

# INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

2024/2025



# CONTENTS

SUMMARY OF 2024/2025 WORK..... 2

REVIEW OF 2024/2025 WORK ..... 3

SECTOR UPDATE ..... 9

KEY PERFORMANCE INDICATORS ..... 13

APPENDIX I RISK MATURITY ASSESSMENT MATRIX ..... 14

APPENDIX II - DEFINITIONS ..... 16

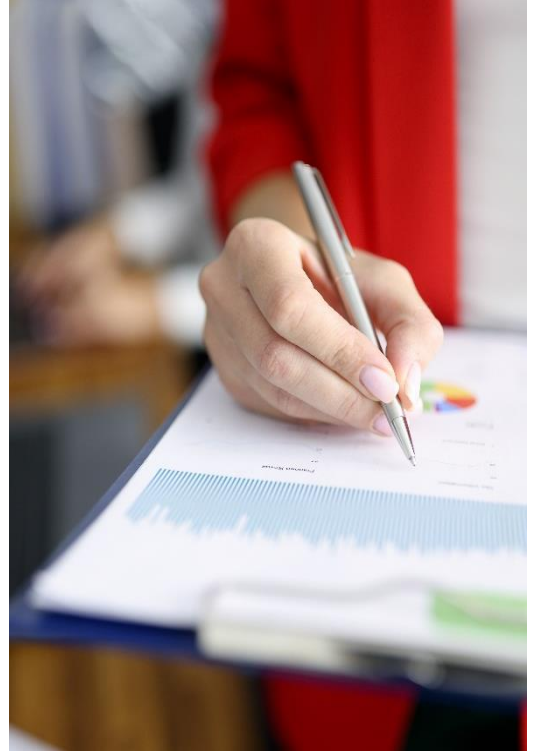
# SUMMARY OF 2024/2025 WORK

## 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:

- ▶ Risk Management (Risk Maturity)
- ▶ Internal Audit Follow Up Report.

The following audits are at reporting stage and have been issued to the Council for management responses. We have included draft opinions and will share the final report outcomes once agreed:

- ▶ Homelessness Prevention
- ▶ GDPR and High-Level Freedom of Information

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

- ▶ QL Optimisation
- ▶ Affordable Housing Project Management
- ▶ Data Analytics.

For the remaining three audits, which are planned for Q4 delivery, these are currently at planning stage and will be reported to a future Audit and Governance meeting upon their completion.

## INTERNAL AUDIT PLANNING PROCESS

We are currently collating the Annual Internal Audit Plan for 2025 - 26 and the Indicative Internal Audit Strategic Plan for 2025 - 28. We will be meeting with the Operational Delivery Group (ODG) in February 2025 to discuss the feedback on the plan and will present the Draft Internal Audit Plan for approval at the next Audit and Governance Committee meeting in April 2025.

## REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: QL Optimisation	Nigel Kennedy	Apr 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	N/A <sup>1</sup>
Audit 4: Homelessness Prevention	Nerys Parry	Apr 25	✓	✓	✓	M (Draft)	L (Draft)
Audit 5: Dynamic Purchasing System <sup>2</sup> Fire risk Assessments	Nigel Kennedy	Jul 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	Apr 25	✓	✓	✓	L (Draft)	M (Draft)
Audit 9: Data Analytics	Nigel Kennedy	Apr 25	✓	✓			
Audit 10: Equality, Diversity and Inclusion (EDI Maturity)	Helen Bishop	Jul 25	✓				

<sup>1</sup> Risk Management (Risk Maturity) - This was an advisory review and does not generate an internal audit opinion. Please see appendix I, this contains the risk maturity assessment matrix and defines each element of our risk maturity toolkit it also outlines the criteria required to achieve the next target level of risk maturity.

<sup>2</sup> In the October 2024 Audit and Governance Committee it was agreed that the Fire risk Assessments review will replace the Dynamic Purchasing Systems review.

# RISK MANAGEMENT (RISK MATURITY)

## CRR REFERENCE: CORPORATE PRIORITY 3 - SUPPORT THRIVING COMMUNITIES



SCOPE

### BACKGROUND

- ▶ The risk management process involves the identification, evaluation and treatment of risk as part of a continuous process aimed at helping Oxford City Council (the Council) and individuals reduce the incidence and impacts of risks that they face.
- ▶ Risk management is therefore a fundamental part of both the operational and strategic thinking of every part of the service delivery within the organisation. This includes both corporate, business and financial risks.
- ▶ The ‘Three lines of defence’ model for risk management was created following the global financial crisis, to provide a cohesive and coordinated approach to risk and assurance by organising essential roles and duties into the following three levels or lines of defence:
  - ▶ First line of defence: Day to day risk management and internal controls.
  - ▶ Second line of defence: Risk control and compliance oversight functions by management.
  - ▶ Third line of defence: Independent assurance, including internal audit reviews.
- ▶ The model has become a generally accepted industry framework for managing risk at the strategic, tactical and operational levels.

