

Oxford City Council
Internal Audit Progress Report
October 2025



IDEAS | PEOPLE | TRUST

Summary of work

Internal Audit

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

Internal audit methodology

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



Internal audit plan 2024/25

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

- ▶ QL Optimisation
- ▶ Income Generation

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

Internal audit plan 2025/26

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

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

Audit fieldwork is underway for the following audits:

- ▶ Medium Term Financial Strategy

Planning has commenced on the following audits:

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

Review of 2024/25 work

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

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

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

Review of 2025/26 work

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

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

Equality, Diversity & Inclusion (EDI) Maturity

CRR REFERENCE: CR003



SCOPE

Background

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

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

Purpose

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

Areas reviewed

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

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

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

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

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



AREAS OF STRENGTH

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

Workforce diversity and Inclusion

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

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

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

Inclusive Strategies and Policies

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

Collecting, Analysing and Publishing Workforce Data

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

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

Learning, Development and Progression

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

Health and Wellbeing

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



AREAS OF CONCERN

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

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


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

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



CONCLUSION

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



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

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

Treasury Management

CRR REFERENCE: CR001, CR002

Design Opinion



Substantial

Effectiveness
Opinion



Substantial

Recommendations



SCOPE

Background

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

Purpose

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

Areas reviewed

The following areas were covered as part of this review:

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



AREAS OF STRENGTH

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



AREAS OF CONCERN

Finding	Recommendation	Responsible Officer and Implementation date

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

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

Control Design

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

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

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

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

Control Effectiveness

The Council demonstrates Substantial effectiveness in its treasury management function.

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

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

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

QL Optimisation

BAF REFERENCE: CRR005

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



SCOPE

Background

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

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

Purpose

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

Areas reviewed

QL Testing

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

Rents Testing

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



AREAS OF STRENGTH

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

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

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



AREAS OF CONCERN

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

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

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

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

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

Control Design

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

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

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

Control Effectiveness

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

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

Income Generation

CRR REFERENCE: CR003

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



SCOPE

Background

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

Purpose

The purpose of this audit was to assess:

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

Limitations of scope

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

Areas reviewed

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



AREAS OF STRENGTH

We identified the following areas of good practise:

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

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



AREAS OF CONCERN

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



CONCLUSION

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

Control Design









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




Control Effectiveness

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





Key performance indicators

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




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

Appendix 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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