Oxford City Council- Group (including Oxford Direct Services (ODS) and OX Place)

Internal Audit - Annual Report & Opinion

July 2026

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Contents

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Distribution list	
For information	Alistair Rush, S151 Officer, Oxford City Council (OCC) Chris Urwin, Finance Director, Oxford Direct Services (ODS) Peter Gardiner, Interim Strategic Finance Manager, OX Place Audit and Governance Committee Members (OCC) Audit and Risk Committee Members (ODS) Audit, Risk and Governance Committee Members (OX Place)

1.Executive summary
Introduction

Role of Internal Audit

Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the Council and Company boards* and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The primary responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

The Boards are ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

**The Global Internal Audit Standards (GIAS) refer to the 'board' as 'the highest-level body charged with governance.' For Oxford City Council (OCC) 'the board' is the Audit and Governance Committee (AGC), For Oxford Direct Services (ODS), it is the Audit and Risk Committee (ARC) and for OX Place, the Board is the Audit, Risk and Governance Committee (ARG).*

Planned coverage

Our internal audit work for the Oxford City Council Group covered the period April 2025 to March 2026 and was carried out in accordance with the Internal Audit Plan approved by the AGC, ARC and ARG and in line with the recognised Global Internal Audit Standards (GIAS) from the Institute of Internal Auditors. The Group consists of Oxford City Council, Oxford Direct Services, and OX Place. The internal audit programme is risk-based and our work is designed to align to key risks over the life cycle of the internal audit plan. The approved internal audit annual plan for 2025/26 comprised the following assignments:

Oxford City Council

- Medium Term Financial Strategy
- Fire Safety Follow Up
- Leisure Contracts
- Data Analytics
- Purchase Cards
- Treasury Management
- Equality Diversity and Inclusion (EDI) Maturity
- ODS Client and Commissioning - Thematic review across OCC and ODS

Oxford Direct Services

- Waste Management
- Conflicts of Interest
- Purchase Cards
- GDPR

OX Place

- Health and Safety
- Banking Agreement
- Development Governance

Changes to the plan

The OCC/ODS Cyber Security audit was removed from the 2025-26 plan and moved to the 2026-27 plan, this is because OCC has received an 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.

The OX Place Development Governance audit was postponement until 26/27 at the request of management due to resourcing issues.

Audit outcomes

The conclusions from our reports are summarised on pages 11 to 13. Key themes are summarised on page 7.

Background to the Annual Opinion

Internal Audit is required to provide an opinion to the Council and Company Boards, through the AGC, ARC and ARG, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by us as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

1. Executive summary
Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Oxford City Council Group's risk management, control and governance processes.

Opinion

Our opinion is as follows:

- Good
- **Generally satisfactory with improvements required in some areas**
- Improvements required
- Significant improvements required

Overall, the Group controls in the areas we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and, therefore, may put the achievement of objectives at risk. No Group audits received no assurance ratings although we would draw attention to the OCC purchase cards audit which was the only limited assurance opinion this year. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements.

For OCC, high significance findings raised during the year were in relation to purchasing card transactions not submitted, reviewed and approved in a timely manner and the record of card holders held by the Payments Team not being up to date.

For ODS and Ox Place, no high significance findings were raised.

It is also important to note that this is the first year that the internal audit opinion has been provided on a group basis.

Basis of opinion

As the provider of internal audit services to the Oxford City Council Group, we are required to provide the AGC, ARC and ARG with an opinion on the adequacy and effectiveness of the risk management, control and governance processes.

In giving our opinion, it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Board is reasonable assurance that there are no major weaknesses in the Oxford City Council Group risk management, control and governance processes.

In assessing the level of assurance to be given, we have considered:

- Our assessment of the design and operation of the underpinning risk management framework and supporting processes, including whether risk appetite has been established and embedded within the activities, limits and reporting of the organisation.
- The range of individual opinions arising from risk-based audit assignments that have been reported throughout the year; including the relative materiality of these areas
- Any significant recommendations not accepted by management and the consequent risks (if any)
- Management's progress in respect of addressing control weaknesses and implementing recommendations
- Any limitations which may have been placed on the scope of internal audit
- Reliance placed upon other assurance providers
- The effects of any significant changes in the organisational objectives or systems
- What proportion of the Gorup's audit need has been covered to date.

This opinion is based on information provided between April 2025 and March 2026, and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

1. Executive summary

Recommendation follow up

Management action on implementing recommendations

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Oxford City Council

Management has generally responded in a timely manner for requests to provide information to support the implementation of audit recommendations. Where initial implementation action dates were missed, revised dates were provided and generally appropriate action has been taken.

