

Oxford City Council
Internal Audit Progress Report
January 2026



Summary of work

Internal Audit

This report is intended to inform the Audit and Governance Committee of progress made against the 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 2025/26

The following reports have been issued in draft and are waiting on management responses:

- ▶ Fire Safety Follow-Up.

Audit fieldwork is underway for the following audits:

- ▶ Medium Term Financial Strategy
- ▶ Leisure Centre Contracts
- ▶ Data Analytics.

Planning has commenced on the following audits:

- ▶ Cyber Security
- ▶ ODS Client and Commissioning - Thematic Review.

Review of 2025/26 work

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: Medium Term Financial Strategy	Head of Financial Services/ Section 151 Officer	Apr 26	✓	✓			
Audit 2: Fire Safety Follow-Up	Head of Financial Services/ Section 151 Officer	Jan 26	✓	✓	✓	M (Draft)	M (Draft)
Audit 3: Leisure Centre Contracts	Director of Communities and Citizens	Apr 26	✓	✓			
Audit 4: Data Analytics	Head of Financial Services/ Section 151 Officer	Apr 26	✓	✓			
Audit 5: Purchase Cards	Head of Financial Services/ Section 151 Officer	Oct 25	✓	✓	✓	L	L
Audit 6: Treasury Management	Head of Financial Services/ Section 151 Officer	Oct 25	✓	✓	✓	S	S
Audit 7: Cyber Security	Chief Technology and Information Officer	Apr 26	✓				
Audit 8: Equality, Diversity & Inclusion (EDI) Maturity	Head of People	Oct 25	✓	✓	✓	N/A	N/A ¹
Audit 9: ODS Client and Commissioning - Thematic Review	Head of Financial Services/ Section 151 Officer	Apr 26	✓				

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

Sector update

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to local authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for Elected Members and Executive Directors.

LOCAL AUDIT RECOVERY SLOWER THAN HOPED

The recovery plan to get external audits published on time after years of delays is going “slower than we’d hoped”, a senior civil servant revealed.

Deputy director for local audit reform in the Ministry of Housing, Communities & Local Government, Rosie Seymour, provided an update on the “build back” plans at the Local Government Association’s local government finance conference on the 8 January 2026.

The audit backstop timeline was established to address a significant backlog in local government audits. The first deadline, 13 December 2024, required the publication of all outstanding external audits up to and including the financial year 2022-23.

On the 8 January 2026, Ms Seymour told the conference: “When we set out the backstops, we were hopeful that most disclaimers would be gone after the backstop in this coming February, so that by next January, there would be a significant reduction in the numbers of the disclaimed accounts... now we do not expect that aspiration to be met.”

“We remain committed to doing what we can to make sure that we keep to the overall five-year timeline for the programme, in terms of building assurance over the series of backstops that we set out, but we are clear that that progress is slower than we’d hoped.”

She added that “we don’t really feel like all of the levers are in the right place to be able to manage this process as well as we would like” because the Local Audit Office has not yet been set up so MHCLG is working with “others within the constraints of the current system”.

Despite this, Ms Seymour acknowledged that “we are in a remarkably better position than we were in terms of numbers of accounts not being there” and her “enormous gratitude” for the work of those in the sector.

She said: “The backstops themselves have helped you to bring the discipline back where that has been missing, and they’ve put an emphasis alongside the auditors to work with you to meet the backstops.

“And we are very much aware that draft accounts have been published much earlier than they had been previously, we are at a very mere handful of councils where drafted accounts aren’t ready for the auditors to look at.”

However, Ms Seymour warned there is still a lot of information “missing” and “we have quite limited information about what is going on in individual local bodies, and that means that we don’t know enough about what’s going wrong and what more needs to change in order to support you, to make them work better than we’re currently managing to achieve.”

Ms Seymour added that the whole of the government accounts is set to be disclaimed for a third consecutive year not just due to the increase in unaudited and disclaimed opinions from local audits but also “missing information”.

However, she understands that asking for more information considering the backstops is an “extra burden” but “it is a necessary part of us being able to work to support and improve guidance and support for all of the system, to try and make sure that meet the five-year aspiration”.

