no immediate possibility to deliver system integration solutions between the Housing QL system and Housing Benefits Civica system. This is a long-term aim that will be considered as both systems develop and are upgraded.</p> <p>The Allocations Team now have access to Civica. The team was provided training on the system in June, and the team are utilising the system as required.</p> <p>Internal Audit Comments</p> <p>We will follow up on the action to recommendation 1d in accordance with the revised due date (we have requested a revised due date for this action but did not receive a response and as such will revise to ensure follow up ahead of the next Audit and Governance Committee). Evidence to support the management comments was received to support the completion of recommendations 1a, 1b, 1c and 1e.</p>
	<p>2024-25 Homelessness Prevention</p> <p>3a. The Rapid Rehousing Manager should put a plan in place to ensure all hotel providers they are currently working with the Council are educated and adequately informed on how to bid for the new Temporary Accommodation Framework and the information required to submit an effective bid.</p> <p>3b. Hotel providers which have proceeded to be on the new Temporary Accommodation</p>				<p>Management Comments</p> <p>A “How to Tender” workshop was held at Oxford Town Hall on Thursday 8th May 2025, and virtually on Teams on 30th June 2025, with both being attended by multiple suppliers. The sessions received positive feedback, and two bids were submitted by attendees following the workshop. This service is available to all potential bidders for the framework. Suppliers are regularly reminded of this support and have successfully used it on several occasions.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
43	<p>Framework, block bookings should be agreed for more than one month to establish competitive room rates for the Council.</p> <p>3c. The Rapid Rehousing Manager should develop a structured approach to price benchmarking across their provider base. This should include regular review of local market rates, documented criteria for accepting peak pricing, and clear thresholds for when alternative providers should be sought. This will help ensure consistency in pricing decisions and demonstrate value for money, while procurement framework is still work in progress.</p>				<p>Although no block bookings longer than one month have been made to date, the Temporary Accommodation Framework enables this approach as required. It will be utilised when possible and financially viable to do so, with suppliers on LOT 4 actively responding to block contract orders. Due to commercially sensitive factors outside of the Council's control lots 1-3 have yet to launch, however the Council remain committed to the full launch of the framework as soon as possible.</p> <p>The Temporary Accommodation Framework has been formally awarded to the first tranche of suppliers and commenced on Lot 4. It now enables block bookings longer than one month and includes structured price benchmarking through mini-competitions, market rate reviews, and clear criteria for pricing and provider selection, as set out in the framework documents. Due to commercially sensitive factors outside of the Council's control lots 1-3 have yet to launch, however the Council remain committed to the full launch of the framework as soon as possible.</p> <p>Internal Audit Comments</p> <p>We will follow up on the action to recommendations 3b and 3c in accordance with the revised due date (we have requested a revised due date for this action but did not receive a response and as such will revise to ensure follow up ahead of the next Audit and Governance Committee). Evidence to support the management comments was received to support the completion of recommendation 3a.</p>
	<p>2024-25 Data Analytics</p> <p>2a. The Council should either resume and expedite its investigation of easement related aged debts and ensure that they are adequately chased up in accordance with the Corporate Debt and Income and Collection policies, or if this is not deemed economically viable, the balances should be written off to maintain the accuracy of the aged debt listing and the council's receivables balances.</p> <p>2b. The Council should review its payment receipting processes to identify why some balances are not being cleared from the</p>	M	Neil Markham, Incomes Team Leader	01/10/2025 25/12/2025	<p>Management Comments</p> <p>The easement portfolio is due to be reviewed; however, matters are prioritised based on risk to the Council. The easements debt is deemed a low risk. Other areas such as utilities and telecoms are to be reviewed in the first instance. The work stream will result in negotiations on each easement to convert to a premium rather than an annual payment.</p> <p>The Council have reviewed receipting and matching processes for accounts receivable. As result of the internal matching process notes have been updated and circulated around the team. The need for regular matching has also been raised in fortnightly team meetings.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	aged debt reports following payment by the customer. If the issue is found to be user error related, then guidance should be issued to officers to ensure they are following the process correctly.				Internal Audit Comments We will follow up on the action to recommendation 2a in accordance with the revised due date. Evidence to support the management comments was reviewed and sufficient to support the completion of recommendation 2b.
2024-25 Data Analytics	3a. The Council should develop a mechanism to identify customers who have breached, or who are likely to breach, the due diligence threshold. This could include an analysis of customer spending patterns to identify customers that regularly make a high volume of small value orders. Once these customers are identified, due diligence procedures must commence in line with the Sundry Debtors guide.	M	Neil Markham, Incomes Team Leader	01/10/2025 30/04/2026	Management Comments The Council have created a report (which can be run out of Agresso) that looks at Sundry Debt groups customers. The report shows all invoices raised over the period of a year and totals the amount by customer. This will enable the review of spending patterns and pass this information on to the originating departments. The Council are currently exploring the best approach to reviewing and sharing this information to ensure it delivers meaningful value. Internal Audit Comments We will follow up on this action in accordance with the revised due date.