Internal Audit performed follow up reviews periodically throughout the year, aligned to the Audit and Risk Committee meeting dates, to verify the status of the open internal audit actions.

Overall, out of 13 medium and high actions which have been raised for internal audit assurance reports completed between 1 April 2025 and 31 March 2026:

As of 31 March 2026:

- Four recommendations were completed
- Nine recommendations were not yet due.

Whilst there was previously a large backlog of recommendations, dating back several years, in April we were able to see evidence of completion for most recommendations for 2023/24 and 2024/25 (with only two outstanding), which is a significant improvement on the follow up position in the prior year.

Oxford Direct Services

Management has generally responded in a timely manner for requests to provide information to support the implementation of audit recommendations. Where initial implementation action dates were missed, revised dates were provided and generally appropriate action has been taken.

Internal Audit performed follow up reviews periodically throughout the year, aligned to the Audit and Risk Committee meeting dates, to verify the status of the open internal audit actions.

Overall, during 2025/26, ODS Implemented 11 high and medium priority recommendations.

As of 31 March 2026:

- Six recommendations were classed as overdue
- Four recommendations were classed as in progress
- Six recommendations were not yet due.

As reported in our progress reports to the Audit and Risk Committee, we found that in some circumstances due to operational or resourcing pressures, the original implementation date was not achieved. New implementation dates have always been identified and largely delivered against. The Audit and Risk Committee has held Management to account to improve the implementation of actions by the original implementation date throughout the year.

OX Place

There have been no delays in implementing recommendations and all three recommendations that have become due during the year have been implemented on time.

2. Thematic reporting

Throughout the 2025-26 internal audit plan, we have considered key findings against six core themes. Broadly, these themes were considering the following key questions:

Area	Principle
Strategic Alignment and Reporting	▶ Is the area under review coherent with the overall strategic objectives, and is reporting sufficient and appropriate to enable effective oversight at a strategic level?
Controls & Assurance	▶ What first/second line controls are in place, and are these offering adequate comfort? Does the business obtain assurance from other sources? ▶ Is the overall control framework fit for purpose?
Documentation	▶ What is the quality of the documentation? Is it user friendly, accessible, and easily understood? ▶ Where are documents stored? Are policies up to date?
Systems & Data Quality	▶ Is there good quality of data and a 'single version of the truth'? Which systems are used to maintain data integrity? Do the right people have access? ▶ Have relevant performance metrics been calculated and can these be accurately compared to source data and in line with regulatory guidance?
Resources	▶ Where does responsibility sit? Do they have sufficient capacity? ▶ Are people appropriately skilled and trained? Are there any cultural issues to note? ▶ Are controls in place to reduce the risk of fraud, or to highlight instances where there may be higher risk of fraud within processes?
Innovation and Efficiency	▶ How is Oxford City Council Group continually developing and are lessons learned exercises undertaken and acted upon? ▶ Are there future looking strategies and improvement plans?

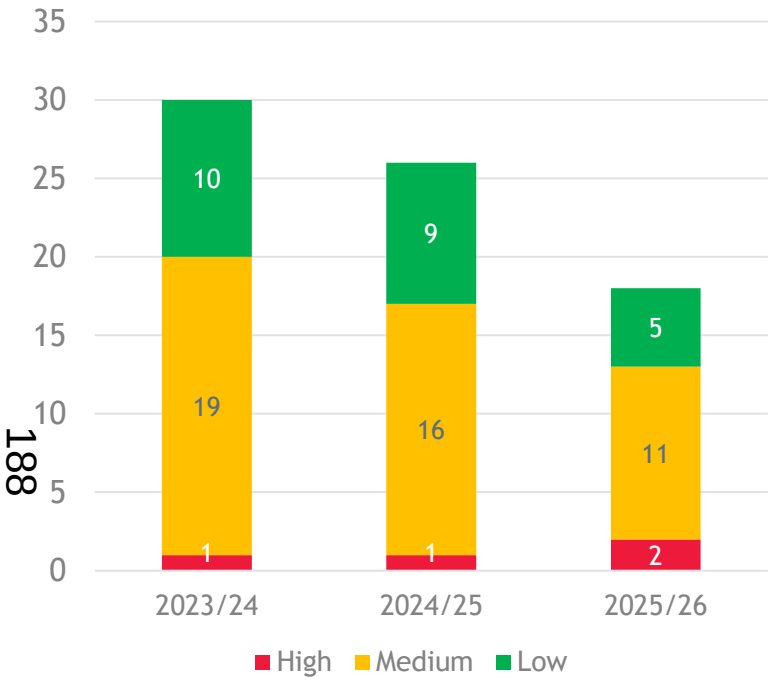
2. Thematic reporting

There were a few findings throughout the year that related to the documentation of controls, and the lack of or lack of record of meetings held for oversight. Looking across the work we have completed, the themes across the Group where more recommendations have focused include on Documentation and Controls & Assurance. There is opportunity to develop processes and controls in these areas which is reflective of the recommendations and actions raised in each internal audit report.

