

Oxford City Council
Internal Audit Progress Report
April 2026



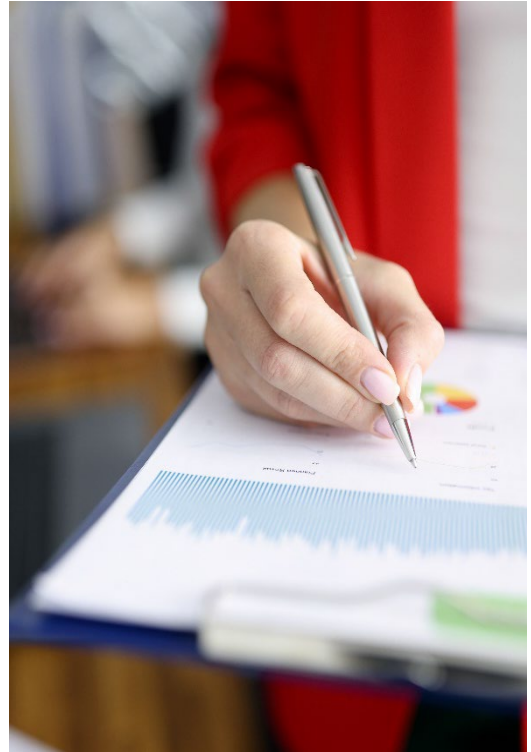
Summary of work

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

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

- ▶ Medium Term Financial Plan
- ▶ Fire Safety Follow-Up.

Fieldwork is in progress in respect of the following audits:

- ▶ Leisure Centres which has been issued in draft
- ▶ Client and Commission which has been issued in draft.

We anticipate presenting these reports at future Audit Committee meetings.

Changes to the 2025/26 Internal Audit Plan

It has been agreed with management to defer the cyber audit from 2025-26 and placed into 2026-27. This is because the Council have received external consultant report on this area following a known cyber attack and subsequent management action logs have been developed and progressed. Therefore it was felt that independent assurance was best utilised post the aforementioned steps in the following audit year.

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	✓	✓	✓	S	S
Audit 2: Fire Safety Follow-Up	Head of Financial Services/ Section 151 Officer	Apr 26	✓	✓	✓	M	M
Audit 3: Leisure Centre Contracts	Director of Communities and Citizens	Jun 26	✓	✓	✓	M Draft	M Draft
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	-	Plan removed and placed into 2026-27 plan					
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	Jun 26	✓	✓	✓	N/A	N/A


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

EXECUTIVE SUMMARY - FIRE SAFETY

Executive summary

CRR REFERENCE: 006 HEALTH & SAFETY AND COMPLIANCE WITH LEGISLATIVE REQUIREMENTS - FAILURE TO COMPLY WITH LEGISLATIVE REQUIREMENTS INCLUDING H&S DATA PROTECTION, LOCAL GOVERNMENT LAW.

Design Opinion	● Moderate	Design Effectiveness	● Moderate
Recommendations	0	2	0



SCOPE

Background

- ▶ In November 2024 we conducted a review of Oxford’s housing stock compliance with Fire Safety regulations. The purpose of our work was to evaluate the quality of Fire Risk Assessments (FRAs) conducted by the contractors, including the three alleged 'light-touch' sites. Additionally, we sought to conclude on the classification of Plough House and Bridge Cross to determine if they met the high-rise requirements defined under the Fire Safety (England) Regulations 2022.
- ▶ Oxford City Council (the Council) has identified significant issues with the FRA processes and their associated requirements. Historically, Turner and Townsend (T&T) were responsible for conducting these assessments under a specific contract. However, the compliance reporting by T&T, which indicated 100% compliance, was inaccurately projected over the entire estate rather than the sample of properties they assessed each year per their contract. As a result, FRAs for numerous sites were overlooked and had not been completed for several years.
- ▶ To rectify this situation, the Council appointed six new FRA contractors to undertake a comprehensive refresh across the of the full portfolio of FRAs properties. The newly appointed contractors were Tetra Consulting Limited, Brighthead, Marlow Fire & Security, Fire Plus Security, Frankham, and S3 Environmental.
- ▶ Notably, our review identified the following observations:
 - **Subcontracting by Brighthead:** Brighthead subcontracted 217 Fire Risk Assessments to Guardian Consultancy Services, who further subcontracted to Hawk Fire Safety Services and VM Fire Safety Services. We reviewed four FRAs and found no issues with quality, but there was no appropriate review by a responsible individual (under the Fire Safety Act is a person designated to ensure that fire safety measures are in place and maintained, and that all relevant fire safety regulations are complied with). Brighthead and its subcontractors were not found on relevant fire safety registers, and one inspector falsely claimed Institute of Fire Safety Manager (IFSM) registration.
 - **Requirement to Perform Type 3 Fire Risk Assessments:** The Council has only conducted Type 1 FRAs, which assess common areas. Recent legislation requires more detailed Type 3 assessments for high-risk sites. There is no centralised registered

