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INTERNAL AUDIT PROGRESS REPORT

Oxford City Council
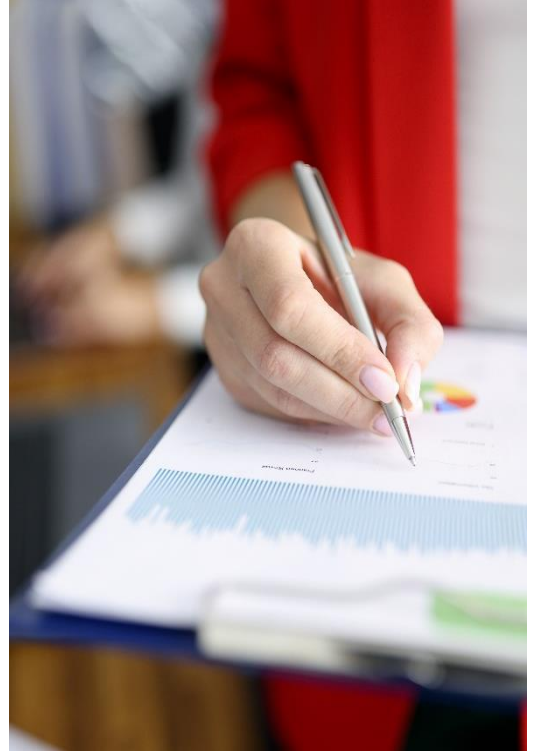
2024/2025

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CONTENTS

SUMMARY OF 2024/2025 WORK

INTERNAL AUDIT

This report is intended to inform the Audit and Governance Committee of progress made against the 2024/2025 internal audit plan. 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 Public Sector Internal Audit Standards. 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'. 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.

2024/2025 INTERNAL AUDIT PLAN

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

- Accounts Payable
- Internal Audit Follow Up Report.

Planning and/or Fieldwork is underway in respect of the following audits for 2024/25:

- Risk Management (Risk Maturity)
- QL Optimisation
- Homelessness Prevention
- GDPR and High-Level Freedom of Information.

CHANGES TO THE INTERNAL AUDIT PLAN

- Risk Management (Risk Maturity) – This review is at draft report stage and has been issued to management for responses. The Risk Manager position at the Council will be filled imminently. The Council will allocate implementation dates against each recommendation once the Risk Manager is within post. Therefore, this report will be presented at the next Audit and Governance Committee meeting in January 2025.

- Dynamic Purchasing System - The Council have requested that we remove the Dynamic Purchasing System internal audit review and replace this with a review on fire risk assessments. Due to the current management questions on fire risk assessments the Council have requested we undertake this review as soon as possible. A terms of reference has been scoped and the field work on this review will begin imminently.

REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: QL Optimisation	Nigel Kennedy	Jan 25	✓	✓			
Audit 2: Affordable Housing – Project Management	David Scholes	Apr 25	✓				
Audit 3: Risk Management – (Risk Maturity)	Nigel Kennedy Bill Lewis	Jan 25	✓	✓	✓	N/A (Draft)	N/A (Draft)
Audit 4: Homelessness Prevention	Nerys Parry	Jan 25	✓	✓			
Audit 5: ~~Dynamic Purchasing System~~ Fire risk Assessments	Nigel Kennedy	Jan 25	✓				
Audit 6: Income Generation	Nigel Kennedy	Apr 25	✓				
Audit 7: Accounts Payable	Nigel Kennedy	Oct 24	✓	✓	✓	M	M
Audit 8: GDPR and high-level Freedom of Information	Grace Wigham and Emma Griffiths	Jan 25	✓	✓			
Audit 9: Data Analytics	Nigel Kennedy	Apr 25	✓				
Audit 10: Equality, Diversity and Inclusion (EDI Maturity)	Helen Bishop	Jan 25	✓				

ACCOUNTS PAYABLE AUDIT

CRR REFERENCE: WELL RUN COUNCIL

Design Opinion	🟠 Moderate	Design Effectiveness	🟠 Moderate

Recommendations	🔴 0	🟠 3	🟢 4

SCOPE

BACKGROUND

▸ Oxford City Council, (the Council's) main financial system is Agresso within which accounts payable transactions are recorded. Agresso is a long-standing system at the Council and operates alongside the Agresso Purchase to Pay (P2P) module which includes invoice entry using scanning technology, electronic purchase ordering with workflow and a contracts module. The main aim of the P2P was to aid the Council in its end-to-end process of purchasing its goods and services and paying for them in a timely manner.