Area	Principle
Strategic Alignment and Reporting	▶ Generally, there are appropriate levels of reporting at operational and strategic levels across the areas audited. ▶ Improvements to reporting have been noted in some cases, to increase the causal analysis and predictive use, such as in the Leisure and EDI audits. Inconsistent and non-standardised reporting has also been noted in the medium-term financial strategy and social housing reviews.
Controls & Assurance	▶ First line controls were identified across the organisation in all reviews undertaken, including preventative and detective controls, although these could be developed further in places. For example, in several audits, the lack of, regularity of or adequacy of management oversight meetings was listed as a weakness, this included the purchase cards audit, surrounding oversight of expenditure. ▶ Management routines are in place to confirm compliance with approved procedures and the accuracy of data; although in some instances the evidencing of controls taking place could be strengthened, such as ensuring documentation of second line reviews. This was noted regarding the recording of reconciliations during the treasury management audit.
Documentation	▶ Relevant systems were used wherever possible to maintain centralised and contemporaneous records, such systems include Agresso, ITrent and QL ▶ Generally, relevant policies and procedures were in place for the areas reviewed and these were accessible to relevant personnel as needed, however in some cases these were outdated or absent with the key exception being a limited opinion for the OCC purchase card audit, with several policy weaknesses, some of which was duplicated in the ODS Purchase Card audit. This audit also noted not all required information was held in the relevant BCOS system. ▶ Within the EDI review we noted 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. ▶ For the Waste Management and Health and Safety reviews, documentation was not consistently retained to evidence fly tipping or health and safety incidents.
Systems & Data Quality	▶ The Group make use of several systems for the management of key processes and functions, such as Agresso, I-Trent and QL. ▶ Exceptions were noted as part of the Leisure audit, with the system used for maintenance requests not being tailored to Leisure and causing priority timelines for maintenance requests to be inappropriate.
Resources	▶ Across the data analytics report it was identified that whilst segregation of duty controls were in place, several of the weaknesses in controls were attributable to a lack of resources. Across the purchase card audit resource constraints were evident due to manual processes, there were also inconstancies in application which may have indicated a training need. ▶ Generally, from the audits completed staff appear to be appropriately skilled and trained, with no key exceptions to this noted in the year. Although training was recommended during the data analytics audit and training was not complete at ODS for Conflicts of Interest.
Innovation and Efficiency	▶ Lessons learnt exercises via improved feedback channels and trend analysis of complaints to inform strategy was recommended in the Leisure audit.