Local audit recovery 'slower than hoped' | Local Government Chronicle (LGC)

FOR INFORMATION

Audit and Governance Committee and Executive Directors

23 COUNCILS VOTE TO POSTPONE ELECTIONS IN ORDER TO FOCUS ON REORGANISATION

More than a third of councils set to undergo local government reorganisation have requested to postpone their local elections this year, according to research from the BBC

Deputy director for local audit reform in the Ministry of Housing, Communities & Local Government Rosie Seymour provided an update on the “build back” plans at the Local Government Association’s local government finance conference yesterday.

The Government asked 63 local authorities late last year if they would like to delay the 2026 May elections in order to “release capacity” and help the councils focus on local government reorganisation.

Whitehall said the proposal came in response to representations from some councils that expressed concerns about their ability to smoothly deliver reorganisation and local elections at the same time.

The Government set a deadline of 15 January for councils to make their decisions.

Twenty-three councils have now asked to postpone their ballots ahead of the deadline, while 33 will not, and seven are yet to confirm their position, according to the BBC.

The report said East and West Sussex County Councils, Suffolk County Council, Exeter City Council, Preston City Council, Norwich City Council and Peterborough City Council are among those to ask for delays.

Other smaller councils to request a delay include Cheltenham, Hastings, Nuneaton and Bedworth, Ipswich, and Redditch Borough Councils.

Plans to push elections back have proven controversial in some areas, with police called to a meeting last week at Redditch Borough Council after a member of the public clashed with a councillor over the issue.

A recording shows that the extraordinary meeting was delayed for around 30 minutes after the councillor became embroiled in the argument. Members ultimately voted to postpone elections once the meeting readjusted.

The Government has also issued a defence of its proposals in response to a petition that called for a change in the law to remove the power of the Secretary of State to cancel local elections.

More than 135,000 members of the public signed the petition, which described the right to vote as “sacred and inalienable”, adding: “2025 Elections in some areas were cancelled this year. We believe any further cancellations would be voter suppression and undemocratic.”

In a written response to the petition, the Government said that the powers in this area are set out in legislation made by Parliament and “used only with strong justification”.

Twenty-three councils vote to postpone elections to focus on reorganisation

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MAJOR £300M FRAUD INVESTIGATION INTO SOCIAL HOUSING SECTOR LAUNCHED

The UK's Serious Fraud Office (SFO) has launched an inquiry into the past management of a social housing company amid allegations of fraud and bribery with an estimated value of £300m

The SFO operation included arrests of six individuals and searches of seven sites across the UK, including in Altrincham, Maidenhead, London and Manchester, with support from the National Crime Agency. Investigators also carried out a search in Venice with Italian authorities as part of the probe.

Home REIT, listed on the London Stock Exchange in 2020, raised more than £850m by marketing investments into thousands of homes intended to be leased to charities housing vulnerable groups. The company suspended trading in January 2023 after concerns emerged over property valuations and tenant rent liabilities.

Emma Luxton, director of operations at the Serious Fraud Office (SFO), said: 'This company had a meteoric rise, spending millions on properties that were supposed to house the most vulnerable in society and provide returns for investors.










'Its chaotic downfall has left many with unanswered questions. Today we conducted a major operation to advance our inquiries into suspected bribery and fraud.'

Major £300m fraud investigation into social housing sector launched | LocalGov

FOR INFORMATION





Audit and Governance Committee and Executive Directors

Key performance indicators




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit and Governance Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit 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 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.	We issued the draft copy of the Fire Safety Follow-Up report within three weeks (considering the Christmas break) of fieldwork 'closing' meeting.	
Management to respond to internal audit reports within 2 weeks	We cannot comment on this KPI as two weeks have not yet elapsed for responses of management to the Fire Safety Follow-Up report.	
Final report to be produced 1 week after management responses	We cannot comment on this KPI as we have not received management responses for the Fire Safety Follow-Up report.	
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	We are currently on track to deliver the Annual Audit Plan in line with timetable and Actual days are in accordance with Annual Audit 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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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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