▸ Most accounts payable transactions are recorded on Agresso. The Agresso system records all aspects of the payment process from the purchase order being raised, goods receipted, invoice received, and payments being made via workflow approval (three-way match process). Those transactions which relate to core Council services and central costs in regard to the operation of the Council are on Agresso.

▸ The Council also manage the accounts payable transactions on behalf of their wholly owned trading companies Oxford Direct Services (ODS) and OxPlace (the Councils housing company). Payment information for repairs and maintenance works carried out by ODS are obtained from the Housing Management System (QL) and subsequent intragroup payments are made to ODS by the Council using the P2P process (as above).

▸ To support remote operations at two depots at Horspath Road and Cowley Marsh the Council also have the system Key2; these are accessed by Council staff who provide services to process invoices for Motor Transport, building repairs to housing and stores. These systems record the process from the purchase order being raised, goods receipted, and the invoice being received from the supplier. However, payments are not made from the above systems. Once a week a batch file (BIF File) is created and uploaded into Agresso to transfer data to ensure payments are made.

▸ As part of a recent Agresso upgrade (2024), Agresso now operates as a cloud based system, and manual payments are now treated as an invoice and approved via the above workflow process.

▸ The Council have had a long standing suspense account currently with a backlog of 1709 lines that have remained uncleared for an average of 153 days.

PURPOSE

▸ 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.

AREAS REVIEWED

We reviewed:

- ▸ Whether there were financial regulations, policies and procedures in place which supported accurate, complete and timely transactions these were up-to-date and have been circulated to the relevant teams within the Council. Such policies include the procedure notes for Agresso and Key 2 as well as the Constitution.

- ▸ A sample of new and existing customer/supplier changes to assess whether there were adequate procedures in place to safeguard the integrity of these additions/changes including whether there was a segregation of duties in place to update and review supplier changes such as bank account changes.

- ▸ A sample of new customers/suppliers to assess whether they have been subject to sufficient due diligence checks to provide reasonable comfort over the nature and background of the customers/suppliers i.e. VAT registered, Companies House Check, Bank Account matches the suppliers Business Account.

- ▸ A sample of payments to suppliers to ensure that transactions were raised, approved and paid in an accurate, complete and timely manner (three-way match process) our sample will include OCC, ODS and OxPlace transactions.

- ▸ Enquiries were made as to the management information that was reported to senior management and expectations for future KPI reporting.

- ▸ The interface data posted from Key2 and QL to the Agresso system to ensure it was accurate and/or complete. Determined whether accuracy checks were undertaken once the data has been interfaced.

- ▸ Reconciliations for Paris (to Agresso) for a sample of three months between April and August 2024 to assess whether the reconciliations were reviewed and approved with sufficient backing evidence and irreconcilable items were investigated prior to approval.

- ▸ The Council's suspense account transactions to determine when transactions were uploaded to the suspense account, how often they were cleared down and/or investigated and determined the average length of time suspense account transactions remain in the account.

AREAS OF STRENGTH

- The Council's Constitution is up to date and includes all relevant financial regulations. This was approved at Council in November 2023. This is supplemented by procedure notes for the Finance system and screenshot guides for accounts payable responsibilities.
- The process for the setup of new suppliers ensures a segregation of duties as the new supplier form is completed by the individual requesting the supplier, approved by Procurement following due diligence checks and set up by the Finance team following confirmation with the supplier of their bank details.
- The Council are working towards implementing a matching system for bank details which would display an error if bank details do not match a supplier name.
- An interface between the QL system (housing management system) and Agresso is undertaken daily to ensure the data between the systems reconcile. All variances are resolved, and the results of the interface are emailed between the Finance team.
- We reviewed a sample 20 purchase transactions comprising of the Council, ODS and Oxplace from 1 January 2024 to September 2024 to ensure the three way matching process was carried out correctly and found:

  - In all cases a segregation of duties was noted between the individual that raised the PO and goods receipted the transaction this was subsequently approved via the Agresso system as part of the three-way match process.