of FRA results i.e. moderate risk, to quantify the impact of these changes in regulation.

- **Contractor Experience:** Fire Plus Security Ltd and their inspectors were not found on the IFSM, and they lacked the appropriate British Approvals for Fire Equipment (BAFE) SP205 certificate. Tetra and Marlow were not registered with Security Systems and Alarms Inspection Board (SSAIB) but are registered with BAFE.
- **Naming of Fire Risk Assessments:** The SharePoint system used for uploading FRAs lacks a consistent naming convention, making it difficult to locate specific FRAs.
- **Tracking of Fire Risk Assessment Completion and Actions:** Tracking of FRA actions is completed using Excel, leading to discrepancies and incomplete documentation. The utilisation of a dedicated system, such as a property maintenance system, would be more effective and reduce manual errors.

Purpose

- The purpose of the audit is to complete a detailed follow up of the previous recommendations made in the November 2024 Fire Safety advisory review.

Areas reviewed

As part of this audit, we reviewed the following areas:

- Assessed whether Brighthouse, other contractors and its subcontractors were registered on relevant fire safety registers, and whether actions were taken against the inspector that falsely claimed IFSM registration.
- We reviewed a sample of twenty FRAs from subcontractors to determine if appropriate approvals had been sought.
- Determined whether the Council undertook the following:
 - Reviewed the procurement undertaken for the appointment of the new FRA contractor, Maze, to determine what due diligence was performed.
 - Reviewed a sample of twenty FRAs to confirm they have been appropriately reviewed by a competent individual to ensure they have been completed accurately and are complete.
- Assessed whether the Council have introduced a centralised database to quantify the impact of changes to regulation.
- Determined whether the Council has undertaken the following:
 - Evaluated the results of the 2024 Fire Risk Assessment programme to determine whether any Type 3 Fire Risk Assessments need to be conducted.
 - Documented how Type 3 assessments will be conducted, by who, and by when; ensuring there is monitoring through to completion with any actions identified added to the Council's action tracker.
- Assessed whether a consistent naming convention has been implemented and determined whether the Council undertook the following:
 - Introduced a naming convention for FRAs to make them easier to identify and locate. This convention should be documented.
 - The convention should then be implemented by changing the file name of all FRAs.

- The convention should be reviewed to ensure it has been implemented effectively after a period of no more than three months, and this review should be documented.
- Assessed whether a dedicated system has been implemented to track FRA completion and actions this includes the following recommendations:
 - Implement a Fire Risk Assessment tracker, with conclusion of FRAs and date of renewal.
 - Add the BDO observations for sampled properties to action trackers to ensure each are responded to.
 - To complete a full reconciliation of your Excel document to all FRAs (or new system) and document how you have assured yourselves that all actions have been captured and therefore can be followed through.



AREAS OF STRENGTH

We have identified the following areas of good practice:

- The Council have significantly reduced the number of employed contractors and associated subcontractors to assist with the completion of the FRA programme, with the Council no longer working with contractors where previous issues have been identified. Instead, the Council have elected to expand their in-house Fire Safety Team with added expertise.
- It has also been decided that all properties will be subject to at least a type 3 FRA and going-forward these FRAs will be completed in-house by the Council's Fire Safety Team (FST), as opposed to being outsourced to a contractor. While there is no specific legal requirement for risk assessors to hold specific qualifications, practical experience in fire safety and risk assessment is considered crucial. Through review of the team qualifications, accreditations and fire-related training, we confirmed that the team has a depth of experience and relevant qualifications within the fire safety field. (NB: Please see Appendix III for definitions of each type of FRA).
- Following the expansion of the FST, the Council have begun to review all FRAs completed by previous contractors and subcontractors within the 2024 FRA programme. As of December 2025, the Council's Fire Safety Team had reduced the amount of outstanding FRA actions from the 2024 programme to 28 (from circa 3,000 in March 2025). It is expected that these will be fully completed within the first couple of months of 2026. As part of the review, the type and quality of the assessment was considered. Where the team wasn't confident on all aspects of the review, on-site reviews were conducted and, in some instances, an enhanced type 3 FRA was completed (to better align with the elevated risk of the property).
- As part of the FST expansion, the Council have employed three Fire Risk Assessors to carry out FRAs. Each assessor has been assigned responsibility to a third of the Council's jurisdiction (West, Central and East). The Council have also begun compiling schedules of works for the operatives, to ensure a consistent workload all year around. The team of assessors are overseen by a Project Manager, who helps coordinate work for the assessors and acts as someone they can report into with any issues. The Project Manager is the main liaison between the FST and ODS Group.