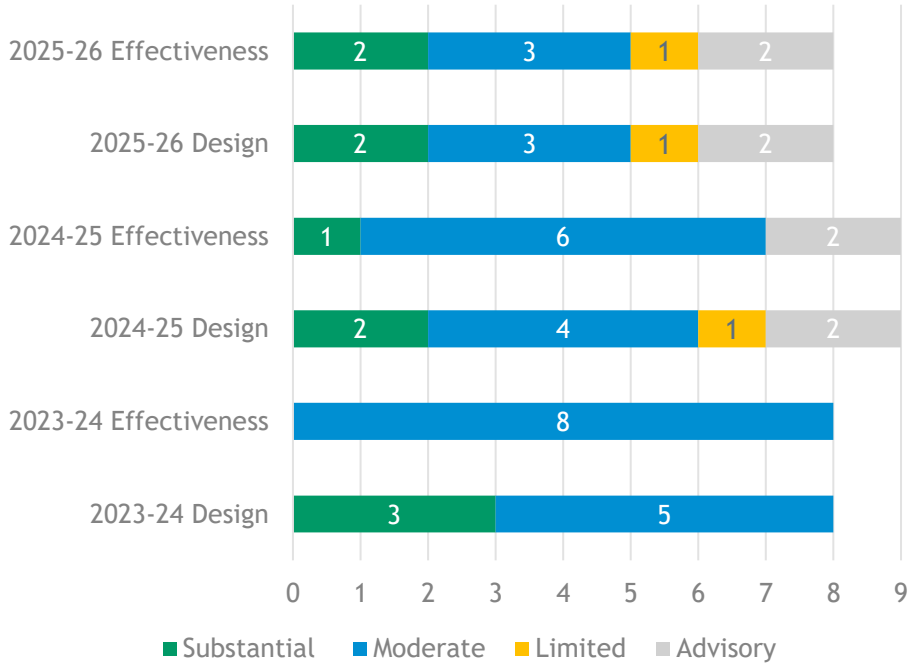
3. Summary of results - OCC

Recommendations by significance



Year	2023/24	2024/25	2025/26
Assurance audits completed	8	7	6
Findings raised	30	26	18
Average per audit	3.8	3.7	3

Assurance opinions

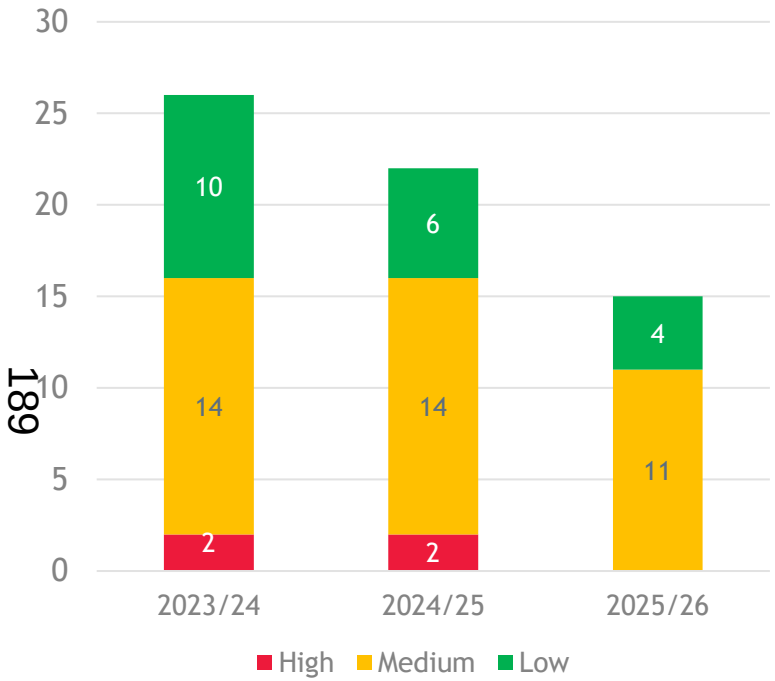


Comparison to prior year

- In 2024/25 we issued 26 recommendations in total from seven assurance reviews, there was one high, 16 medium and nine low recommendations issued to the Council. In comparison, in 2025/26 we have issued 16 recommendations from six assurance reviews completed, with two high, 11 medium and five low recommendations.
- The total proportion of positive design (substantial and moderate) opinions has decreased from the prior year from 86% to 83%. In 2024/25 there was one limited, two substantial and four moderate control design opinions issued to the Council. In comparison in 2025/26, there has been two substantial, three moderate design, but one limited opinion issued to the Council.
- In 2024/25 there were one substantial and six moderate operational effectiveness opinions issued to the Council. In comparison, we have issued two substantial, three moderate and one limited operational effectiveness opinions for 2025/26.