### THE MATURITY ASSESSMENT

- ▶ The purpose of the BDO Risk Maturity Assessment is to help ensure an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved. As primarily an advisory piece of work assessing the Council’s current position against the BDO Risk Maturity Matrix, this assessment will not generate an assurance opinion.
- ▶ We considered the maturity of the Council’s current risk management arrangements by assessment against BDO’s risk maturity model. The following elements were assessed:

Risk Governance	Risk Assessment	Risk Mitigation	Monitoring and Reporting	Continuous Improvement
- Strategy and objectives - Tone at the top - Roles and responsibilities - Resources - Training - Risk appetite - Risk strategy - Risk Policy	- Risk Identification - Risk Analysis - Risk Evaluation - Assigning responsibilities for risks	- Current Mitigation - Action Plans - Reaction Plans	- Monitoring - Reporting - Assurance	- Review Approach - KPIs

- ▶ The current and target levels of maturity for each area were assessed in accordance with five categories, defined in Appendix II:

Naïve	Aware	Defined	Managed	Enabled
-------	-------	---------	---------	---------

- ▶ The Risk Maturity Assessment Matrix is at Appendix II and sets out the definitions for each level of maturity. It is the intention that the results of the assessment assist those charged with governance in the further development of an effective and embedded risk management framework. Within our report we have identified areas where further development is required to reach the target maturity levels and have

made recommendations for improvement within the detailed findings section.

  
AREAS OF STRENGTH

- We identified the following areas of good practice:
- ▶ The Council has published their Corporate Strategy 2024 - 2028 which outlines the five key priorities for the period. Each of the priorities is supported by key commitments required for the Council to achieve the priorities. The Council is also in the process of developing 16 core key performance metrics (KPIs) to facilitate these priorities which will be reported annually to monitor progress against each priority.
  - ▶ The Council has a Risk Management Strategy in place that highlights the roles and responsibilities of the different staff involved with risk management, the Audit and Governance Committee, and the Cabinet in management of risks.
  - ▶ The Council’s risk management strategy includes the methodology of how risks should be scored. This system is based on 5 x 5 matrix with each risk being scored against the likelihood of a risk occurring and potential impact. Assessment criteria is also included which outlines where different probabilities and impacts would sit on the 1 - 5 scale.
  - ▶ A risk management report is presented each quarter to the Audit and Governance Committee by the Head of Financial Services. Included in this report is an update on the red risks (risks scored above 15) on the corporate and service risk registers.
  - ▶ All the risks within the Corporate Risk Register (CRR) and service area risk registers reviewed were assigned owners and were scored in line with the methodology outlined in the risk management strategy.
  - ▶ The Council utilises Smartsheet as their risk management system. As part of this, risk registers are recorded on Smartsheet with action owners being assigned to both risks and controls. Each month owners are sent a reminder to update their relevant risk area. This system ensures that risk registers are accessible across the organisation and that risks should be reviewed and updated on a consistent basis.

  
AREAS OF CONCERN

We identified the following areas of concern:

Finding	Recommendation	Responsible Officer and Implementation date
<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<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> <p><u>Management Response</u></p> <p>1a) It is agreed that the title, description, cause and consequence columns of the corporate and service risk registers are reviewed to provide enough information. There is a balance to be struck however between brevity to enable the registers to be of a</p>	<p>Roger Martin, Insurance, Risk Management and Business Continuity Manager</p> <p>1 July 2025</p>