  - In one case the transaction was a Hews Grey transaction (outsourced provider for payments), this BIF file received by the Council was corrupted and a payment was ready to be processed for a value of £21,146.40 rather than £214.46. The Council adequately queried this transaction and asked the bank to stop the payment, and the payment schedule was corrected before being processed.

  - In eight cases the purchase order was approved by an individual listed in the Agresso authorised user list, where an invoice equalled to the value of the PO or the value was less than the value of the PO and subsequently goods receipted it was paid via Agresso.

AREAS OF CONCERN

We found:

Finding	Recommendation	Responsible Officer and Implementation date
- Purchase orders are not always raised prior to invoice and with approval according to the Agresso authorised user list. (Finding 1 - Medium). - Assurance that goods have been receipted prior to payment cannot be obtained for transactions processed by ODS, or Hews Grey	1a) Transactions processed via BIF files, ODS or Hews Grey must have assurance of goods receipt incorporated into the approval or the Council should undertake a walkthrough of their systems to gain assurance that goods are receipted prior to payment. 1b) The Council should investigate whether Agresso can block future dates for goods receipt and inform all staff of the correct procedure for processing goods receipt via Agresso. 1c) The Council should discuss with ODS whether they should have approved purchase orders prior to	Gaynor Didcock, Acting Team Leader Phil McGaskil, Revenues and Payments Manager. 31 January 2025

	(outsourced provider) (Finding 1 – Medium).	invoicing for all transactions rather than the retrospective approach. 1d) Investigation should be undertaken to ensure approvers within the Agresso workflow are correct and reconcile to the manual Agresso approvers list. **Management Comments** *1a) We agree with recommendation and will check with ODS that they are goods receipting invoices prior to sending to the Council for payment.* *1b) It is not possible to block out future GRN dates, but we will review the training to ensure people are using the future date box in the correct manner. For example subscriptions can't be avoided however we will communicate with staff to ensure GRN for future dates is used in the correct manner.* *1c) All Purchase order for DS (QL) have PO raised before. Works orders this is not possible, they work to an estimate until the job is complete, the invoice is sent to the approver, who in turn approves then resends to Business Support who will then raise the PO. The invoice is then sent to AP to process at exactly the correct amount, as QL will only accept the exact amount.* *1d) We agree with recommendation.*	
	▶ Management reporting for payable transactions and overdue credit terms has not taken place since March 2022 due to changes in the system (Finding 2 – Medium).	2a) The Council should work with the IT team to ensure automatic reporting is available as soon as possible, once available this should be run monthly and reported to the Head of Finance and the Corporate Management Team (CMT). 2b) In the meantime, the Council should look into manual reporting of the most important KPIs such as the total amount of payables made by their due date to ensure the Council have the funds to pay these according to their payment terms. **Management Comments** *2a) We agree with the recommendation – work is in progress. KPIs are due to be reported imminently, due to changes in the IT team this has been an outstanding request with IT.* *2b) We will investigate to see if this can be done, and if so we will implement the recommendation.*	Phil McGaskil, Revenues and Payments Manager. IT Team to write the script for reporting 31 January 2025
	▶ The rationale behind approving high risk suppliers to be set up was not provided on the new supplier form for one supplier	3a) Spot checks of new suppliers set up should be conducted to ensure the correct approval has been followed. 3b) A clear process for ODS requested new suppliers should be established to ensure all are subject to Council	Phil McGaskill, Revenues and Payments Manager Gaynor Didcock, Acting Team Leader