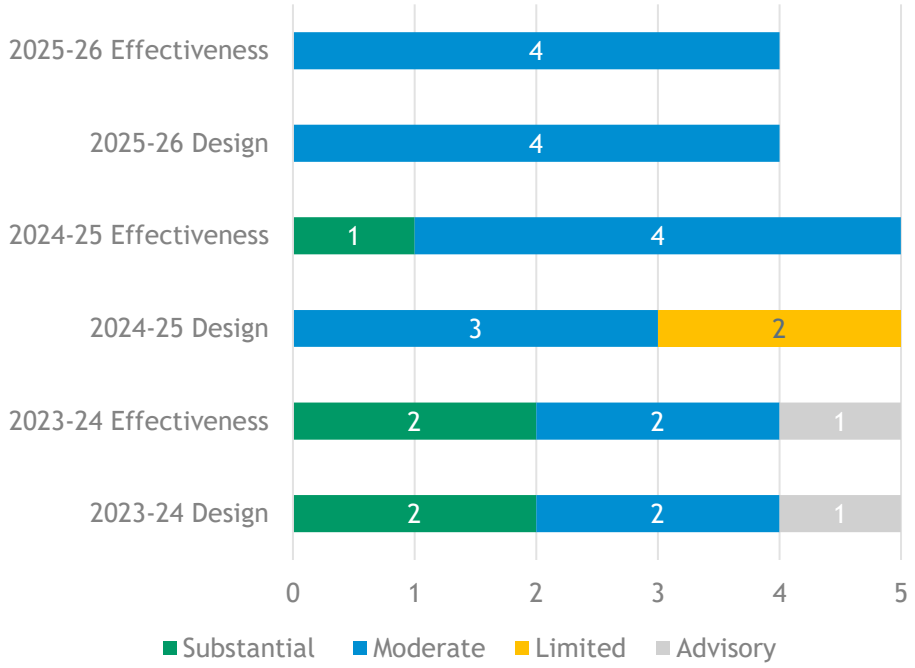
3. Summary of results - ODS

Recommendations by significance



Year	2023/24	2024/25	2025/26
Assurance audits completed	4	5	4
Findings raised	26	22	15
Average per audit	6.5	4.4	3.8

Assurance opinions

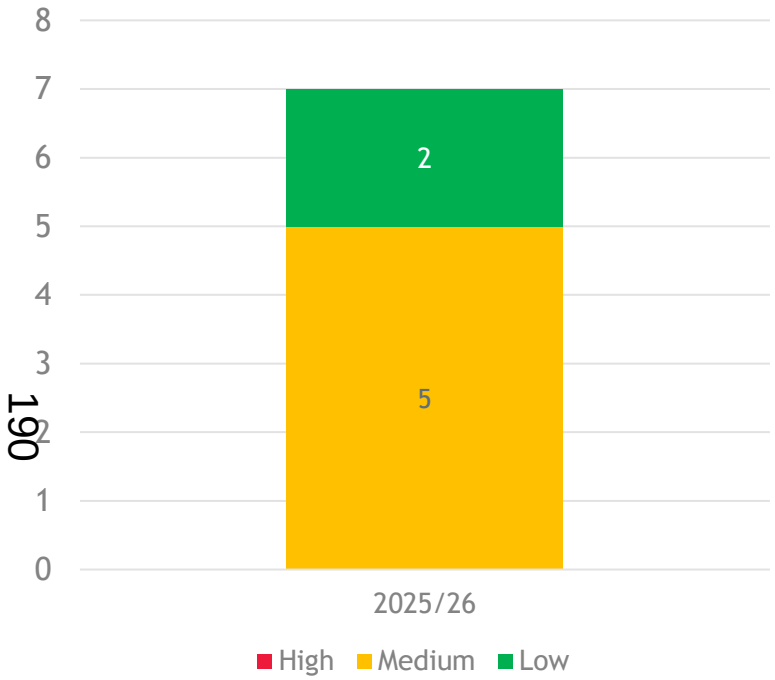


Comparison to prior year

- In 2024/25 we raised 22 recommendations in total from five assurance reviews, there was two high, 14 medium and ix low recommendations issued to ODS. In comparison, in 2025/26 we have issued 15 recommendations from four assurance reviews completed, with 11 medium and four low recommendations.
- The total proportion of positive design (substantial and moderate) opinions has increased from the prior year from 60% to 100%. In 2024/25 there was two limited and three moderate control design opinions issued to ODS. In comparison in 2025/26, there has been four moderate design opinions issued.
- In 2024/25 there were one substantial and four moderate operational effectiveness opinions issued. In comparison, we have issued four moderate operational effectiveness opinions in 2025/26.

