

# INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

2025/2026

# CONTENTS

SUMMARY OF WORK ..... 2

REVIEW OF 2024/2025 WORK ..... 4

REVIEW OF 2025/2026 WORK ..... 5

DATA ANALYTICS..... 6

AFFORDABLE HOUSING PROJECT MANAGEMENT ..... 13

KEY PERFORMANCE INDICATORS ..... 17

APPENDIX I - DEFINITIONS ..... 19

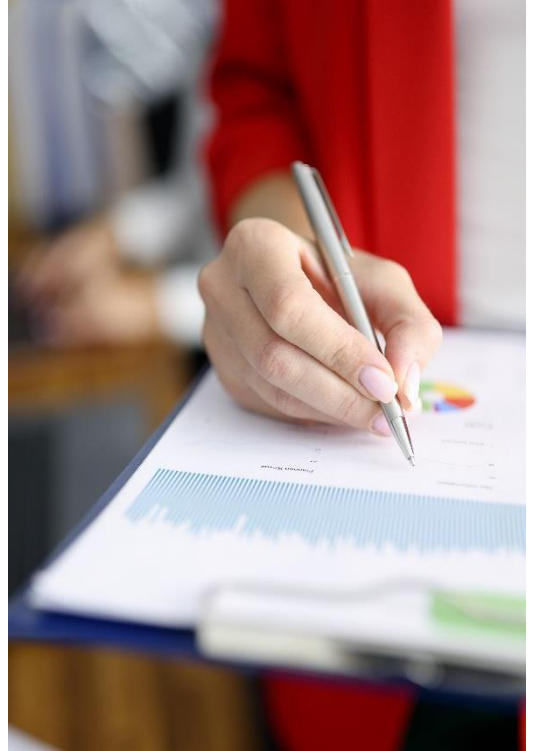
# SUMMARY OF WORK

## INTERNAL AUDIT

This report is intended to inform the Audit and Governance Committee of progress made against the 2025/2026 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.



## 2025/2026 INTERNAL AUDIT PLAN

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

- ▶ Data Analytics
- ▶ Affordable Housing Project Management
- ▶ Internal Audit Follow Up Report

The following audits are at reporting stage and have been issued to the Council for management responses.

- ▶ QL Optimisation
- ▶ Income Generation

Once these audit reviews are completed this will conclude the 2024-25 Internal audit plan.

## 2025/2026 INTERNAL AUDIT PLAN

Audit fieldwork is underway for the following audits:

- ▶ Purchase Card and Expenses
- ▶ Equality, Diversity & Inclusion (EDI) Maturity

Planning has commenced on the following audits:

- ▶ Medium Term Financial Strategy
- ▶ Health and Safety and Fire Safety Follow-Up

- ▶ Leisure Centre Contracts
- ▶ Data Analytics
- ▶ Treasury Management
- ▶ Cyber Security

## REVIEW OF 2025/2026 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: QL Optimisation	Nigel Kennedy	Jul 25	✓	✓	✓	M (Draft)	M (Draft)
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 <sup>1</sup>
Audit 4: Homelessness Prevention	Nerys Parry	Apr 25	✓	✓	✓	M	M
Audit 5: Dynamic Purchasing System <sup>2</sup> Fire risk Assessments (Specialist Advice)	Nigel Kennedy	Apr 25	✓	✓	✓	N/A	N/A
Audit 6: Income Generation	Nigel Kennedy	Jul 25	✓	✓	✓	S (Draft)	M (Draft)
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).				

<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.