- ▶ Under the Fire Safety Act, Fire Risk Assessments (FRAs) must be reviewed by a responsible individual. This person is typically the one who has control over the premises, such as the owner, employer, or occupier. They are responsible for ensuring that the FRA is up-to-date and reflects any changes in the building or its use. As part of the Council's review exercise, FRAs were signed off by either the Senior Fire Risk Assessor or Corporate Fire Safety Manager as responsible individuals. Sample testing on 20 FRAs confirmed that they had all been signed off by a responsible individual, as per the Fire Safety Act 2021.
- ▶ The Council employ ODS Group (a trading subsidiary of the Council) to address remedial FRA actions. The FST and ODS utilise and collaborate through a QL system, where actions are logged and raised as work orders. A series of manual trackers are also maintained, alongside QL, due to limited system functionality (the QL system has a limited interface and does not have the ability to carry files). However, the QL system does however have the functionality to create working schedules, with higher priority actions being alerted within the system, with weekly meetings between the FST and ODS used to monitor and track action completion. A SharePoint is also maintained between the FST and ODS, where FRAs can be accessed and proof of action completion is uploaded.
- ▶ A naming convention for FRAs has been implemented by the FST. As per the FRA Process document, the naming convention is as follows: "UPRN_FRA_Date" (UPRN = Unique Property Reference Number). Via a walk-through of the Council SharePoint, which is used to store all FRAs, we confirmed adherence to the new naming convention.
- ▶ The Council are undertaking a 'rolling clean' exercise to smooth out their FRA programme going forward. Due to the mass amount of FRA reviews being completed in April and May 2025, the Council are trying to prevent a scenario whereby too many FRAs are due to be completed in a short period of time, therefore creating pressure on the FST. The rolling clean programme has divided the property listing equally throughout the year, to make workload more consistent across assessors.



AREAS OF CONCERN

- ▶ **Action trackers - (Finding 1 - Medium)** - Fire action trackers are maintained for the 2024 and 2025 FRA programmes, with all actions being logged and the tracker utilised by to maintain oversight of progression towards completion of actions. On review of the trackers, we have noted the following observations:
 - For some elapsed action due dates, there was a lack of sufficient commentary and supporting notes, making it difficult to confirm progression towards completion. Similarly, where due dates had elapsed, we could not confirm that new target dates had been agreed and assigned.
 - We found that some actions were not assigned to a responsible lead (person) and noted instances where a QL reference had not been recorded by the action. This omission means it is unclear whether the action has been raised in QL, which is necessary for integrating the action into the Team's working schedules.
- ▶ **Procurement of Maze Fire Consulting - (Finding 2 - Medium)** - Maze Fire Consulting the Council's contractor to undertake type 4 FRAs, were not subject to a thorough procurement process in line with Council Policy.



CONCLUSION

- ▶ During this audit, we have considered the progress made by the Council against the actions raised from the Fire Safety Advisory Review conducted in November 2024.
- ▶ Additionally, we have considered the general control framework supporting the delivery of Fire Risk Assessments across the Council's portfolio, alongside the mechanisms in place to log FRAs and their corresponding actions and how remedial works are booked and tracked through to completion.
- ▶ We conclude that the Council has a Moderate design of controls and a Moderate effectiveness of control for Fire Safety.