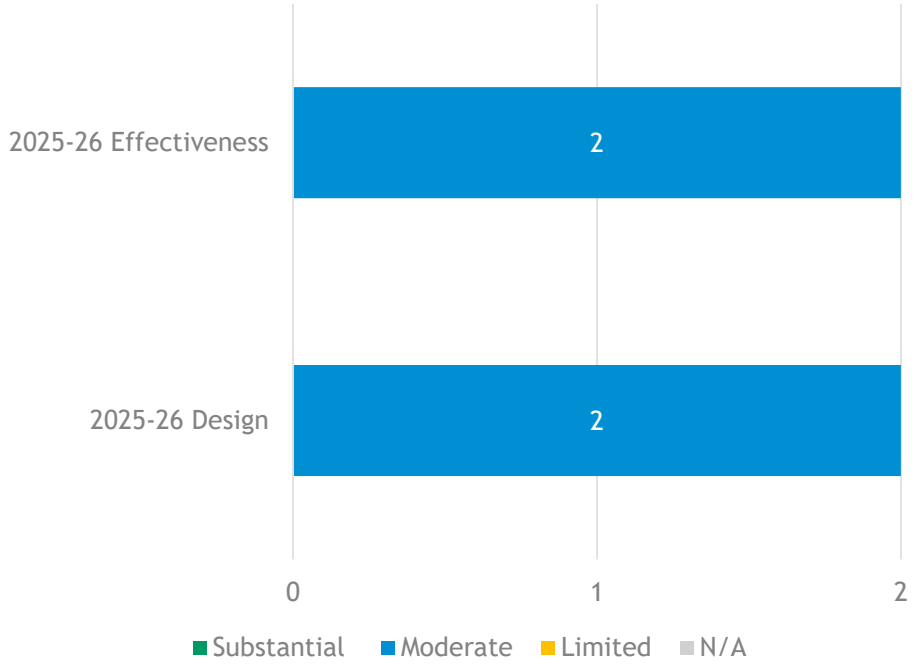
3. Summary of results - OX Place

Recommendations by significance



Year	2025/26
Assurance audits completed	2
Recommendations raised	7
Average per audit	3.5

Assurance opinions



Comparison to prior year

We cannot make any prior year comparisons as this is the first year we have completed an audit plan for Ox Place.

3. Summary of results - OCC

Within the year, eight audit reports were presented, of which two were advisory. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective. The difference in opinion names are due to the previous IA methodology from April - October 2025 and the BDO methodology October 2025 - March 2026.

The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	Recommendations and significance			Overall report opinion		Link to corporate risk register			Link to internal audit plan
		High	Medium	Low	Control design	Operational effectiveness	1	2	3	
Medium Term Financial Strategy	Assurance	-	-	3	Substantial	Substantial	CRR001	CRR002		Y
Fire Safety Follow Up	Assurance	-	2	-	Moderate	Moderate	CRR006			Y
Leisure Contracts	Assurance	-	5	1	Moderate	Moderate	CRR002	CRR003		Y
Data Analytics	Assurance	-	2	-	Moderate	Moderate	CRR001	CRR002		Y
Purchase Cards	Assurance	2	2	-	Limited	Limited	CRR001			Y
Treasury Management	Assurance	-	-	1	Substantial	Substantial	CRR001	CRR002		Y
Equality Diversity and Inclusion (EDI) Maturity	Advisory	-	-	-	N/A	N/A	CRR011			Y
ODS Client and Commissioning - Thematic Review	Advisory	1	5	2	N/A	N/A	CRR009			Y

3. Summary of results - ODS

Within the year, five audit reports were presented. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective. The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	Recommendations and significance			Overall report opinion		Link to corporate risk register			Link to internal audit plan
		High	Medium	Low	Control design	Operational effectiveness	1	2	3	
Waste Management	Assurance	-	2	1	Moderate	Moderate	CRR001	CRR008		Y
Purchase Cards	Assurance	-	4	-	Moderate	Moderate	CRR005			Y
GDPR	Assurance	-	3	1	Moderate	Moderate	CRR004	CRR007	CRR008	Y
Conflicts of Interest	Assurance	-	2	2	Moderate	Moderate	CRR008			Y
ODS Client and Commissioning - Thematic Review	Advisory	1	5	2	N/A	N/A	CRR009			Y

3. Summary of results - OX Place

Within the year, two audit reports were presented. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective. The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	3Recommendations and significance			Overall report opinion		Link to corporate risk register			Link to internal audit plan
		High	Medium	Low	Control design	Operational effectiveness	1	2	3	
Health and Safety	Assurance	-	3	2	Moderate	Moderate	B5			Y
Banking Agreement	Assurance	-	4	0	Moderate	Moderate	N/A			Y

4. Quality assurance

As a firm we are committed to continual improvement. To achieve this, we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit services rests with a team of dedicated internal audit professionals who form part of a national Risk and Advisory Services (RAS) team.

Qualifications, Training And Development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams by the Chartered Institute of Internal Auditors, or for a professional accountancy body.

Qualified staff are required to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Quality assurance processes

We adopt the following processes to ensure that the internal audit work we perform meets our required quality standards:

- **Documented standards** - the fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Global Internal Audit Standards.
- **Annual plan -** A risk-based approach is taken to determine the annual plan.
- **Planning** - each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- **Quality assurance** - the work conducted to meet the requirements of each assignment brief is subject to a full client debrief and to manager review within the audit team before a final draft report is issued. All finalised reports are approved and signed off by a licence holder (Partner or Director).
- **Cold reviews -** we also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals outside of the team which conducted the work. The work of cold review is subject to our National Quality Review processes, aimed at ensuring consistency of standards adopted within the firm.