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
45 2023-24 Income Generation	1a. We understand that the Council are considering procuring a new asset management system therefore, it should be investigated whether a new system could interface directly with Agresso to reconcile the rent billed to tenants with the property management database.	H	Emma Gubbins, Corporate Asset Lead Malcolm Peek, Property Services Manager	01/01/2023 31/03/2024 31/03/2025 30/06/2025 31/05/2026	Management Comments The procurement of the system has been delayed. The Council now anticipate placing a contract in the early part of next calendar year. Internal Audit Comments We will follow up on this action in accordance with the revised due date.
	2023-24 Recruitment and Retention	M	Gail Malkin, Head of People	31/12/2024 28/02/2025 30/09/2025 31/10/2025	Management Comments The Council has consulted the Unions on the updated Recruitment and Selection Policy and the Policy is expected to the Council Leadership Team shortly with aims to publish on the Council Intranet by mid-October. The Hiring Managers' Network have been briefed on the Policy. The Council have appropriately finalised the Recruitment Process flow chart with this document being made clearly available on the Council Intranet. Internal Audit Comments We will follow up on the action to recommendation 1a in accordance with the revised due date. Evidence to support the management comments was reviewed and sufficient to support the completion of recommendation 1b.
	2023-24 Recruitment and Retention	M	Gail Malkin, Head of People	31/12/2024 28/02/2025 30/09/2025 31/12/2025	Management Comments The Council have reviewed the use of ITrent for documentation storage purposes, and it has been concluded that it is not suitable for this purpose. Documentation storage remains on Idox. Users were not consulted on the basis the Council were not progressing with ITrent as a documentation storage system.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>effective system to use for recruitment data retention.</p> <p>2c. To review the system functionality to producing recruitment monitoring data such as time to hire, agency spend and vacancy data.</p>				<p>The Council have purchased software to support reporting but have been limited in the ability to use it due to an internal server problem.</p> <p>Internal Audit Comments</p> <p>We will follow up on the action to recommendation 2c in accordance with the revised due date. Evidence to support the management comments was reviewed and sufficient to support the completion of recommendations 2a and 2b.</p>
2023-24 Selective Licensing	<p>1a. The Council should conduct inspections based on their risk/priority level which is reviewed and a rating applied on receipt of application.</p> <p>1b. There should be a clear focus on the number of target inspections to be undertaken annually and subsequently monthly to meet the 12% annual inspections target and the 60% inspection target at the end of the scheme.</p>	M	<p>Courtney Bennet, Building Control Team Manager</p> <p>David Butler, Head of Planning and Regulatory Services</p>	<p>31/01/2025</p> <p>30/04/2025</p> <p>30/09/2025</p> <p>01/03/2026</p>	<p>Management Comments</p> <p>Inspections are now recorded and monitored solely through Meta Street to provide a consistent and reliable source of data. A manual reconciliation of historic Uniform records is being carried out to create an accurate baseline inspection list. Once this reconciliation is complete, an improved Power BI report will be developed to support accurate monitoring of inspections against risk ratings and targets. Each license has a priority rating, and this is included in the inspection spreadsheet. Priority 1 properties are being inspected by Oxford City Council staff. Priority 2 properties will be inspected by contracted officers.</p> <p>The improved Power BI reporting will provide regular oversight of inspection volumes, with annual and monthly figures available against the required targets. This will allow performance against the 12% annual inspection rate and the 60% end-of-scheme target to be monitored and managed. While progress has been made, an extension is required to allow for full reconciliation and implementation of the new reporting process.</p> <p>Internal Audit Comments</p> <p>We will follow up on these actions in accordance with the revised due date.</p>
2024-25 GDPR and high-level Freedom of Information	<p>1a. Management, in conjunction with each business unit or department, should carry out a full and comprehensive review of all the Council's RoPAs to ensure that these are consistent, complete, and up to date and that they capture, as a minimum, the information identified as missing by this review. The updated RoPAs should be</p>	H	<p>Emma Jackman, Head of Law & Governance, Council Monitoring Officer and Data</p>	<p>30/04/2025</p> <p>30/08/2025</p> <p>31/12/2025</p>	<p>Internal Audit Comments</p> <p>We will follow up on the action to this recommendation in accordance with the revised due date as no response has been received regarding this recommendation from requests on 29 August, a cancelled meeting to discuss on 22 September and further chasers on 1 October and 8 October (we have requested a revised due date for this action but did not receive a response</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	presented to and approved by Senior Management and subject to review on an ongoing basis to ensure that these remain current and appropriate. 1b. As part of the RoPA review, the Council should continue to review existing privacy notices and updating them in case of any changes to data processing activities to ensure continued transparency of data processing with data subjects and consistency across all data privacy notices that exist.		Protection Officer		and as such will revise to ensure follow up ahead of the next Audit and Governance Committee).
47 2024-25 GDPR and high-level Freedom of Information	2a. Management should review the Council's retention schedules and ensure that these are fit for purpose. The retention schedules should be subject to review on a regular basis. This should be done in line with the RoPA review as per finding 1.	M	Emma Jackman, Head of Law & Governance, Council Monitoring Officer and Data Protection Officer	30/04/2025 30/08/2025 31/12/2025	Internal Audit Comments We will follow up on the action to this recommendation in accordance with the revised due date as no response has been received regarding this recommendation from requests on 29 August, a cancelled meeting to discuss on 22 September and further chasers on 1 October and 8 October (we have requested a revised due date for this action but did not receive a response and as such will revise to ensure follow up ahead of the next Audit and Governance Committee).