## REVIEW OF 2025/2026 WORK

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

# DATA ANALYTICS

## BAF REFERENCE: 4. WELL-RUN COUNCIL



### SCOPE

#### BACKGROUND

- ▶ Oxford City Council (the Council) uses Agresso as its main financial management system, which holds transactions and standing data for accounts payable and accounts receivable, which the finance department are responsible for. The finance team can run scripts on Agresso to extract necessary datasets.
- ▶ The Council's scheme of delegation is continuously updated each year as staff change roles. We take note of varying authorisation limits year-to-year where we run tests relevant to accounts payable transaction approvals. The Council also use several sundry debtors which are used as one-off transactions between the Council and small and medium enterprises (SMEs). Where sundry suppliers are being used regularly a due diligence process should be undertaken. We obtained data sets to assess the frequency of sundry suppliers used within the year.
- ▶ The Council's ICT team own and manage file transfer protocol (FTP) sites which we have used for transferring sensitive payroll information. HR are responsible for payroll and payroll transactional data is stored on the iTrent system. The Council does not have defined thresholds for overtime, so we extracted overtime payments which were the most significantly different to total employee pay.
- ▶ The Council does not process a significant number and/or value of expense payments. However, we reviewed purchase card transactions and assessed whether the spend is in accordance with Council Policy.
- ▶ In 2023/24 we carried out the data analytics review covering the following areas:
  - Accounts Payable
  - Accounts Receivables
  - Payroll functions
  - Purchase card Transactions.
- ▶ In the prior 2023/24 review, we raised significant issues relating to purchase card transactions where purchase card transactions were not reviewed and approved in a timely manner. While there is an expectation that transactions are reviewed within one month from the transaction date, we found cases where expenditure was not reviewed within a year of the transaction.
- ▶ We also identified a significant level of debt (£15.6m) that has been overdue for several years (oldest debt 2005). At the time of our review, management allocated officers to pursue the debt, and this was evidenced as part of the investigation process of a sample of 30 overdue debt transactions. We recommended management to cleanse the data that was written off or no longer active and continue to pursue the debts that were feasible to recover.
- ▶ The Accounts Receivable review was undertaken simultaneously with 2023/24 audit. The findings raised in the Accounts Receivable report included the following:
  - We could not determine from Agresso when the first reminder letter was issued to the customer for three accounts and sufficient notes on the progress of the outstanding debt were not outlined within Agresso.
  - Management do not review the changes made to customer data on Agresso either through spot checks or a quarterly basis as recommended within our previous accounts receivable review.
  - Policies and procedures relating to accounts receivable are not up to date having been last reviewed in 2019.

- Three of our selected samples for invoice raising did not show whether appropriate approval had been obtained.

**PURPOSE**

- ▶ 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.

**AREAS REVIEWED**

We extracted the following reports for the review:

**Accounts Payable**

- ▶ List of all payments made by the Council between 1 January and 31 October 2024 comprising detail such as PO number, invoice number, date of payment and name of the approvers.
- ▶ Suppliers List as of 31 October 2024.
- ▶ List of purchase card spend between 1 January and 31 October 2024.

**Accounts Receivable**

- ▶ Aged Debt Analysis as of 31 October 2024.
- ▶ List of all customers as of 31 October 2024.

**Payroll**

- ▶ Payroll standing data as of 31 October 2024.
- ▶ List of all payments made by the Council to staff between 1 January and 31 October 2024.

We found all the reports to be timestamped to a time just before they were sent to us giving us assurance that the data provided to us was accurate.

We analysed the above reports, and we presented the exceptions to the corresponding manager within each service area to investigate the exceptions identified. Our analysis is based on transactional data between 1 January 2024 and 31 October 2024. We have outlined the data analytics test results below, and corresponding investigation responses can be found in Detailed Findings section of the report

Area	No of tests planned	No of tests with no exceptions	No of tests with exceptions
Accounts Receivable	5	2	3
Accounts Payable	13	8	5
Payroll	13	6	7
Total	31	16	15



**AREAS OF STRENGTH**

We have identified the following areas of good practice:

**Accounts Payable**

For payments made between 1 January and 31 October 2024:

- ▶ We did not find any duplicate invoices or payments made to suppliers.
- ▶ While we identified two orders which had the same PO number, this was not caused by fraud or error but was the result of multiple orders being made as part of a larger project which all fell under the same PO number.
- ▶ For a sample of 20 round sum payments made by the Council we found that in all cases the payment was reconciled to a genuine invoice.

- ▶ We did not find any instances where the same individual requested the PO and approved the invoice for payment.
- ▶ All payments included a supplier code.
- ▶ We found that all transactions were approved within the user’s authorisation limit, and none were made on a weekend.
- ▶ While we found one instance where the date of the PO (14 November 2024) was later than the date on the invoice issued by the supplier (21 May 2024), we confirmed that payment was not made (26 November 2024) until after the PO was approved.
- ▶ We also extracted a list of suppliers on the Council’s database which held records for 1056 suppliers and noted:
  - None of the suppliers had duplicate bank details, name or address.
  - Each supplier had a corresponding code.
  - While we found three instances where the supplier bank details matched with those of Council employees, this was the result of the council renting property from those employees, for which a contract was in place which was signed by an appropriate individual.
- ▶ We found that only authorised credit card holders were making payments using Council issued cards.

**Accounts Receivable**

We extracted a list of customers who have paid the Council between 1 January and 31 October 2024. We noted:

- ▶ There were no customers with duplicate names and addresses.
- ▶ There were no customers with duplicate names but different addresses.