Continuous Improvement

The results of the various review processes that are outlined opposite are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our RAS team receives on a firm wide basis. Currently each of our team members is required to attend at least two RAS training days annually with additional training being provided in response to changes in the environment in which we operate.

Compliance with the Global Internal Audit Standards (GIAS)

Based on the results of our internal assessments, we can confirm that our Internal Audit services are aligned and have been delivered in accordance with the Global Internal Audit Standards and Topical Requirements and GIAS in the UK public sector during the year. It should be noted that as the GIAS became effective on 9 January 2025 and GIAS in the UK public sector on 1 April 2025), there has been a transition period during the year.

We confirm there have been no deviations from the GIAS during the year.

External Quality Assessment

The Global Internal Audit Standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years. At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise. A copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

Our next EQA is due in late 2026.

5. Quality Assurance Improvement Programme - OCC

An update on our specific improvement actions included as part of our Quality Assurance Improvement Programme is below:

Initiative	Benefit	Due date	Status
Ensure our annual plan was wide coverage of the four strategic priorities, providing assurances over the delivery of strategies and objectives across the whole Council, including front-line services impacting residents	Align our audit plan to the Council's strategic risks, ensuring that areas we cover link back to strategic objectives	Ongoing throughout delivery of our 25/26 IA plan which has been mapped to your four corporate priorities and risks	Complete
Apply a blend of audit and advisory techniques using our various toolkits to assess the Council's 'soft controls' such as EDI, Environment, Governance/Culture, Sustainability, etc. This will provide roadmaps to applying best practice controls to achieve objectives	Allows management to gain insights into emerging risks with advisory support rather than traditional third line assurance	Ongoing throughout delivery of our 26/27 IA plan and over our three-year plan to FY29. We have scheduled 'soft control' reviews in our three-year audit plan, including environmental services and for the local government reorganisation people strategy and plan, to provide the Council with advisory support as it transitions into a new authority. We will share best practice approaches from across our local government clients who are also impacted by local government reorganisation	Ongoing
Use SMEs and specialist skills and knowledge for highly technical areas of testing Ensure 60% of qualified resources are used in the delivery of the audit plan Ensure team members hold or are working towards professional and relevant qualifications Team members will comply with the firm's and professional bodies policies on CPD requirements	Allow the Council continue to benefit from expertise across our firm on specific, technical audit engagements. Furthermore, use of qualified staff and ensuring our staff maintain relevant CPD ensures that emerging issues and risks are addressed in our audit work to maximise the value to the Council	Through the delivery of individual audit engagements during 26/27 and throughout the full plan for the year	Complete In 25/26, 73% of the audit plan was delivered by qualified staff. The remaining work was all completed by staff working towards a professional qualification. All work was delivered by our RAS Public Sector Team, who are sector specialists. All BDO staff holding professional is required to record CPD on our HR and Finance Portal. From 1 November 2025, this has been extended to all staff.
Commission independent EQA every five years	Allows for independent assurance that our work conforms with the GIAS	Late-2026	Not yet due

5. Quality Assurance Improvement Programme - ODS

An update on our specific improvement actions included as part of our Quality Assurance Improvement Programme is below:

Initiative	Benefit	Due date	Status
Align Internal Audit's focus to the strategic objectives of the organisation	Until now, IA's focus has been on a balance between strategic and operational areas. We will place greater emphasis on strategic priorities, outlined in the updated IA Strategy.	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Building on the feedback we have received from clients where we have used data analytics effectively to gain insights and drive improvements, enhance the use of data analytics in all audits where relevant	Allow the analysis of 100% of the population and provide meaningful insights to the business	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
As Audit Committees have indicated that they find the benchmarking that we carry out in our audits insightful, ensure that we include benchmarking results in each Internal Audit report (where relevant).	Allows management to gain insights into what other similar organisations are doing	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Continue to proactively seek a thorough understanding of the root causes of identified control failures or gaps and ensure that recommendations raised include actions to address these underlying causes	Recommendations that address the root causes of control weaknesses are more likely to lead to and embed improvements in overall control environments	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan (where applicable)	Complete for 2025/26
As we are doing for the IIA's Topical Requirements on Cyber-Security and Third Parties, ensure that the Topical Requirements on Organisational Behaviour and Organisation Resilience (when published) are fully considered when scoping individual audits, where applicable	Internal audits that fully consider the risks relating to organisational behaviour and resilience, to ensure that the risks are adequately managed	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26