		and there is also an increased risk for new suppliers to be set up without the approval from Procurement. (Finding 3 - Medium).	procurement oversight or all are approved by ODS procurement and submitted with evidence of credit checks. 3c) The new supplier form should include a rationale for approval by the management accountant for approvals of medium or high-risk suppliers. **Management Comments** *3a) We agree with recommendation, will implement immediately.* *3b) We agree with recommendation, will implement immediately* *3c) We agree with recommendation.*	30 November 2024	
	▸	Reconciliations between Paris and Agresso are not reviewed and approved, and variances are not investigated or resolved (Finding 4 - Medium).	4a) The Council should investigate the reporting issue between Paris and Agresso to ensure the reconciliation can be completed accurately. 4b) The Paris reconciliation should show the name of the preparer and approver. All variances should be investigated and resolved in a timely manner. **Management Comments** *4a) We agree with recommendation, this is currently under investigation. The Council will be going on a new system, Civica Pay on 25 November (Planned date) and this system will be used to undertake future reconciliations where all the relevant reporting functions are available to undertake a reconciliation.* *4b) The preparers name is already on the report, we will add approvers name.*	Gaynor Didcock, Acting Team Leader Phil McGaskil, Revenues and Payments Manager. 31 December 2024	
	▸	Key 2 interfaces with Agresso ceased in June 2024 but will be reintroduced in October 2024 (Finding 5 - Low).	5a) Key 2 interfaces should be re-introduced, and a reconciliation should be run on data from 1 June 2024 to resolve any variances since the last interface these should be undertaken monthly going forward. 5b) The interface template should be signed and dated by the individual that completed the interface with any amendments made and an approval signature should be added to the template by the reviewing officer. **Management Comments** *5a) We agree with recommendation, have commenced reconciliation as of 01/10/2024, and will review from June 2024, as soon as possible.* *5b) We agree with recommendation*	Gaynor Didcock, Acting Team Leader Phil McGaskil, Revenues and Payments Manager. 31 October 2024	
	▸	Approval of changes to bank details is not formally documented (Finding 6 - Low).	6a) The individual who reviews and approves the bank detail changes should enter the updated details into Agresso so that there is an evidenced segregation of duties between the officer updating changes within Agresso and the name of the	Gaynor Didcock, Acting Team Leader Phil McGaskil, Revenues and Payments Manager. 31 October 2024	

		individual requesting evidence from the supplier within emails. **Management Comments** *6a) We agree with recommendation – We will attach email trails to be saved on the system to the corresponding supplier account.*	
	▸ The Scheme of Delegation does not align to those granted authorisation to approve purchase orders within Agresso (Finding 7 - Low).	7a) All users should have substitutes set up in their Agresso account. 7b) A review of Agresso approvers should be undertaken quarterly to remove any users that should no longer have access, and this should be aligned to the Scheme of Delegation. **Management Comments** *7a) We agree with recommendation, an email was sent to all department heads and Phil is in the process of ensuring all substitutes are in place within Agresso.* *7b) We agree with recommendation, both these documents should align and a check will be undertaken quarterly going forward.*	Phil McGaskill, Revenues and Payments Manager Gaynor Didcock, Acting Team Leader 31 January 2025

CONCLUSION

We conclude that the Council has a Moderate design and effectiveness of controls for its Accounts Payable function.

Control Design

The control design is Moderate because the Council generally has a sound system of internal controls however there are some exceptions. The Council has strong policies and procedures in place and undertakes daily interfaces between QL and Agresso with plans to resume the interface with Key2. There are also plans to introduce a matching software between bank details and supplier names.

However, the Council have not undertaken any management reporting since March 2022 which has resulted in a lack of management oversight over key concerns such as the suspense account backlog.

Control Effectiveness

The control effectiveness is moderate because whilst some controls such as the QL interface controls that are in place were consistently applied there are some controls which require strengthening. These include the reconciliation between Paris and Agresso to ensure there is appropriate oversight and resolve of variances as well as purchase orders not always being raised and goods receipted according to policy.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, Non-Executive Directors and Executive Directors.

TRANSFORMING PUBLIC PROCUREMENT

Following the announcement that the Procurement Act 2023 will now commence on 24 February 2025 to allow time for a new National Procurement Policy Statement (NPPS) to be produced, we now invite contributions to its development through a dedicated NPPS survey.

The NPPS will set out the Government's strategic policy priorities for public procurement, and is an essential element of the Procurement Act. The Government wants the new regime to commence with a statutory NPPS that meets the challenge of applying the full potential of public procurement to deliver value for money, economic growth, and social value.

The survey is structured around four open questions designed to prompt ideas and insights from stakeholders and experts on how best to shape the NPPS to support a new, mission-driven approach to public procurement through increased value for money, social value, innovation and collaboration.

The survey is now open and you can access it here. The survey is open for four weeks, and will close at midday on Monday 4 November 2024.

If you are unable to access the survey, please contact the team at procurement.reform@cabinetoffice.gov.uk.