**Payroll**

- ▶ We did not find any instances of duplicate payments being made to employees.
- ▶ We did not find any instances where multiple employee numbers were incorrectly issued to an individual employee.
- ▶ We did not identify any instances where an employee was incorrectly paid more than 30 days after their leaving date.
- ▶ We joined the standing data to the payroll report and found that all the payments on the payroll report had a corresponding employee on the standing data.
- ▶ Our investigation of the three cases that demonstrated the greatest variance between an employee’s overtime pay and basic salary did not identify any instances where the variance was caused by an incorrect payment being made to the employee.
- ▶ We did not find any two employees with the same employee number.



**AREAS OF CONCERN**

We found the following areas of weakness:


Finding	Recommendation	Responsible Officer and Implementation date
<p><b>Accounts Payable</b></p> <p>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: (Finding 1 - Medium)</p>	<p>1a. The Council should develop a Purchase Card Policy. This Policy should include the following:</p> <ul style="list-style-type: none"> <li>▶ A list of roles authorised to be issued cards.</li> <li>▶ Expenditure limits according to each role.</li> <li>▶ The process and requirements for</li> </ul>	<p>Sue Allen &amp; Gaynor Didcock</p> <p>03/07/2025</p>

	<ul style="list-style-type: none"> <li>▶ The job titles of officers authorised to be issued with purchase cards</li> <li>▶ The spending limits applicable to each role</li> <li>▶ Allowable types of expenditure</li> <li>▶ Prohibited types of expenditure</li> </ul>	<p>carrying out regular reconciliations.</p> <ul style="list-style-type: none"> <li>▶ The cost centres purchases should be charged to.</li> <li>▶ Items that are eligible and ineligible to be purchased using cards.</li> <li>▶ The consequences of inappropriate use of purchase cards.</li> </ul> <p>1b. Reconciliations should be completed consistently each month for all cards to ensure the requirements of the Purchase Card Policy are being adhered.</p> <p>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.</p> <p><u>Management response</u></p> <p>1a)</p> <ul style="list-style-type: none"> <li>▶ A list of roles authorised to be issued cards. <ul style="list-style-type: none"> <li>• This is not role specific, but dependant on Business needs, which varies from Service to Service.</li> </ul> </li> <li>▶ Expenditure limits according to each role. <ul style="list-style-type: none"> <li>• Again, not role dependant, but subject to Business needs.</li> </ul> </li> <li>▶ The process and requirements for carrying out regular reconciliations. <ul style="list-style-type: none"> <li>• This has now been included.</li> </ul> </li> <li>▶ The cost centres purchases should be charged to. <ul style="list-style-type: none"> <li>• Too many to list, all approvers are aware of the cost centres they are to use.</li> </ul> </li> <li>▶ Items that are eligible and ineligible to be purchased using cards.</li> </ul>	
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		<ul style="list-style-type: none"> <li>• This is included in the Policy.</li> <li>▶ The consequences of inappropriate use of purchase cards.             <ul style="list-style-type: none"> <li>• This is included in the policy.</li> </ul> </li> </ul> <p>1b. Payments Team ensure that all spends are checked and submitted for approval and approvers approve said spends.</p> <p>Financial reconciliations of payment card transactions back to the General Ledger from the BCOS suspense account are undertaken by the Management Accountants. All transactions for the first 3 months of the year are up to date.</p> <p>1c. The policy will be reviewed every 3 years next due - July 2028</p> <p>Every Cardholder will be sent a copy of the updated Purchase Card Scheme Policy, together with a revised Purchase Card Employee Agreement, to be read and signed by 31/07/2025</p>	
	<p><b>Accounts Receivable</b></p> <p>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</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 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.</p>	<p>Neil Markham October 2025</p>

	<p>sample for which payment had been made but the debt had not been cleared from the report. (Finding 2 - Medium)</p>	<p><u>Management response</u></p> <p>2a. Our Corporate Assets team has identified the need to review all easements. However, other priorities are currently taking precedence. We will communicate this recommendation to them for future consideration.</p> <p>We hold regular aged debt meetings with the Corporate Assets team, where we aim to resolve as many easement-related issues as possible within our remit. Where permitted, we are actively writing off outstanding balances. Additionally, we are exploring the option of reducing billing frequency for smaller amounts to improve efficiency.</p> <p>2b. We are planning to conduct a comprehensive review of all payment matching processes, including the semi-automated routine in Agresso that officers regularly use. This review will also cover procedures for identifying and reallocating funds held in suspense accounts. Once the review is complete, we will host an in-person training session for our Income Officers to ensure everyone is aligned with the updated practices.</p>	
	<p><u>Accounts Receivable</u></p> <p>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. (Finding 3 - Medium)</p>	<p>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.</p> <p><u>Management response</u></p> <p>3a. We are planning to work with our Agresso specialists to develop an automated report that</p>	<p>Neil Markham October 2025</p>

		<p>reviews customers that breach the 10k limit. It will include transaction numbers so we can identify any customers with high volume low value orders over a short space of time.</p>	
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CONCLUSION

**Control Design**

We have provided Moderate assurance on the Council’s control design. We found that there are no payments made outside of a user’s authorisation limit, the aged debtors’ analysis is detailed, and employees are paid correctly. However, there is no purchase card policy in place which may lead to inappropriate purchases being made.