5. Quality Assurance Improvement Programme - OX Place

An update on our specific improvement actions included as part of our Quality Assurance Improvement Programme is below:

Initiative	Benefit	Due date	Status
Align Internal Audit's focus to the strategic objectives of the organisation	Until now, IA's focus has been on a balance between strategic and operational areas. We will place greater emphasis on strategic priorities, outlined in the updated IA Strategy.	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Building on the feedback we have received from clients where we have used data analytics effectively to gain insights and drive improvements, enhance the use of data analytics in all audits where relevant	Allow the analysis of 100% of the population and provide meaningful insights to the business	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
As Audit Committees have indicated that they find the benchmarking that we carry out in our audits insightful, ensure that we include benchmarking results in each Internal Audit report (where relevant).	Allows management to gain insights into what other similar organisations are doing	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Continue to proactively seek a thorough understanding of the root causes of identified control failures or gaps and ensure that recommendations raised include actions to address these underlying causes	Recommendations that address the root causes of control weaknesses are more likely to lead to and embed improvements in overall control environments	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan (where applicable)	Complete for 2025/26
As we are doing for the IIA's Topical Requirements on Cyber-Security and Third Parties, ensure that the Topical Requirements on Organisational Behaviour and Organisation Resilience (when published) are fully considered when scoping individual audits, where applicable	Internal audits that fully consider the risks relating to organisational behaviour and resilience, to ensure that the risks are adequately managed	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26

5. Annual attestation of independence

Independence

The Internal Audit function is independent and objective and we undertake our work with an impartial, unbiased attitude, avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises.

During the year we have not acted in any management capacity, taken on any responsibility for the operations of your organisation or provided any services that would compromise our independence.

In the year BDO has been engaged by management to carry out additional services outside of Internal Audit contract. These are:

- Social Housing Decarbonisation Grant Review (OCC)
- Fleet Review (ODS)

If the independence or objectivity of the Internal Audit service is ever impaired, details of the impairment will be disclosed to either the CE/their delegate, or the Chair of the Audit and Governance Committee, dependent upon the nature of the impairment.

Relationship with external audit

All our final reports are available to the external auditors through the Audit and Governance Committee papers and are available on request.

Appendix I: Definitions

Annual Opinion Definitions

Opinion		Definition
	Good	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements.
	Generally satisfactory with improvements required in some areas	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk.. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements.
	Improvements required	Significant weaknesses were identified in [both the design and/or operational effectiveness] of the controls in [all/the majority] of the areas which we examined and weaken the risk management, governance and control arrangements.. Significant improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.
	Unsatisfactory	The framework of governance, risk management and control arrangements is poor. Immediate action is required to improve the design and/or operational effectiveness]of the governance, risk management and control arrangements.

Appendix I: Definitions

Audit Report Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
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	
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.

Appendix II: Link to OCC strategic objectives

We have mapped the Internal Audit Plan to the organisation's strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic objectives			
		Strong, fair economy	Thriving Communities	Well run Council	Zero Carbon Oxford
Medium Term Financial Strategy	Assurance	✓	✓	✓	-
Fire Safety Follow Up	Assurance	-	✓	✓	-
Leisure Centre Contract	Assurance	-	✓	✓	-
Data Analytics	Assurance	-	-	✓	-
Purchase Cards	Assurance	✓	-	✓	-
Treasury Management	Assurance	✓	-	✓	-
Equality Diversity and Inclusion (EDI) Maturity	Advisory	-	✓	✓	-
ODS Client and Commissioning	Advisory	✓	✓	✓	-

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Appendix II: Link to ODS strategic objectives

We have mapped the Internal Audit Plan to the organisation's strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic objectives				
		Commitment - delivering on our promises	Aspiration - looking for ways to improve our services	Respect - being considerate to customers, colleagues and the environment	Engagement - challenging when things are not right	Safety - putting safety first in everything we do
Waste Management	Assurance	✓	✓	✓	✓	✓
Purchase Cards	Assurance	-	✓	-	✓	-
GDPR	Assurance	-	✓	-	✓	-
Conflicts of Interest	Assurance	-	✓	✓	✓	-
ODS Client and Commissioning - Thematic Review	Advisory	✓	✓	-	✓	-

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Appendix II: Link to OX Place strategic objectives

We have mapped the Internal Audit Plan to the organisation's strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic objectives			
		Quality	Fairness	Responsibility	People First
Health and Safety	Assurance	✓	-	✓	✓
Banking Agreement	Assurance	✓	✓	✓	-

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The matters raised in this report are only those which came to our attention during our audits and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made organisation. 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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