FOR INFORMATION

For the Audit and Governance Committee Members and Executive Directors

PREVENTION SHOULDN'T BE A LUXURY – LGA STATEMENT ON NHS CONFEDERATION REPORT

THE NHS CONFEDERATION HAS RELEASED NEW ANALYSIS CALLING FOR BETTER INVESTMENT INTO PREVENTION, WHICH IT ESTIMATES COULD DELIVER AN £11 BILLION RETURN. THE LGA SUPPORTS A GREATER EMPHASIS ON PREVENTION AND THE ROLE COUNCILS CAN PLAY IN ACHIEVING THIS.

Responding, Cllr David Fothergill, Chairman of the Local Government Association's Community Wellbeing Board, said:

"NHS leaders are right to recognise the vital role councils – working with people and partners – can play to address the wider determinants of health, through their role in public health, care and support, housing, green spaces, youth services, and the local economy.

"However, with resources under intense pressure, council spending is increasingly used to meet growing demand and cost pressures in acute, frontline services. This is leaving less and less for the preventative support that helps people live independent, healthy lives, boost life chances, prevent homelessness and help people avoid reaching crisis point.

"Ahead of the Autumn Budget and Spending Review, we have called on government to invest in the public health grant and other vital areas of prevention, such as supported housing and health visiting. This must be part of a new long-term approach to funding prevention and early action support, and a more sophisticated understanding of the social return of that investment.

"Councils know how to maximize funding by partnering locally to create effective, preventative health services. With proper funding, prevention can become a core part of health and care and not a luxury extra when budgets allow."

https://www.local.gov.uk/about/news/prevention-shouldnt-be-luxury-lga-statement-nhs-confederation-report

FOR INFORMATION

For the Audit and Governance Committee and Executives Directors

EXTEND VITAL REGENERATION FUND BY A YEAR TO BOOST LOCAL GROWTH AND AVOID CLIFF EDGE, COUNCILS URGE

VITAL REGENERATION FUNDING USED TO BOOST INCLUSIVE ECONOMIC GROWTH SHOULD BE EXTENDED BY A YEAR TO AVOID A CLIFF EDGE IN SUPPORT FOR LOCAL PROJECTS, COUNCILS HAVE URGED.

The measure is part of an ambitious package of proposals aimed at securing the financial sustainability of district councils and giving them the freedom and flexibility to transform local areas.

In a prospectus, the District Council Network is calling for a permanent commitment to multi-year Vital regeneration funding used to boost inclusive economic growth should be extended by a year to avoid a cliff edge in support for local projects, councils have urged.

The UK Shared Prosperity Fund (UKSPF), which was established as a replacement for EU regional funding, is due to run out in March 2025 and councils say an extra 12 months is needed to secure support for communities and local businesses.

The Local Government Association, which represents councils, says the fast-approaching deadline without certainty of an extension is starting to impact on delivery of valued locally-led schemes including on regenerating high streets, skills training and creating jobs.

The LGA is urging the Government to use the upcoming Autumn Budget to remove this cliff edge and provide fully flexible one-year additional funding, equal to the third and final year of the current UKSPF.

In its submission to the Treasury, the LGA said councils are also awaiting clarification on other growth funds, including the third round of the Levelling Up Fund so they can progress with other schemes to boost local growth.

Longer-term, councils want to see a simplified approach to growth funding which gives local leaders greater flexibility over where and how investment decisions are made locally, the LGA says.

It comes as a new report commissioned by the LGA says the current funding system for economic development is too short-term, fragmented and costly. The evidence-based analysis says councils have to bid for various pots and juggle other sources of funding, while dealing with changing government objectives which do not always fit with local circumstances and priorities.

For example, while short-term funds for one-off capital projects can provide an initial boost, the report says more complex and sophisticated challenges require investment of time, expertise and sometimes additional costs. These include for programmes supporting unemployed people back into work, or to recruit and train staff to provide reskilling, numeracy and literacy education.

Competitive bidding, where councils prepare business cases and bid against each other for certain funds, should also not be the main source of funding for economic development, the report says. Instead bigger fixed allocations, such as those used for UKSPF, would allow for better long-term capacity and delivery.

The report, 'The Future of Growth Funding', recommends a 10-point plan to successfully overcome these challenges and kickstart inclusive economic growth.