Control Design

- ▶ The control design is Moderate as there is generally a sound system of internal control designed to achieve system objectives with some noted exceptions.
- ▶ Significant progress has been made in addressing the actions raised during the original November 2024 Fire Safety advisory review. The Council has demonstrated considerable improvement in its fire safety controls since November 2024. This progress is attributed to the allocation of substantial additional resources to implement the recommendations provided.
- ▶ However, we found that the Council are still largely reliant on manual excel spreadsheets to track FRA completion and actions are still currently clearing a backlog of FRA actions from 2024.
- ▶ There were external Fire Door Inspections completed by third party Fire Door Inspection assessors in 2025. The Council are in the process of reviewing all fire doors and communal fire doors to align to the Fire Safety Order 2005. By performing reviews using the inhouse Fire Safety Team, the Corporate Fire Safety Manger has noted that significant cost efficiencies are being made in the cases where third party inspections have raised the need for replacement doors where this is not actually the case and repairs would be sufficient. These reviews are taking place in alignment with the performance of FRAs and the process for reviewing the portfolio of fire doors is aimed to be completed by the end of 2026.

Control Effectiveness

- ▶ The control effectiveness is also Moderate as there was some evidence of non-compliance with some controls, that may put some of the system objectives at risk.
- ▶ In the absence of an all-encompassing system to log and track FRAs and their actions, it is vital that the Council's Fire Safety Team implement robust controls to ensure off-system trackers are kept up to date and contain sufficient information for users to have a comprehensive outlook on action progress. At present, we found that the controls around the maintenance of action trackers are not sufficient in all cases, with the tracker missing information and not recording updates regarding action completion.
- ▶ We also found that the procurement of third-party consultants, Maze Fire Consulting, did not follow the Council's procurement processes. There was a lack of procurement evidence to confirm that Maze had been subject to thorough due diligence and that Council process had been followed.

EXECUTIVE SUMMARY - MEDIUM TERM FINANCIAL STRATEGY

CRR REFERENCE: 001 - FINANCIAL RESPONSIBILITY, 002 - OXFORD MODEL

Design Opinion



Substantial

Effectiveness Opinion



Substantial

Recommendations

0

0

3



SCOPE

Background

- ▶ The Medium-Term Financial Strategy (MTFS) is a strategic financial planning document that outlines how a council will manage its finances over a medium-term period, typically three to five years.
- ▶ Each February, Oxford City Council (the Council) formally approves the MTFS for the next four years, including a detailed revenue budget for the coming financial year.
- ▶ The Council's MTFS for 2026-27 to 2028-29 and 2025-26 budget were approved by Cabinet on 5 February 2025, showing a balanced budget for the four-year period.
- ▶ Key areas of financial support include dividends and payments from council-owned companies Oxford Direct Services Limited (ODSL) and Ox Place, car parking income, planning and building control fees, council tax and retained business rates.
- ▶ The strategy is further supported by the receipt of additional funding in the form of grant allocations including Rough Sleepers Prevention and Recovery Grant, Homelessness Prevention Grant, Extended Producer Responsibility Grant, National Insurance compensation and Homelessness, Rough Sleeping and Domestic Abuse Grant.
- ▶ Key areas of financial pressure include employers National Insurance increase at a cost to the group of around £1.2 million pr annum for which the Government has provided a compensation grant of £250k, homelessness £1.4 million per annum additional cost and supported accommodation benefit losses at an additional cost of £1.5 million per annum.
- ▶ The strategy aims to maintain a balanced budget whilst aligning financial resources with the Council's long-term goals and the focus on continued investments in communities, front-line services, new homes and climate challenge. The strategy provides a framework for decision-making, emphasising prudence and strong financial control. It also addresses key risks, including savings from efficiencies and transformation not being achieved and slippage in the capital programme adversely affecting revenue savings and additional income.
- ▶ Over the four-year period of the strategy, the utilisation of reserves amounts to £7.3 million, although usable remaining reserves in the order of £30 million are considered adequate by the Council's Section 151 Officer.
- ▶ There continues to be uncertainty around local government funding and new responsibilities that may arise from the local government devolution initially proposed in December 2024.

Purpose

- ▶ The purpose of this audit is to undertake a review of the adequacy of the end-to-end process for developing the medium-term financial strategy and annual financial planning cycle.