<p>strategy. (Finding 1 - Medium).</p>	<p>manageable length and putting in wordy descriptions that detail all aspects of a risk at length. For instance, with the procurement example above, if best practice is followed then even if there is a challenge then the challenge can be defended. The risk therefore hinges on whether best practice is followed or not.</p> <p>1b) Since corporate risks should align with corporate objectives then adding additional columns to the corporate register is agreed. At a service level the risk may not align with corporate objectives in every case because services have to consider compliance with statutory requirements which may not directly form part of the corporate objectives. Service registers will therefore be aligned to corporate objectives insofar as it is appropriate.</p>	
<p>► 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 (Finding 2 - Medium).</p>	<p>2a) The Council should implement a risk appetite statement within the strategy that details the level of risk the Council is willing to accept and how that is linked with the tolerance level of the Council.</p> <p>2b) The Council should consider implementing risk appetites within each service area to account for the degree of risk service area is willing to accept.</p> <p>2c) The risk appetite should be clearly outlined within both the Councils Corporate and Service risk registers to enable it to remain of priority when assessing risks.</p> <p><u>Management response</u></p> <p>When the risk management strategy is updated a risk appetite statement will be considered for inclusion but the final decisions on inclusion will rest with Risk Management Group and then A&amp;G.</p> <p>For service risk registers this will need to be considered in generic terms because service functions move around when the Council restructures its management arrangements. It is not accepted that this should be included in risk registers; it should be defined in the risk management strategy and then risk registers aligned to that definition. The Risk Management Group and Audit and Governance Committee are best placed to provide the challenge to the assessments to ensure that risk assessments align with the agreed strategy.</p>	<p>Roger Martin, Insurance, Risk Management and Business Continuity Manager</p> <p>1 July 2025</p>
<p>► The actions and controls listed in the corporate and service risk registers are not always SMART</p>	<p>3a) The Council should review actions/controls listed in the both the corporate and service risk register to ensure:</p>	<p>Roger Martin, Insurance, Risk Management and Business</p>

	<p>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 - (Finding 3 - Medium).</p>	<ul style="list-style-type: none"> <li>• They remain up-to-date and are effective to mitigate the risks identified</li> <li>• Progress updates and controls remain up to date and remain relevant</li> <li>• 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.</li> </ul> <p><u>Management response</u> This is agreed and would normally be in place but a staff vacancy (which has now been recruited to) meant that this was deprioritised.</p>	<p>Continuity Manager 1 July 2025</p>
	<p>▶ 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. (Finding 4 - Medium)</p>	<p>4a) The Council should develop a work plan for when the Risk Management Group meeting will take place and what service risk registers will be discussed. This should include a calendar of when specific service areas will present their risk register for a deep dive. At these deep dives, registers should be reviewed to ensure it is sufficiently detailed, controls and risks are accurate, there are risk owners assigned to each risk and the risk score has been moving to a more tolerable risk level as progress is being made.</p> <p>4b) The Risk Management Group terms of reference should also be reviewed on a periodic basis to ensure that the remit of the group is still relevant to the current risk environment of the organisation.</p> <p><u>Management response</u> 4a) This is agreed and would normally be in place but a staff vacancy (which has now been recruited to) meant that this was deprioritised</p> <p>4b) This is agreed, and the terms of reference would normally be revisited on at least a bi-annual basis but has been deprioritised for the same reason.</p>	<p>Roger Martin, Insurance, Risk Management and Business Continuity Manager 1 July 2025</p>

  
CONCLUSION

▶ 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 will be meeting with Heads of Services and updating their corporate risk register to align it to its Corporate Priorities 2024-28.

▶ We have 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 relate 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.

- ▶ We have summarised below the current and target maturity levels, based on our work performed and a realistic trajectory of progress for the Council.

	Governance	Risk Assessment	Risk Mitigation	Reporting and Review	Continuous Improvement
Current	Defined	Defined	Aware	Aware	Aware
Target	Managed	Managed	Defined	Defined	Defined

## 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

#### PROCUREMENT ACT 2023 - SECONDARY LEGISLATION AND GO-LIVE

On Monday 9 December, the Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025 were laid in Parliament. These regulations primarily make technical amendments to references to the existing procurement regulations in other legislation and are the last that are needed to enable go-live in February 2025. The regulations and the debate can be reviewed using the following links:

[The Procurement Act 2023 \(Consequential and Other Amendments\) Regulations 2025](#)

[Public Procurement Reform - Hansard - UK Parliament](#)

Minister Georgia Gould, Parliamentary Secretary at the Cabinet Office, also answered questions on procurement last week during Cabinet Office Orals, confirming the go-live date for the new regime in the House of Commons. If the Council has any questions, the Cabinet Office are available to respond to queries via the following email address: [procurement.reform@cabinetoffice.gov.uk](mailto:procurement.reform@cabinetoffice.gov.uk).

#### FOR INFORMATION

For the Audit and Governance Committee Members and Executive Directors

### PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

**THE GOVERNMENT HAS ANNOUNCED THE LOCAL GOVERNMENT FINANCE SETTLEMENT FOR THE COMING YEAR. WHILE THE EXTRA FUNDING FOR COUNCILS IS POSITIVE, LOCAL GOVERNMENT STILL FACES CHALLENGING FINANCIAL CIRCUMSTANCES.**

#### Introduction

The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the provisional local government finance settlement for 2025/26 which was announced on 18 December 2024. We expect the final 2025/26 settlement to be laid before the House of Commons, for its approval, in late January or early February 2025.