These include calling on government to produce a clear national economic policy involving greater devolution of powers; an increase in resources to tackle regional inequalities, including a long-term funding commitment of at least 20 years with funding cycles of 6 to 8 years; building capacity and capability in local and central government; and a single, simpler process for applying for funding, monitoring and reporting back to government.

Extend vital regeneration fund by a year to boost local growth and avoid cliff edge, councils urge | Local Government Association

FOR INFORMATION

For the Audit and Governance Committee and Executives Directors

COUNCILS SAY WORK WITH US TO DELIVER MORE DECENT HOMES PEOPLE CAN AFFORD AND GIVE US THE TOOLS WE NEED TO DO THE JOB

COUNCILS HAVE A KEY PART TO PLAY TO IMPROVE HOUSEBUILDING OUTCOMES, BUT MUST BE GIVEN THE TOOLS AND RESOURCES NEEDED TO DO SO, SAYS THAT LGA IN THEIR RESPONSE TO THE GOVERNMENT'S CONSULTATION ON THE NATIONAL PLANNING POLICY FRAMEWORK (NPPF).

All councils have their part to play through their local plans to improve housebuilding outcomes, including the essential need to deliver more homes for social rent and homes which are genuinely affordable, the Local Government Association (LGA) says today.

The LGA supports the Government's commitment to empower local authorities to deliver more homes, particularly for social rent and other affordable rents, and in its response to the Government's consultation on the National Planning Policy Framework (NPPF) sets out a range of pragmatic ideas about how to do so in the spirit of partnership between local and national government.

The LGA highlights that planning permission is not a barrier to housebuilding, with local authorities approving almost nine in 10 planning applications despite significant resourcing and capacity issues. It also raises concerns that making housebuilding targets mandatory, particularly if not backed by the delivery of necessary infrastructure, centralises policy and therefore weakens local decision-making powers and flexibilities over how to develop an area over time to meet both local and national priorities.

The LGA also warns that some of the proposals in the Government's consultation, including a new methodology to determine mandatory housebuilding targets, could lead to unintended consequences such as speculative unplanned development, without the necessary infrastructure to meet the needs of communities.

It calls for government to:

- The roll out of **five-year local housing deals** by 2025 to all areas of the country that want them – combining funding from multiple national housing programmes into a single pot. This will provide certainty and efficiencies and could support delivery of an additional 200,000 social homes in a 30-year period.

- Giving councils the **powers and flexibilities to use the Right to Buy** scheme and receipts in their local area will help protect existing valuable social stock and allow councils to invest in the direct delivery of new stock or acquisitions.

- The Affordable Homes Programme (AHP) grant levels per unit must be reviewed and increased to deliver more new affordable homes and ensure inflationary pressures do not jeopardise continued delivery.

- Housing Revenue Accounts must be strengthened via a long-term rent settlement of at least 10 years alongside restoration of lost revenue due to rent cap/cuts, to give councils certainty on rental income and support long-term business planning.

- Further investment should be made in the Brownfield Land Release Fund and One Public Estate programmes, with the opportunity for speedy release of public land and housebuilding on smaller council, health and blue light sites.

- Further opportunities should be brought forward to utilise compulsory purchase powers (CPOs) to facilitate land assembly and expedite the delivery of approved regeneration schemes, as well as providing the necessary resources to facilitate a higher pace and volume of CPOs.

- Increased flexibility for local authorities in the use of Community Infrastructure Levy (CIL) funding to enable it to be invested directly in the delivery of affordable housing (rather than only be applicable to enabling works as at present).

Councils say work with us to deliver more decent homes people can afford and give us the tools we need to do the job | Local Government Association

FOR INFORMATION

For the Audit and Governance Committee and Executives Directors

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 manager	G
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	G
Information is presented in the format requested by the customer.	No requests to change the BDO format.	G
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.	-

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.	We have issued draft reports within 3 weeks of fieldwork 'closing' meeting and finalised internal audit reports within 1 week after receiving management responses.	G
Management to respond to internal audit reports within 2 weeks	We have received management responses within 2 weeks for all audit reports so far in 2024/25	G
Final report to be produced 1 week after management responses	The final reports issued were released within one week of receipt of management comments for all reviews so far in 2024/25.	G
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.	G

DELIVERY	KPI	RAG RATING
Annual Audit Plan delivered in line with timetable and Actual days are in accordance with Annual Audit Plan	To be updated during the progress of the audit programme.	