Areas reviewed

The following areas were covered as part of this review:

Governance Arrangements including Management Review and Approval

- ▶ Reviewed the governance arrangements in place for the preparation and approval of the MTFS.
- ▶ Reviewed the minutes available from the Cabinet, Full Council, Scrutiny Committee, Budget Review Group, Labour Group as well which evidenced the approval and consultation of the MTFS.
- ▶ Reviewed the process in place for senior management review and approval of the MTFS. This included a review of what was checked by the reviewer and the evidence required, including full verification of the approval processes in place.

Methodology

- ▶ Conducted a review of the methodology documented to ensure it is consistent with Council's objectives and that the approved methodology is used.
- ▶ Reviewed the completeness of the income and expenditure documentation used in the MTFS to ensure it was clear and assumptions and reasons within the MTFS were documented sufficiently.
- ▶ Reviewed the process in place of engagement with service directors and managers to ensure that there was adequate consideration of their input and assessment as part of budget setting procedures.
- ▶ Reviewed the MTFS to ensure it contains adequate assessment of any contingency and to ensure an appropriate sensitivity analysis had been used.

Risk Assessment Framework

- ▶ We reviewed the process and guidelines in place to identify risks to ensure there was:
 - Robust assessment of risks.
 - The mitigation of the risks ensure best decisions were considered based on the Council's risk appetite for the MTFS.
 - There were risk register records in place which record the risks, and a quarterly review is undertaken to ensure the risks were updated where applicable.

Monitoring

- ▶ Review the monitoring processes in place to ensure the objectives within the strategy were being met and where they were not, identify how this was investigated.
- ▶ Review the reporting systems to ensure comprehensive and accessible information was provided to support decision-making. This included reviewing the monthly monitoring performance reports produced internally for HRA, Corporate Strategy and Community Safety to evaluate the level of scrutiny and monitoring carried out internally.



AREAS OF STRENGTH

- ▶ The Council's governance structure for the MTFS demonstrates strong alignment with best practice standards set by the Chartered Institute of Internal Auditors in the UK and the International Professional Practices Framework (IPPF). Clearly defining each stage of the budget preparation, using multiple levels of review (including senior management, and at a Cabinet level), and seeking stakeholder input in a timely manner all promote transparency and accountability. This mature approach helps mitigate the risk of financial misstatement or oversight and supports the Council's objective of maintaining a balanced budget and protecting essential community services.
- ▶ The Council does not build contingencies into individual service budgets to reduce the risk of service areas from being able to conceal genuine variances by releasing contingencies. By utilising reserves to balance the budget, areas of variance are better identified allowing the Council to better monitor and manage financial performance. This budgeting practice promotes accountability in service areas while ensuring that financial risks are overseen consistently by the Finance Team.
- ▶ The Council has a well-structured approach for ensuring that income and expenditure information used in the budget process is complete and accurate. Service areas are provided with consolidated financial data by the Management Accounting Team, enabling them to validate figures and ensure that all relevant cost and income lines are reflected in their submissions. Budget review meetings between Finance and Heads of Service provide a clear mechanism for refining these submissions and confirming that changes are supported by appropriate narrative explanations.
- ▶ The process for developing assumptions is also defined to ensure consistency and oversight by the Finance Team. Core financial assumptions are determined centrally by Finance, while service specific assumptions are developed collaboratively with managers and subject to appropriate challenge before being incorporated into the wider strategy. This structured and iterative approach supports transparency, consistency and well informed budget planning across the organisation.
- ▶ The MTFS is subject to extensive scrutiny throughout its derivation involving from Senior Officers, the Cabinet, political groups, the Scrutiny Committee and public consultation. Evidence from Corporate Management Team meetings shows sustained and informed engagement with key financial pressures, with political oversight being similarly robust. The Labour Group scrutinised major assumptions around savings requirements, reserves deployment, capital affordability and HRA investment priorities, while the Budget Review Group provided detailed recommendations across high-risk areas such as Temporary Accommodation, ICT costs and cost recovery practices. Collectively, these activities demonstrate that the MTFS is subject to thorough, multi layered review and verification before approval, with meaningful challenge applied at both officer and Member level.
- ▶ The Council has an established and comprehensive approach to identifying, assessing and managing financial risks throughout the MTFS development cycle. Risk assessment is embedded at each stage of budget construction, with savings proposals and income assumptions subject to ongoing evaluation, supported by clear narrative justification and

scenario analysis to test both optimistic and pessimistic outcomes. Officers routinely review supporting documentation to identify areas where deliverability may be uncertain, and risks are refreshed each time the MTFS is updated to ensure emerging pressures and new information are reflected. The process is reinforced by strong internal challenge across the organisation, with budget review meetings demonstrating clear scrutiny of non delivery risks and associated mitigation plans. In addition, the Council maintains a dedicated Budget Risk Register overseen by the Section 151 Officer, accompanying the Corporate Risk Register and ensuring structured escalation and transparency through regular reporting to Cabinet and relevant committees.