The **Governments figures** indicate that total Core Spending Power will rise by 6.0 per cent in 2025/26.

Core Spending Power consists of:

- Settlement Funding Assessment (which consists of Revenue Support Grant, and the baseline funding level).
- Income from council tax assuming that the tax base grows, and Councils increase council tax by the maximum possible allowable under council tax referendum principles.
- Compensation for under-indexing the business rates multiplier.
- Social Care Grant.
- Local Authority Better Care Grant.
- Adult Social Care Market Sustainability and Improvement Fund.
- Children's Social Care Prevention Grant.
- New Homes Bonus.
- Recovery Grant.
- Domestic Abuse Safe Accommodation Grant will be consolidated as a new, separate line in the settlement, maintaining its existing distribution.
- A funding floor, to ensure that no local authority sees a reduction in their Core Spending Power in 2025/26, after accounting for council tax levels.

Core Spending Power does not include the £515 million funding for National Insurance or a £13 million uplift to the Children’s Social Care Prevention Grant.

The Government has held back some grant funding as a contingency. The Government will make clear how this contingency funding will be allocated at the final settlement. Detailed Core Spending Power figures are included in Annex A.

### Employer National Insurance Contributions

The Government has announced that:

- £515 million of new funding will be provided to support Councils with the costs associated with the increase in employer National Insurance Contributions (NICs). Individual allocations will be based on 2023/24 Revenue Outturn data and published at the final settlement. A methodology note has been published as part of the provisional settlement.
- The £515 million in new funding for NICs has not been included in Core Spending Power. The Government has said this funding will be reflected in Core Spending Power figures at the final settlement.

### Council tax

The Government has announced the following referendum principles for 2025/26:

- A core referendum principle of up to 3 per cent will apply to shire County Councils, shire unitary authorities, metropolitan districts and London boroughs.
- Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.
- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- Fire and Rescue Authorities will have a principle of £5.
- £14 for police authorities and police and crime commissioners (PCCs) including the PCC component of the Greater Manchester, West Yorkshire and York and North Yorkshire Combined Authorities’ precepts.
- The non-police element of the Greater London Authority (GLA) will have a referendum principle of 3 per cent.
- There will be no referendum principles for mayoral combined authorities (MCAs) except where the Mayor exercises police and crime commissioner functions. In these cases the PCC principle will apply. There are no referendum principles for parish and town Councils.

The Government has announced that where a Council in need of exceptional financial support views additional council tax increases as critical to maintaining their financial sustainability, the Government will continue to consider requests for bespoke referendum principles. Local proposals will be considered on a case-by-case basis.

The Government expects that additional increases would only be agreed in exceptional circumstances, and following careful consideration of a Councils’ specific circumstances, such as their existing levels of council tax relative to the average, the potential impact on local taxpayers, and the strength of plans to protect vulnerable people.

[LGA statement on provisional Local Government Finance Settlement | Local Government Association](#)

#### FOR INFORMATION

For the Audit and Governance Committee and Executives Directors

### LGA RESPONDS TO CHANGES TO NATIONAL PLANNING POLICY FRAMEWORK

**THIS FACTUAL BRIEFING PROVIDES A SUMMARY OF THE CHANGES TO THE REVISED NPPF FROM THE VERSION CONSULTED ON EARLIER THIS YEAR, WITH A FOCUS ON THE AREAS THAT THE LGA HAS LOBBIED**

The Ministry for Housing, Communities and Local Government (MHCLG) published its revised **National Planning Policy Framework (NPPF)** on 12 December 2024.

Alongside the revised NPPF, additional documents have also been published and can be found [here](#). These include:

- Government response to the proposed reforms to the National Planning Policy Framework and other changes to the planning system consultation

- Indicative local housing need (December 2024 - new standard method)
- Updated Planning Practice Guidance (PPG)

### Key reforms to the planning system or National Planning Policy Framework (This is not an exhaustive list)

#### ▶ Reintroduction of Mandatory Housing Targets

The Government intend to make the changes set out in the consultation, reversing the changes made in December 2023 to what was previously paragraph 61 regarding the word ‘advisory’ and removing the reference to the exceptional circumstances in which the use of alternative approaches to assess housing need may be appropriate. Revised planning practice guidance on assessing housing needs and additional guidance on setting a housing requirement have been published.

#### ▶ Restoration of Five-Year Housing Land Supply Rules

The Government confirmed that local planning authorities are again required to demonstrate a five-year housing land supply. There are many authorities whose local housing need figures will be substantially larger than their adopted or emerging local plan housing requirement figures, and to help close the gap, Government are introducing a new requirement that authorities with plans adopted under the old standard method must provide an extra year’s worth of homes in their 5-year housing pipeline.

#### ▶ A new Standard Method

The Government will take forward the proposals to introduce a new standard method that uses housing stock to set a baseline figure. The method will use 0.8% of existing stock as the baseline. As noted in the consultation, over the last 10 years housing stock has grown nationally by around 0.89%. Setting a baseline of 0.8% provides a consistent base for growth, which is then increased to reflect housing affordability pressures, setting ambitious expectations across the country while directing housing to where it is most needed.

#### ▶ Localisation of planning fees

The government have announced their intention to take forward measures in the proposed Planning and Infrastructure Bill to introduce a power for local planning authorities to be able to set their own fees. As part of these proposals, it will conduct a comprehensive review of all national fees in order to establish a robust baseline for full cost recovery of fees and to inform a national default fee. The government intends to pursue a model that would enable local variation from a national default fee. In varying or setting their own fees, local authorities will not be able to be set fees above costs.

#### ▶ Funding to support local authorities

The Government has announced funding to support local plan delivery which will provide a direct financial contribution to local authorities that are at an advanced stage of the local plan making process (Regulation 19 stage), and that will need to revise their draft plans to accommodate the increase in their Local Housing Need figures as a result of changes in the revised NPPF. Local authorities that meet the eligibility criteria will be able to submit an Expression of Interest (EoI) to receive a share of this funding.

### Revisions to the National Planning Policy Framework (NPPF) and other announcements on planning reform | Local Government Association

#### FOR INFORMATION

For the Audit and Governance Committee and Executives Directors

## HOUSING, PLANNING AND HOMELESSNESS

Local government shares the collective national ambition to tackle their local housing crisis, which will only be achieved with strong national and local leadership working together. As house builders, housing enablers, and landlords; as planners, place-shapers, and agents of growth, transport and infrastructure; as responsible guardians to the vulnerable and the homeless; and as democratically accountable to communities - local government is at the heart of the housing solution.

- Council Housing Revenue Accounts (HRAs) are under severe financial strain. Owing to significant expenditure pressures Councils’ have not been able to reduce their operating spend in line with the fall in their income. As a consequence, debt servicing costs now account for a growing share

---

of HRA ‘surpluses’ where they still exist. An increasing number of Councils have had to address end of year deficits by drawing on their dwindling reserves. At the same time, Councils’ ability to supplement their HRA capital programmes from their revenue resources has been severely curtailed.

- We support the principle of a multi-year rent policy to give registered providers, lenders and investors more confidence to commit the investment needed for both existing and new social homes.
- To really strengthen and provide stability to Housing Revenue Accounts (HRAs), a minimum 10-year rent settlement is needed, alongside restoration of the lost revenue due to the rent cap in 2023/24, new burdens funding for new responsibilities and a review of the self-financing settlement of 2012.
- Council Housing Revenue Account’s need CPI+1 per cent for 10 years as an absolute minimum, but this will still result in a national Housing Revenue Account deficit and is highly unlikely to support an uptick in new build.
- The LGA therefore strongly advocates for the reintroduction of convergence of rents to formula rents. This should be in addition to CPI+1 per cent for a minimum of 10 years.
- Rent convergence at either an additional £2 or £3 week delivers cumulative surpluses of up to £1.0 billion by 2036/37, potentially enabling all existing stock pressures to be addressed with some capacity for additional development.










LGA submission to MHCLG’s consultation on future social housing rent policy | 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	
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	
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.	
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.	
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	
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.	
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 completed/due to complete a number of reviews by the end of January 2025 and remain confident we will deliver the 2024-25 plan by July 2025 to inform the Statement of Assurance Opinion.	

## APPENDIX I RISK MATURITY ASSESSMENT MATRIX

111





	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.

<p><b>Defined</b></p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>The Cabinet gets minimal assurance on the effectiveness of risk management.</p>
<p><b>Aware</b></p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>There are some monitoring processes and ad hoc reviews by some managers on risk management activities.</p>	<p>Management does not assure the Cabinet on the effectiveness of risk management.</p>
<p><b>Naive</b></p>	<p>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.</p>	<p>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.</p>	<p>Responses to the risks have not been designed or implemented.</p>	<p>There are no monitoring processes or regular reviews of risk management.</p>	<p>Management does not assure the Cabinet on the effectiveness of risk management.</p>



## APPENDIX II - DEFINITIONS

### OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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

The matters raised in this report are only those which came to our attention during the course of 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.

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.

Copyright ©2025 BDO LLP. All rights reserved.