**Control Effectiveness**

We have 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 does not apply to customers whose cumulative order amounts breach the due diligence threshold. Additionally, the lack of progress being made to recover easement related aged debts may result in inadequate financial reporting due to bad debts not being written off in line with policy.

# AFFORDABLE HOUSING PROJECT MANAGEMENT

## CRR REFERENCE: GOOD AFFORDABLE HOMES



### SCOPE

#### BACKGROUND

- ▶ Affordable housing has a significant role to play in meeting Oxford City Council's (the Council) goal within the Oxford Local Plan 2040 of 'tackling the housing crisis' and preventing and relieving homelessness. This is a significant issue in Oxford. In September 2022 the median house price in Oxford was £445,775 which is 12.15 times median gross household earnings (£36,692) in the city. For England as a whole, the median house price is 8.28 times median earnings. Increasing the range of housing products available to people in housing need and providing quality alternatives to homelessness will help to deliver this goal.
- ▶ OX Place (the Council's wholly owned housing company) was set up in 2016 aims to build more than 2,000 new homes for rent and sale in and around Oxford over the coming decade. These will include more than 1,100 social housing properties providing affordable housing across Oxford, contributing to their affordable homes target.
- ▶ The new social housing properties will be let at social rent prices, which is calculated with reference to the size and value of a home and average regional income. In Oxford, social rent is typically around 40% of equivalent private rents.
- ▶ Around 300 homes are expected to be shared ownership and other affordable tenures. Shared ownership gives people the opportunity to get a foot on the property ladder by buying a stake in their homes that they would not otherwise be able to afford.
- ▶ The Council operates many housing schemes; one of these being the Direct Delivery Scheme. These are agreements between the Council and housing company to build homes for which there is a sale agreement to buy the homes back, usually on a 10-year plan. There are currently ten direct delivery schemes in various stages of completion. Such schemes are expected to deliver 800 to 900 homes at a cost of £350m.
- ▶ Housing Revenue Accounts (HRA) also directly deliver schemes to build homes for the Council, and where the tenants pay the housing company an agent fee. There are six schemes where the company is acting as an agent and there are 227 homes that will come through this route at a cost of £81m.
- ▶ The Council have the following projects in development:
  - Blackbird Leys (BBL) District Centre and Knights Road - Oxford City Council and Peabody (formerly Catalyst) are working in partnership to build hundreds of affordable homes, retail spaces and community facilities in the heart of Blackbird Leys. The new district centre will include 210 homes, 83% of which (174 homes) will be for social or affordable rent and 17% (36 homes) for shared ownership. A further 84 new homes will be built in land off Knights Road, 100% of which will be shared ownership.
  - Young Ways Littlemore - The Council are working in partnership with OX Place to build ten low-carbon council homes on a former depot site off Lanham Way. The development includes six semi-detached two-bedroom houses and four semi-detached three-bedroom houses. The new homes are being built in brick, with feature front gables. Front gardens with low stone boundary walls mean they will blend in with the character of the adjacent Littlemore conservation area.

- Fishers Vale Marston - OX Place and Lucy Developments are working in partnership to deliver this development of 40 affordable homes in Marston Paddock, off Butts Lane. Lucy Developments is building the new homes, with two terraces and a block of flats built around a central green space. The development will be called Fishers Vale and includes 26 houses and 14 flats.
- Northfield Hostel - The Council are working in partnership with OX Place to build 51 low-carbon council homes. The site was previously owned by Oxfordshire County Council and was previously used as residential accommodation for a special school which closed in 2014. This is a flatted scheme which will deliver a mix of 1-, 2- and 3-bedroom homes across two blocks. This is an all-affordable development which will deliver 27 social rent homes and 24 shared ownership homes. Demolition has already taken place on-site with a start on site expected before the end of March.

#### PURPOSE

- ▶ 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.