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

Copyright © 2025 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

OXFORD CITY COUNCIL
INTERNAL AUDIT ANNUAL REPORT
AND ANNUAL STATEMENT OF ASSURANCE - FINAL
2024/25

CONTENTS

	Page
Executive Summary	1
Review of 2024/25 Work	3
Summary of Findings	13
Added Value	14
Key Themes	15
Background to Annual Opinion	16
Key Performance Indicators	19
Appendix I: Opinion and Recommendation Significance	20

EXECUTIVE SUMMARY

Internal Audit 2024/25

This report details the work undertaken by internal audit for Oxford City Council ('the Council') and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- ▶ Risk Maturity
- ▶ Homelessness Prevention
- ▶ Fire Risk Assessments (Specialist Advice)
- ▶ Accounts Payable
- ▶ GDPR and high-level Freedom of Information
- ▶ Data Analytics
- ▶ Affordable Housing - Project Management
- ▶ QL Optimisation
- ▶ Income Generation

We have detailed the opinions of each report and key findings on pages three to twelve. Our internal audit work for the period 1 April 2024 to 31 March 2025 was carried out in accordance with the internal audit plan approved by management and the Audit and Governance Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit and Governance Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- ▶ An assessment of the design and operation of the underpinning risk management processes
- ▶ An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year; this assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- ▶ Any reliance that is being placed upon third party assurance.

Overall, we provide **Moderate** assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services, with some levels of non-compliance.

In forming our view, we have taken into account that:

- ▶ We completed a total of nine reviews (seven assurance audits and two advisory reviews). Across the internal audit reviews, we provided mostly Moderate assurance over the design of controls and/or the control effectiveness. There were two reviews where we provided Substantial assurance for the control design, but also one review where we provided Limited assurance. There was one review where we provided Substantial assurance for the control effectiveness.
- ▶ There has been positive engagement with internal audit by the senior management team, demonstrating a desire to enhancing internal controls, governance and risk management

processes. This is despite a backdrop of increasing challenges on resources for local authorities, compounded by other demands that have impacted capacity of staff (such as managing the electoral pressures of a General Election). Staff have endeavoured to provide our Internal Audit Team with availability to support the delivery of our reviews.

- There has been a consistency in the senior management team which supports the organisational stability. There has been a similar stability on the Audit and Governance Committee who have sought to further improve and develop governance during the year.



REVIEW OF 2024/25 WORK

53

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings																		
	H	M	L	Design	Operational Effectiveness																			
Risk Management - (Risk Maturity)	-	4	1	Advisory Report		<p>We assess the Council’s level of maturity regarding its risk management systems. This includes an assessment of Risk Governance, Risk Assessment, Risk mitigation, Monitoring and Reporting and Continuous Improvement, assessing each element on a 5-point scale from Naïve to Enabled. This is an advisory report, so no overall opinions are provided for control design or effectiveness.</p> <p><u>Conclusion</u></p> <p>Overall, the Council have taken the initial steps to implement and embed an effective risk culture. This includes the implementation of a risk management strategy which clearly outlines how risks should be rated, the risk management group which can provide oversight to service registers and regular reporting to the Audit and Governance Committee and as the Cabinet. In February 2025, the Council was due to meet with Heads of Services and updating their corporate risk register to align it to its Corporate Priorities 2024-28.</p> <p>We identified key areas where work must be undertaken to ensure that the approach to risk across the Council is uniform and that the governance of risk can be effective. These areas related to the documentation of risks and actions within both the service and corporate risk registers, having a formal risk appetite statement in place, and the implementation of training and KPIs to provide assurance on risk management.</p> <p>We summarised below the current and target maturity levels, based on our work performed and a realistic trajectory of progress for the Council.</p> <table><tr><td></td><td>Governance</td><td>Risk Assessment</td><td>Risk Mitigation</td><td>Reporting and Review</td><td>Continuous Improvement</td></tr><tr><td>Current</td><td>Defined</td><td>Defined</td><td>Aware</td><td>Aware</td><td>Aware</td></tr><tr><td>Target</td><td>Managed</td><td>Managed</td><td>Defined</td><td>Defined</td><td>Defined</td></tr></table>		Governance	Risk Assessment	Risk Mitigation	Reporting and Review	Continuous Improvement	Current	Defined	Defined	Aware	Aware	Aware	Target	Managed	Managed	Defined	Defined	Defined
	Governance	Risk Assessment	Risk Mitigation	Reporting and Review	Continuous Improvement																			
Current	Defined	Defined	Aware	Aware	Aware																			
Target	Managed	Managed	Defined	Defined	Defined																			

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>Findings</p> <ul style="list-style-type: none"> ▶ From our review of the corporate and service risk registers, we found that risk descriptions, causes and consequences are not always sufficiently detailed. It was also identified that risks are not categorised or linked within the risk register to the Councils corporate priorities as outlined in their strategy. ▶ We found that the risk appetite of the organisation is not clearly defined and its relation to risk tolerance not adequately detailed. It was also found that service areas do not have specific risk appetites in place. ▶ The actions and controls listed in the corporate and service risk registers are not always SMART and have been updated inconsistently. For instance, action owners are listed who have left the organisation, progress updates have not been consistently provided, actions are still listed dating back to 2017 and descriptions are often limited. ▶ Service area risk registers were not reviewed on a consistent basis by the Councils Risk Management Group. Overall, five risk registers were reviewed since November 2022. Furthermore, the Risk Management Groups TOR requires updating as it was last reviewed and updated in February 2020.
Homelessness Prevention	-	3	1	Moderate	Moderate	<p>The purpose of the audit was to assess the effectiveness of controls in place in relation to homelessness prevention and assess whether the Council have arrangements to support the homeless to secure accommodation in line with the Homeless Reduction Act 2017.</p> <p>Conclusion</p> <p>We conclude that the Council has a Moderate design and effectiveness of controls for managing its Homelessness Prevention services.</p> <p>The control design is Moderate because while there was generally a sound system of internal controls designed to achieve system objectives, there were some exceptions.</p> <p>The Council are yet to establish formal contracts with accommodation providers for temporary housing particularly with their largest temporary accommodation provider - Easy Hotel. A Temporary Accommodation Framework has been approved by Cabinet in July 2024, and the Council are now working with temporary accommodation providers to enable them to submit a tender proposal to be included on the new framework.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>The control effectiveness is Moderate as there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. This opinion was principally driven by the significant delays in completing PHPs, with most sampled cases completed outside of the three-day timescale as specified within the Council guidelines.</p> <p>Also due to the incomplete and inaccurate information entered on the QL system for tenants residing in temporary accommodation between March 2024 to October 2024 and other multiple factors such as tenants not making Housing Benefit claims or the lack of information provided by tenants has led to housing benefits claims forgone of circa £112k. Continued collaborative working and system integration between the QL and Civica systems will be beneficial to enable a more seamless process for housing benefit claims.</p> <p>Findings</p> <ul style="list-style-type: none"> ▶ The Housing Benefit subsidy only allows the Council to recover 27% of their current temporary accommodation costs leaving the Council in a £1.3m deficit as of November 2024. This has been factored into forecasting and the Council's annual budget setting process. Inaccurate and incomplete data entry within the QL system for some homeless individuals and lack of information provided by some tenants has meant the Council could not make housing benefit claims for every applicant rehoused by the Council. This has resulted in rent arrears of £112k (January 2025). While recent improvements have been made, the incomplete data entry, surge in applications, resourcing constraints and a lack of seamless integration between the QL system and Housing Benefit Civica system, has led to the above exception. ▶ Significant delays in completing PHPs, with five out of ten sampled cases reporting a completion time ranging from 23 to 74 days after accepting the prevention duty. Although this is beyond the three days prescribed within the guidelines, the Council use a local turnaround target of 21- days for receipt of documents from applicants. Despite this, the above timeframes exceed both of these targets. This delay could reduce the effectiveness of homelessness prevention interventions by not establishing agreed actions early in the prevention period. ▶ The Council lacks formal contractual arrangements with hotel providers for temporary accommodation, currently relying on basic booking terms and informal agreements. While some cost control measures exist through negotiated room rates and block bookings the absence of formal agreements, limits the Council's ability to enforce room rates and service standards effectively.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Fire Risk Assessment - Specialist Advise	-	2	3	Advisory Report		<p>The purpose of our work was to evaluate the quality of FRAs conducted by the contractors. Additionally, we sought to conclude on the classification of Plough House and Bridge Cross to determine if they met the high-rise requirements defined under the Fire Safety (England) Regulations 2022. This is an advisory report, so no overall opinions are provided for control design or effectiveness.</p> <p>Observations</p> <ul style="list-style-type: none"> ▶ Subcontracting by BrightHeat: BrightHeat subcontracted 217 fire risk assessments to Guardian Consultancy Services, who further subcontracted to Hawk Fire Safety Services and VM Fire Safety Services. We reviewed four FRAs and found no issues with quality, but there was no appropriate review by a responsible individual (under the Fire Safety Act is a person designated to ensure that fire safety measures are in place and maintained, and that all relevant fire safety regulations are complied with). BrightHeat and its subcontractors were not found on relevant fire safety registers, and one inspector falsely claimed IFSM registration. ▶ Requirement to Perform Type 3 Fire Risk Assessments: OCC had only conducted Type 1 FRAs, which assess common areas. Recent legislation requires more detailed Type 3 assessments for high-risk site. There was no centralised register of FRA results i.e. moderate risk, in order to quantify the impact of this change in regulation.
Accounts Payable	-	4	3	Moderate	Moderate	<p>The purpose of this audit was to provide assurance over the arrangements to input, amend, record and report accounts payable transactions and review management and monitoring arrangements of KPI's relating to the Accounts Payable function.</p> <p>Conclusion</p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for its Accounts Payable function.</p> <p>The control design was Moderate because the Council generally had a sound system of internal controls however there were some exceptions. The Council had strong policies and procedures in place and undertook daily interfaces between QL and Agresso with plans to resume the interface with Key2. There were also plans to introduce a matching software between bank details and supplier names.</p> <p>However, the Council had not undertaken any management reporting since March 2022 which had resulted in a lack of management oversight over key concerns such as the suspense account backlog.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>The control effectiveness was moderate because whilst some controls such as the QL interface controls that are in place were consistently applied there were some controls which required strengthening. These included the reconciliation between Paris and Agresso to ensure there is appropriate oversight and resolve any variances as well as purchase orders not always being raised and goods receipted according to policy.</p> <p>Findings</p> <ul style="list-style-type: none"> ▶ Purchase orders are not always raised prior to invoice and with approval according to the Agresso authorised user list. ▶ Assurance that goods have been receipted prior to payment cannot be obtained for transactions processed by ODS or Hews Grey (outsourced provider). ▶ Management reporting for payable transactions and overdue credit terms has not taken place since March 2022 due to changes in the system. ▶ The rationale behind approving high risk suppliers to be set up was not provided on the new supplier form for one supplier and there is also an increased risk for new suppliers to be set up without the approval from Procurement. ▶ Reconciliations between Paris and Agresso are not reviewed and approved, and variances are not investigated or resolved.
GDPR and high-level Freedom of Information	1	3	1	Limited	Moderate	<p>The purpose of the audit was to assess the Council's compliance against key parts of UK GDPR, including training and awareness, roles and responsibilities, data breach management, data protection impact assessments, policies and procedures, and governance of information assets.</p> <p>Conclusion</p> <p>The control design was Limited as there were several significant gaps identified in the data protection controls in key areas. This could be seen with the Council's central Record of Processing Activities (RoPA) and associated ongoing work with individual service areas. Furthermore, there were gaps identified with the arrangements for sharing data with third parties.</p> <p>The control effectiveness was Moderate as there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. This specifically related to the training compliance as well as the information recorded in the Privacy Impact Assessment Register.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>Findings</p> <ul style="list-style-type: none"> Although individual RoPAs are in the process of being revised, our review found that due to the lack of corporate engagement, the central RoPA lacked sufficient detail to allow for an accurate oversight of data processing activities which could lead to ICO guidance not being met. The Council's retention schedules, which are held and required to be reviewed by service areas, are overdue for review and have not been revised since July 2021, despite a requirement for the schedule to be reviewed in July 2022. Although training compliance is being monitored and is currently a compliance rate of 57.5%. However, due to the lack of corporate clarity around staffing information, it is not clear whether required staff have completed the training with the compliance rate not aligning with staff training records on the HR system. The risks that are posed by third party data sharing are not being effectively recorded in the Information Sharing log due to the information not being shared with the Information Governance team proactively by service areas as data sharing arrangements are put in place (the document that records data sharing with third parties). The log has not been updated in the last 12 months.
Data Analytics	-	3	-	Moderate	Moderate	<p>The purpose of this audit was to provide assurance for data analytics on main financial system information including the ledger and payroll. This included conducting data analytics tests and obtaining management responses/following up on red flags/exceptions identified.</p> <p>Conclusion</p> <p>We provided Moderate assurance on the Council's control design. We found that there were no payments made outside of a user's authorisation limit, the aged debtors' analysis was detailed, and employees were paid correctly. However, there was no purchase card policy in place which may lead to inappropriate purchases being made.</p> <p>We provided Moderate assurance on the Council's control effectiveness. We found satisfactory responses to duplicate entries across Accounts Payable. However, the Council's due diligence process did not apply to customers whose cumulative order amounts breached the due diligence threshold. Additionally, the lack of progress being made to recover easement related aged debts may have resulted in inadequate financial reporting due to bad debts not being written off in line with policy.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>Findings</p> <ul style="list-style-type: none"> Despite Council issued purchase cards being used to make purchases totalling £801k between 1 January and 31 October 2024, current purchase card governance documentation does not include key controls such as: <ul style="list-style-type: none"> The job titles of officers authorised to be issued with purchase cards The spending limits applicable to each role Allowable types of expenditure Prohibited types of expenditure We reviewed a sample of 35 aged debts across the Council and Oxford Direct Services (ODS) and identified three aged debts (two for the Council and one for ODS) related to easements. An easement is a legal right that allows someone to use Council owned land without taking on ownership in exchange for a fee being paid to the Council. Upon enquiry with officers, we were informed that easement related balances were previously being reviewed to determine their validity and accuracy, but that this investigation had been on hold for at least eight years and progress was not being made toward debt recovery. There are a total of 613 aged debts relating to easements with a total value of £72k, with some of these debts dating back as far as 2011 and showing no significant progress towards recovery. We also identified a further 3 aged debts within our sample for which payment had been made but the debt had not been cleared from the report. The Council do not have a mechanism in place to identify customers whose cumulative orders exceed the threshold for due diligence which may lead to increased bad debtors resulting in financial loss.
Affordable Housing - Project Management	-	-	2	Substantial	Substantial	<p>The purpose of the audit was to provide assurance over the Council's governance and performance monitoring arrangements for their current affordable housing development projects including Blackbird Leys and OX Place.</p> <p>Conclusion</p> <p>The control design was Substantial because there was generally a sound system of internal control designed to achieve system objectives. There were robust and appropriate governance procedures in place to approve projects at their inception and to monitor the operational and financial performance of the project delivery.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>Furthermore, Above reports provided ongoing updates on both the financial forecasting and profitability of projects to allow this to be monitored appropriately.</p> <p>There were some areas identified to improve the control design, including ensuring that the project approvals workflow document is incorporated into the Collaboration Agreement to establish clear and agreed approval routes for projects.</p> <p>The control effectiveness was Substantial because there was little evidence of non-compliance with controls, that may put some of the system objectives at risk.</p> <p>All projects reviewed had a clear business case or Scheme Development Strategy which set out the objectives and delivery timescales of the project. Through the governance structures, these were monitored effectively over the duration of the projects.</p> <p>However, we did identify that for one project (Rose Hill Development Project) a closure report was not prepared using the standard template and did not address the lessons learned from the project.</p> <p>Findings</p> <ul style="list-style-type: none"> ▶ The flow chart that has been developed between the Council and OX Place to agree the initial project approval process has not been inserted as an appendix to the Collaboration Agreement and therefore, may not be enforceable. ▶ The project closure report for the Rose Hill Development Project was not completed using the standard template, and therefore, did not address the lessons learned from the project.
QL Optimisation	-	2	1	Moderate	Moderate	<p>The purpose of this audit was to assess whether the Council's interventions for QL (including Governance structures) were operating effectively.</p> <p>Conclusion</p> <p>The control design was Moderate because there is generally a sound system of internal controls designed to achieve system objectives with some exceptions.</p> <p>The Council has a robust oversight structure through the QL Exploitation Programme managed by the Executive Oversight Project Board and the BAG. All new projects were scrutinised and actions for the smooth running of QL were reviewed and closed once completed.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>However, issues were found where staff within the Incomes Team did not always record actions to outline that the tenants were under debt management due to the tenant falling behind on rental payments.</p> <p>The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk.</p> <p>There was no evidence of PO approval for ODS sales/works orders, and the Council overly relies on ODS to undertake all relevant PO and goods receipt processes without verification.</p> <p>Findings</p> <ul style="list-style-type: none"> ▶ The Council does not independently verify that POs relating to repair and maintenance work on properties are accurate and appropriate prior to making payment to ODS for the completed work. Furthermore, the Council does not have a comprehensive procedure in place to satisfy itself that repairs and maintenance is completed to a sufficient standard prior to making payment to ODS. ▶ Records within QL do not accurately reflect the payment schedules agreed with tenants. Our sample testing of 20 tenancies identified four cases where staff within the Incomes Team did not record actions to outline that the tenants were under debt management due to the tenant falling behind on rental payments. We also identified one tenancy where an appropriately signed rental agreement or deed of variation could not be obtained, we have included the case reference for Council consideration. In addition, there were two cases where payment arrangements with tenants had not been accurately recorded within QL.
Income Generation	-	1	1	Substantial	Moderate	<p>The purpose of the audit was to assess:</p> <ul style="list-style-type: none"> ▶ Whether the Council had controls and procedures in place for generating income, including the setting of fees, benefiting from grant funding opportunities and maximising marketing and advertising income. ▶ The Council's journey to cashless. ▶ The financial controls in place within the Civica Pay system to ensure income is allocated correctly. <p>Conclusion</p> <p>The control design was Substantial because there was generally a sound system of internal control designed to achieve system objectives. Whilst we have raised a low</p>

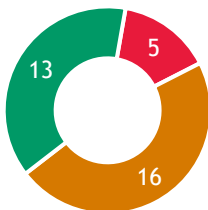
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>finding surrounding the lack of robust cash controls within community centres the risk remains low due to the small value of cash handled. There were also strong controls identified in the fee setting, approval and monitoring of cost versus income generated. The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. There were instances across two service areas that identified an incorrect charge, payment or allocation of income demonstrating non-compliance with procedures.</p> <p>Findings</p> <ul style="list-style-type: none"> ▶ There were two instances, across two service areas, in which a payment for the wrong amount was processed or the payment was incorrectly allocated to the service area. ▶ Cash controls within community centres are not monitored therefore increasing the risk of financial losses, errors and a lack of accountability.

SUMMARY OF FINDINGS

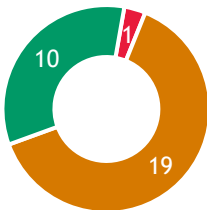
RECOMMENDATIONS AND ASSURANCE DASHBOARD

Recommendations

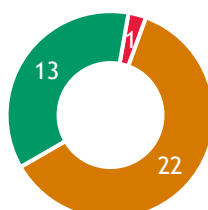
2022/23



2023/24

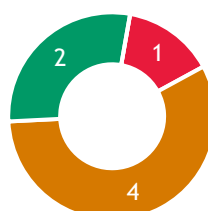
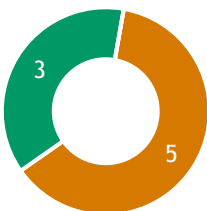
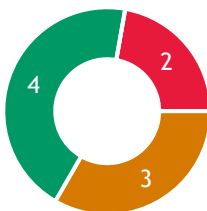


2024/25



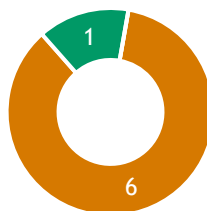
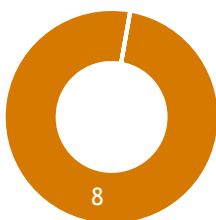
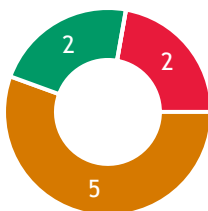
In 2024/25 there were a total of 36 recommendations raised, an increase from the 30 raised in 2023/24. However, the number of high recommendations raised has remained stable at one.

Control Design



In 2024/25 we saw an increased number of reports where we provided Limited assurance for control design and a decrease in Substantial assurance when compared to 2023/24. Other advisory work was conducted in the year which supported our Head of Internal Audit Opinion.

Operational Effectiveness



In 2024/25 we saw an increase in the number of reviews where we provided Substantial assurance for control effectiveness when compared to 2023/24. For the second year in a row, we also issued zero reports with Limited assurance for control effectiveness.

ADDED VALUE



USE OF SPECIALISTS

Our reviews were performed by our dedicated Public Sector Internal Audit Team. For specialist reviews, these were completed by subject matter experts to ensure the Council received assurance from qualified individuals. This includes the Fire Risk Assessment review where the work was performed and reviewed by specialists. The GDPR audit was undertaken by our dedicated team of IT Internal Auditors.



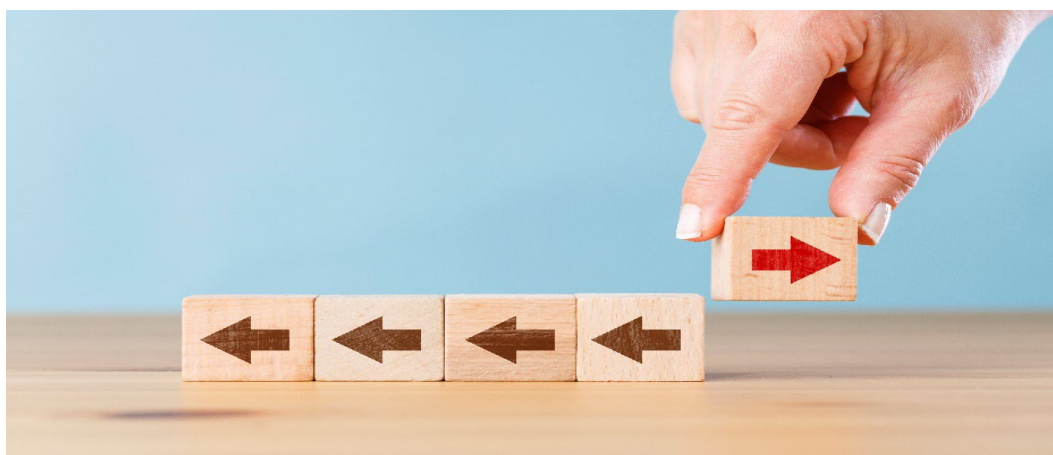
RESPONSIVENESS

We ensured that our audit approach was responsive to the Council's needs, adjusting audit timings to enable officers to balance our work with their existing responsibilities. We have ensured that the timings of our audits were convenient for the staff involved and we have adapted the audit scopes to reflect the changing priorities in the year.



BENCHMARKING AND BEST PRACTICE

We provide quarterly sector updates to the Audit and Governance Committee, have shared best practice on a number of audits, and issued Thought Leadership pieces as the 'BDO Global Risk Landscape' report.



KEY THEMES



PEOPLE AND WORKFORCE

The Council welcomed our internal audits and provided us with strong levels of time and support during our reviews, whether delivered remotely or in-person. This demonstrates the organisation's positive approach towards internal audit and enhancing internal controls.



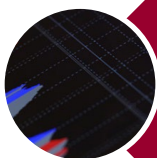
COMPLIANCE WITH CONTROLS

For the second year running we have seen an overall improvement in the level of assurance provided for control effectiveness across reports issued throughout the year. This is evidence of an increase in engagement by staff with the Council's systems of internal control.



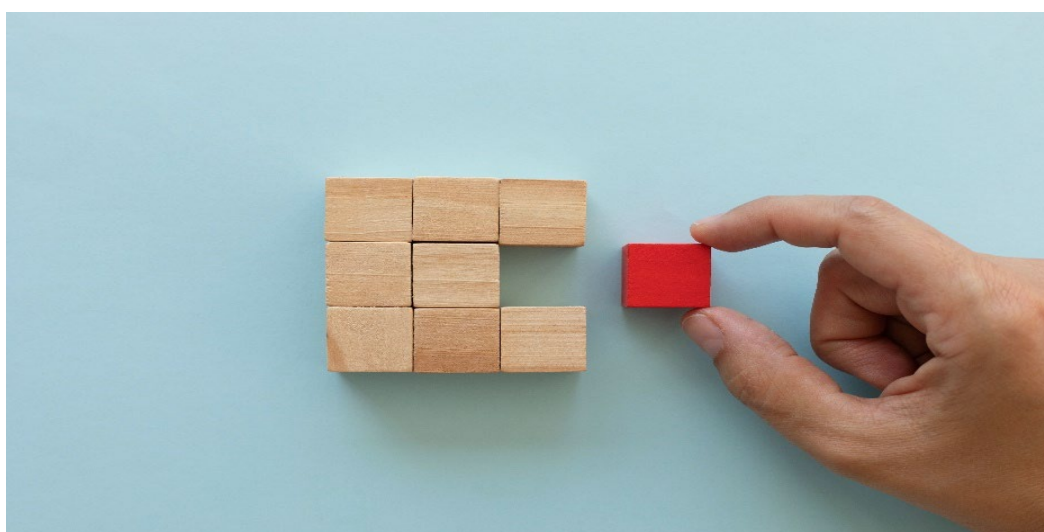
EMERGING RISKS

An effective audit plan has due consideration with emerging risks. We reviewed the Council's data protection controls via our GDPR audit which is an area of increasing risk due to the instances of malicious attacks being carried out on public bodies. Our review identified that the Council has improvements to make in this area.



SYSTEMS & PROCESSES

In general the Council has effective systems in place. However, we have seen a decrease in Substantial assurance and increase in Limited assurance reports for control design. We would like to see this trend reversed in future years.



BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to Oxford City Council (the Council) is to provide an opinion to the Council, through the Audit and Governance Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for 2024/25 was carried out in accordance with the internal audit plan approved by management and the Audit and Governance Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Audit Approach

We have reviewed the control policies and procedures employed by the Council to manage risks in business areas identified by management set out in the 2024/25 Internal Audit Annual Plan which was approved by the Audit and Governance Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- ▶ Considering the risks that have been identified by management as being associated with the processes under review
- ▶ Reviewing the written policies and procedures and holding discussions with management to identify process controls
- ▶ Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- ▶ Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- ▶ Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page one of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key contact responsible for the area under review to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit and Governance Committee is to agree reports with management and then present and discuss the matters arising at the Audit and Governance Committee meetings.

Management actions on our recommendations

Management was engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, generally providing audit evidence promptly and allowing the reviews to proceed in a timely manner. This included opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports. Management responses to draft reports were consistently provided within our requested timescale.

We had direct channels of communication to members of senior management throughout our audit engagements and in our audit planning process.

Recommendations Follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Recommendations from our internal audit reports have generally been implemented promptly with appropriate actions taken to improve controls where weaknesses have been identified.

There are however several recommendations which have had their due date revised on multiple occasions (in some cases four or five times with one instance a recommendation having an original due date of 1 January 2023 now being revised to 31 May 2026). We will work with management to improve this process, to ensure implementation of recommendations is undertaken in a timely manner.

Relationship with External Audit

Summaries of all our final reports are available to the external auditors through the Audit and Governance Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

Report by BDO LLP to Oxford City Council

As the internal auditors of Oxford City Council, we are required to provide the Audit and Governance Committee, and senior management with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion, it should be noted that assurance can never be absolute.








The internal audit service provides Oxford City Council with **Moderate assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2024/25. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective.

In assessing the level of assurance to be given, we have taken into account:

- ▶ All internal audits undertaken by BDO LLP during 2024/25
- ▶ Any follow-up action taken in respect of audits from previous periods for these audit areas
- ▶ Whether any significant recommendations have not been accepted by management and the consequent risks
- ▶ The results of regulatory reviews and other assurance providers
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council.







KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	We received no customer satisfaction survey responses for reviews undertaken in 2024-25. Therefore, we could not comment on our overall score. We will work with management to obtain customer satisfaction surveys in 2025-26.	
The auditor attends the necessary meetings as agreed between the parties at the start of the contract.	All meetings attended including the Audit and Governance Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Manager.	
Information is presented in the format requested by the customer.	No requests to change the BDO format.	
External audit can rely on the work undertaken by internal audit (where planned).	External Audit are aware of the control environment for the Council as part of the Audit and Governance Committee meetings	
Annual Audit Plan delivered in line with timetable.	All audit reports have been issued (at least in draft) for 2024/25 in time to issue our HoLA opinion ahead of the Council finalising its Annual Governance Statement. Our audit work was delivered evenly over the year.	
At least 60% input from qualified staff.	The internal audit work completed to date has been completed with at least 60% input by qualified staff.	
Positive result from any external review.	The External Audit Quality Assessment by the Institute of Internal Auditors in April 2021 found BDO to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

APPENDIX I: OPINION AND RECOMMENDATION SIGNIFICANCE

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
Moderate - Significantly meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
Limited - Partly meets expectations	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
No - Does not meet expectations	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of noncompliance with some controls that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

GURPREET DULAY

Gurpreet.Dulay@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations, and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2025 BDO LLP. All rights reserved.

www.bdo.co.uk

This page is intentionally left blank