APPENDIX I RISK MATURITY ASSESSMENT MATRIX

485

	Risk Governance	Risk Identification and Assessment	Risk Mitigation and Treatment	Risk Reporting and Review	Continuous Improvement
Enabled	Risk management and internal control is fully embedded into operations. All parties play their part and have a share of accountability for managing risk in line with their responsibility for the achievement of objectives.	There are processes for identifying and assessing risks and opportunities on a continuous basis. Risks are assessed to ensure consensus about the appropriate level of control, monitoring and reporting to carry out. Risk information is documented in a risk register.	Responses to the risks have been selected and implemented. There are processes for evaluating risks and responses implemented. The level of residual risk after applying mitigation techniques is accepted by the organisation, or further mitigations have been planned.	High quality, accurate and timely information is available to operational management and directors. The cabinet reviews the risk management strategy, policy and approach on a regular basis, e.g. annually, and reviews key risks, emergent and new risks, and action plans on a regular basis, e.g. quarterly.	The organisational performance management framework and reward structure drives improvements in risk management. Risk management is a management competency. Management assurance is provided on the effectiveness of their risk management on a regular basis.
Managed	Risk management objectives are defined and management are trained in risk management techniques. Risk management is written into the performance expectations of managers. Management and executive level responsibilities for key risks have been allocated.	There are clear links between objectives and risks at all levels. Risk information is documented in a risk register. The organisation's risk appetite is used in the scoring system for assessing risks. All significant projects are routinely assessed for risk.	There is clarity over the risk level that is accepted within the organisation's risk appetite. Risk responses appropriate to satisfy the risk appetite of the organisation have been selected and implemented.	The cabinet reviews key risks, emergent and new risks, and action plans on a regular basis, e.g. quarterly. It reviews the risk management strategy, policy and approach on a regular basis, e.g. annually. Directors require interim updates from delegated managers on individual risks which they have personal responsibility.	The organisation's risk management approach and the Cabinet's risk appetite are regularly reviewed and refined in light of new risk information reported. Management assurance is provided on the effectiveness of their risk management on an ad hoc basis. The resources used in risk management become quantifiably cost effective. KPIs are set to improve certain aspects of the risk management activity, e.g. timeliness of implementation of risk responses, number of risks materialising or surpassing impact-likelihood expectations.

486

Defined	A risk strategy and policies are in place and communicated. The level of risk-taking that the organisation will accept is defined and understood in some parts of the organisation, and it is used to consider the most appropriate responses to the management of identified risks. Management and executive level responsibilities for key risks have been allocated.	There are processes for identifying and assessing risks and opportunities in some parts of the organisation but not consistently applied in all. All risks identified have been assessed with a defined scoring system. Risk information is brought together for some parts of the organisation. Most projects are assessed for risk.	Management in some parts of the organisation are familiar with, and able to distinguish between, the different options available in responding to risks to select the best response in the interest of the organisation.	Management have set up methods to monitor the proper operation of key processes, responses, and action plans. Management report risks to directors where responses have not managed the risks to a level acceptable to the cabinet.	The Cabinet gets minimal assurance on the effectiveness of risk management.
Aware	There is a scattered, silo-based approach to risk management. The vision, commitment and ownership of risk management have been documented. However, the organisation is reliant on a few key people for the knowledge, skills and the practice of risk management activities on a day-to-day basis.	A limited number of managers are trained in risk management techniques. There are processes for identifying and assessing risks and opportunities, but these are not fully comprehensive or implemented. There is no consistent scoring system for assessing risks. Risk information is not fully documented.	Some responses to the risks have been selected and implemented by management according to their own perception of risk appetite in the absence of a Cabinet-approved appetite for risk.	There are some monitoring processes and ad hoc reviews by some managers on risk management activities.	Management does not assure the Cabinet on the effectiveness of risk management.
Naive	No formal approach developed for risk management. No formal consideration of risks to business objectives, or clear ownership, accountability and responsibility for the management of key risks.	Processes for identifying and evaluating risks and responses are not defined. Risks have not been identified nor collated. There is no consistent scoring system for assessing risks.	Responses to the risks have not been designed or implemented.	There are no monitoring processes or regular reviews of risk management.	Management does not assure the Cabinet on the effectiveness of risk management.

APPENDIX II

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:

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