#### AREAS REVIEWED

- ▶ We reviewed the policies and procedures, which included the collaboration agreements with partners, in place for authorising and monitoring housing schemes and whether they were in line with the Council's Constitution and Scheme of Delegation.
- ▶ For a sample of housing projects (both completed and in progress) we reviewed whether there was a business case in place which adequately records the justification for the project, options/scenario appraisals, expected costs, benefits and impact. We reviewed whether the business cases were approved in line with the Scheme of Delegation and whether they adequately considered the Council's social and environmental goals.
- ▶ We undertook a walkthrough of the budget setting and approval process for a sample of housing schemes or housing projects to assess whether sufficient time was factored in for obtaining quotes/tenders as part of the procurement processes and adequately takes account of the lead times required for planning and commencing works, to ensure delivery of the project within the required timeframes.
- ▶ We reviewed the governance arrangements for managing housing schemes throughout the whole project lifecycle, including controls for decision making, recording, monitoring and reporting. Our testing included reviewing minutes/reports from the governance meetings to assess whether adequate governance arrangements were in place to manage these projects. We also assessed whether a Terms of Reference was available and operating as designed for these meetings.
- ▶ We reviewed how project expenditure is forecast, monitored and reported throughout the project lifecycle, and if any variances were appropriately scrutinised and slippages addressed within a timely manner.
- ▶ We reviewed the post project evaluation process to assess whether lessons were learnt and were used to inform the governance of future projects.



**AREAS OF STRENGTH**

We identified the following areas of good practice:

- ▶ All projects had a detailed business case (for BBL) or a Scheme Development Strategy (for Lanham, Northfield and Marston) approved by Council. These documents outlined the objectives of the project, proposed timelines and their associated social value.
- ▶ Council approves the budget for all affordable housing schemes annually. The budget setting process begins in August to ensure there is sufficient time to gather information on the cash flow forecasts for coming years and allow time for consultation with key stakeholders. We ensured the Council’s workings matched the Council approved budget for the four projects in our sample.
- ▶ Ongoing monitoring throughout projects is robust with both operational and financial discussions conducted by the Development Board, at meetings between the Council and OCHL and at the Development Review Group/Housing Supply Board. Additionally, financial forecasting reports, known as Abovo reports, are produced regularly to ensure the project remains profitable and forecast costs the remaining costs associated with the project.



**AREAS OF CONCERN**

We found the following areas of weakness:

Finding	Recommendation	Responsible Officer and Implementation date
<p>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 draft Collaboration Agreement and therefore, may not be enforceable (Finding 1 - Low).</p>	<p>The flow chart that has been prepared to detail the initial approval process for projects should be inserted as an appendix to the Collaboration Agreement. To comply with the Constitution and additional requirement should be added into the flow chart, for initial budget approval of projects by Council.</p> <p><b>Management Response</b></p> <p>The approval/ governance flowchart was added into the Collaboration Agreement suite of documents in May. This documents the governance and approval processes for both the Council and OX Place (OCHL) that are already in use. These are tracked and recorded by the Council for Council-side approvals. Additional governance safeguards are provided by all schemes moving through gateway stages in the pipeline being monitored at key meetings, including the Development Review Group (then Development Board); Officer Programme</p>	<p>Dave Scholes May 2025</p>

		meetings; and Client meetings with OX Place.	
	<p>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 (Finding 2 - Low).</p>	<p>The Council should ensure that all future project closure reports completed by OX Place to evaluate a project use the standard project closure template. This should be incorporated into the appendices of agreements to ensure that this requirement is clear and understood.</p> <p><b><u>Management Response</u></b></p> <p>It was agreed (from March 25) that affordable housing supply projects would start to use the corporate Project Closure Report template developed by the PMO instead of bespoke housing ones. This is to be implemented for the next scheme closure/ completion and taken through the New Development Review Meetings including all internal stakeholders (OCC; OX Place; &amp; ODS).</p>	<p>Dave Scholes</p> <p>March 2025 (then by the end of 2025 for the next meeting review)</p>



**CONCLUSION**

We have concluded that the Council have a Substantial design and effectiveness of controls for its management of the affordable housing projects assessed as part of this review.

**Control Design**

The control design is 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. Furthermore, Abovo reports provided ongoing updates on both the financial forecasting and profitability of projects to allow this to be monitored appropriately.

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.










**Control Effectiveness**

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.

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.

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.

## 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.	There has been a delay in issuing draft reports for the QL Optimisation and Data Analytics audits, which has taken place more than 3 weeks after the fieldwork 'closing' meeting.  We have finalised internal audit reports within 1 week after receiving final 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 final 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 now progressed all audits in the 2024-25 plan to at least the draft	





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report stage to inform the Statement of Assurance Opinion.




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## APPENDIX I - 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	
<b>High</b> 	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.
<b>Medium</b> 	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.
<b>Low</b> 	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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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.

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