- ▶ The Council's outturn and in year budget reporting processes are subject to clear, well documented and active Member scrutiny. Cabinet's consideration of the 2024/25 outturn demonstrates informed challenge, with Members interrogating the drivers behind major pressures and seeking assurance on the robustness of mitigations and the lessons to be applied to the forthcoming budget cycle. Similar levels of engagement were evident in the review of Q1 2025/26, where Cabinet closely examined the emerging £1.31m General Fund variance, tested the sustainability of income and expenditure assumptions, and emphasised the importance of reflecting structural pressures in future forecasts. Members also contextualised local financial challenges within national trends, demonstrating a mature understanding of external risk factors. This sustained engagement indicates that financial reporting effectively supports informed decision making and that Member oversight is active, robust and evidence driven.



AREAS OF CONCERN

- ▶ **Alignment between the MTFS and Council Objectives - (Finding 1 - Low)** - The budget documentation sent to and received from service areas do not explicitly signpost how individual budget proposals such as savings, growth bids, and capital investments contribute to the delivery of the five corporate priority areas. While alignment does occur in practice with an emphasis on value for money, this is not clearly evidenced within the Budget Guidance or final budget documents.
- ▶ **Differences in the documentation of meetings held between service areas - (Finding 2 - Low)** - While budget review meetings with service directors and managers are routinely held and provide opportunities for challenge and discussion, the documentation of these sessions is inconsistent. The meeting notes reviewed varied in structure, detail and clarity, with some using a clear agenda and defined action points, while others were recorded in an unstructured narrative format.
- ▶ **Varying formats to the internal budget monitoring reports - (Finding 3 - Low)** - We identified inconsistency in the presentation of financial monitoring information across service areas, with different developed reporting formats resulting in variations in layout, narrative and the level of detail provided. We also found that monthly monitoring meetings have not consistently taken place due to capacity constraints within the Finance Team, leading to some reviews occurring on a quarterly or bi-monthly basis instead. This reduces opportunities for timely discussion of emerging variances, operational risks and required corrective actions.



CONCLUSION

We conclude that the Council has a **Substantial** level of control design and effectiveness over the development and operation of its Medium-Term Financial Strategy (MTFS).

Control Design










- ▶ We have provided **Substantial** assurance over the control design of the MTFS, reflecting a well structured and comprehensive framework that supports the achievement of strategic and financial objectives.
- ▶ Governance arrangements are clearly defined, with multiple levels of review, scrutiny, and challenge embedded throughout the MTFS development process.
- ▶ The methodology used for income, expenditure, and assumption setting is robust, consistently applied, and informed by engagement with service directors and managers.
- ▶ The Council's approach to financial risk assessment is similarly strong, incorporating scenario analysis, clear risk ownership, and regular updating through both the Budget Risk Register and corporate risk processes.
- ▶ While opportunities exist to further enhance transparency such as more explicit mapping of budget proposals to corporate priorities the overall control design is sound, coherent, and provides an appropriate foundation for sustainable financial planning.

Control Effectiveness

- ▶ We have provided **Substantial Assurance** over the effectiveness of the MTFS controls. The MTFS processes are being applied consistently and are operating as intended.





- ▶ Robust review and challenge occur at all key stages including Cabinet, Scrutiny Committee, political groups, and senior management forums demonstrating active and informed oversight.
- ▶ Financial monitoring arrangements are well-established, with comprehensive reporting that provides clear visibility of variances and emerging pressures. Member scrutiny of both outturn and in-year performance is strong, timely, and forward-looking.
- ▶ A small number of improvement opportunities were identified, such as inconsistent documentation of budget review meetings, variation in service-level monitoring report formats, and occasional delays to monthly monitoring cycles.
- ▶ However, these minor issues do not detract from the overall strength of the control environment. With three low recommendations raised, we conclude that the controls in place are effective, well-embedded, and support the delivery of a resilient and credible MTFS.

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.	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:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations, and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

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.

Copyright © 2026 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk