

AUDIT and GOVERNANCE COMMITTEE
12 March 2025

INTERNAL AUDIT 2024/25 PROGRESS REPORT

Report by the Executive Director of Resources and Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to**

Note the progress with the 2024/25 Internal Audit Plan and the outcome of the completed audits.

Executive Summary

2. This report provides an update on the Internal Audit Service, including resources, completed and planned audits.
3. The report includes the Executive Summaries from the individual Internal Audit reports finalised since the last report to the January 2025 Committee. Since the last update, there have been no red reports issued.

Progress Report:

Resources:

4. A full update on resources was made to the Audit and Governance Committee in May 2024 as part of the Internal Audit Strategy and Plan for 2023/24, and further updates made to the September 2024 and January 2025 meetings. Since then we have received approval for a new post of Principal Auditor, and we are currently advertising the post. One member of the team remains on long term sickness absence, we are managing the impact of this on delivery of the remainder of the plan and we are reallocating/prioritising work within the team, any further changes to the plan due to this will be reported within our next update.

2024/25 Internal Audit Plan:

5. The 2024/25 Internal Audit Plan, which was agreed at the May 2024 Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit and any amendments made to the plan. The plan and plan progress is reviewed regularly with senior management. For 2024/25 there have been nine amendments to the plan (four additions and five audits deferred until the 2025/26 plan). Eight plan changes were reported to the January 2025 Audit & Governance Committee meeting. A further change since then is included in appendix 1.
6. There have been 6 audits concluded since the last update in January 2025, summaries of findings and current status of management actions are detailed in Appendix 2. The completed audits are as follows:

Final Reports 2024/25:

Directorate	Audit	Opinion
Resources – IT / Cross Cutting	Artificial Intelligence	Amber
Resources – IT / Cross Cutting	Data Management and Utilisation	Amber
Cross Cutting	Travel Mileage	Amber
Cross cutting / Law & Governance	Conflicts of Interest & Gifts and Hospitality	Amber
Cross cutting	Transformation - Programmes & Major Projects.	Amber
Cross Cutting	Follow Up Audit	N/A

PERFORMANCE

6. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 24/25 audits (as at 17/02/25)	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but	68%	Previously reported year-end figures: 2023/24 67% 2022/23 71% 2021/22 59%

	should be no more than 3 X the total audit assignment days (excepting annual leave etc)		
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	82%	Previously reported year-end figures: 2023/24 96% 2022/23 89% 2021/22 86%
Elapsed Time between receipt of management responses to draft report and issue of final report.	10 days	100%	Previously reported year-end figures: 2023/24 100% 2022/23 92% 2021/22 66%

The other performance indicators are:

- % of 2024/25 planned audit activity completed by 30 April 2025 - reported at year end.
- % of management actions implemented (as at 17/02/2025) – 77% of actions have been implemented. Of the remaining 23% there are 2.1% of actions that are overdue, 16.8% partially implemented and 4.1% of actions not yet due.

(At January 2025 A&G Committee the figures reported were 73% implemented, 3.7% overdue, 18.5% partially implemented and 4.8% not yet due)

- Extended Management Team satisfaction with internal audit work - reported at year end.

Appendix 3

The table in Appendix 3 lists all audits with outstanding open actions, it does not include audits where full implementation has been reported. It shows the split between Priority 1 and Priority 2 actions implemented.

As at 17/02/25, there were 27 actions that are not yet due for implementation (this includes actions where target dates have been moved by the officers responsible), 13 actions not implemented and overdue and 103 actions where partial implementation is reported.

Counter-Fraud

7. A separate counter fraud update is being made to Audit & Governance Committee March 2025 meeting.

Financial Implications

8. There are no direct financial implications arising from this report

Comments checked by: Lorna Baxter, Executive Director of Resources,
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Legal Implications

9. There are no direct legal implications arising from this report.

Kim Sawyer, Interim Head of Legal and Governance,
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Staff Implications

10. There are no direct staff implications arising from this report.

Equality & Inclusion Implications

11. There are no direct equality and inclusion implications arising from this report.

Sustainability Implications

12. There are no direct sustainability implications arising from this report.

Risk Management

13. There are no direct risk management implications arising from this report.

Lorna Baxter, Executive Director of Resources and S151 Officer

Annex:

- Appendix 1: 2024/25 Internal Audit Plan progress report
- Appendix 2: Executive Summaries of finalised audits since last report.
- Appendix 3: Summary of open management actions.

Background papers: Nil

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March 2025

APPENDIX 1 - 2024/25 INTERNAL AUDIT PLAN - PROGRESS REPORT

Directorate / Service Area	Audit	Planned Qtr Start	Status as at 28/02/25	Conclusion
Cross Cutting	Transformation - Programmes & Major Projects.	3 / 4	Final Report	Amber
Cross Cutting / Resources – Finance & Procurement	Strategic Contract Management	1 / 2	Final Report	Amber
Cross Cutting / Resources – Finance & Procurement	Social Value Policy	1	Final Report	Amber
Cross cutting / Law & Governance	Conflicts of Interest & Gifts and Hospitality	2	Final Report	Amber
Cross Cutting	Joint Internal Audit & Counter Fraud proactive review – Travel Mileage	1 / 2	Final Report	Amber
Cross Cutting / Resources – Finance & Procurement	Delivery of Savings & Investments	2	Fieldwork	
Cross Cutting	Follow Up – 2023/24 audits (Addition to plan)	3 / 4	Final Report	n/a
Childrens	Independent Reviewing Officer	1 / 2	Draft Report	Amber
Childrens	Transformation Programme – including Financial Management	Deferred until 25/26 plan	n/a	n/a
Childrens	Direct Payments	1 / 2	Final Report	Amber
Childrens	Supported Families	Ongoing	Ongoing	n/a
Childrens & Resources – IT	EYES & LIFT - IT Application Review	2	Final Report	Amber
Childrens	Primary School 1	1	Final Report	Amber
Childrens	Multiply Grant (Addition to plan)	1	Final Report	n/a

Childrens	Education Health Care Plan Top ups (Addition to plan)	3	Fieldwork	
Adults	Client Charging	3 / 4	Fieldwork	
Adults	Void Management	3	Fieldwork	
Adults	Discharge to Assess	Deferred until 25/26 plan	n/a	n/a
Resources – Property, Investment & Facilities Management	Property Strategy Implementation	1	Final Report	Green
Resources – Property, Investment & Facilities Management / Cross Cutting	Utilities Management	3 / 4	Fieldwork	
Resources – Workforce & OD	Recruitment – Applicant Tracking System	Deferred until 25/26 plan	n/a	n/a
Resources – Workforce & OD	Mandatory Training	2	Fieldwork	
Resources – Workforce & OD	Retention – Employee Feedback	3 / 4	Fieldwork	
Resources – Finance & Procurement	Pensions Administration	4	Fieldwork	
Resources – Finance & Procurement / Childrens – Education	Schools S151 Assurance	3	Draft Report	Amber
Resources - IT	Identity and Access Management	3	Final Report	Amber
Resources – IT / Cross Cutting	Artificial Intelligence	4	Final Report	Amber
Resources – IT	Cyber Security	3	Final Report	Green

Resources – IT / Cross Cutting	Data Management and Utilisation	4	Final Report	Amber
Resources – IT	Corporate Website	2	Final Report	Amber
Customers & Cultural Services	Library System – IT Application review	1	Final Report	Amber
Environment & Highways	Highways (new contract mobilisation)	3	Final Report	Green
Environment & Highways	Income Collection & Parking Account	1 / 2	Final Report	Amber
Economy & Place	S106 – New IT System	Deferred until 25/26 plan	n/a	n/a
Environment & Highways	HIF1 (Didcot Garden Town Housing Infrastructure Fund)	Deferred until 25/26 plan	n/a	n/a
Environment & Highways / Economy and Place	Planning Application Appeals (Addition to plan)	4	Fieldwork	
Grant Certification				
Local Authority Delivery Grant, Phase 3 (LAD3),				
Local Transport Capital Block Funding grant for 2023/24, no 31/6680 and 31/6681				
Local Authority Bus Subsidy (Revenue) Grant, 2023/24, 31/6909				
Disabled Facilities Grant 2023/24, initial grant allocation (grant determination reference 31/6672) and additional allocation (grant determination 31/6833).				

Amendments to Internal Audit Plan (since last report to A&G January 2025 meeting):

Adults – Discharge to Assess (D2A)	<i>Deferred to 2025/26 plan.</i> A new Discharge to Assess programme has been implemented to change the process and speed at which patients are offered social care support after a stay in hospital, enabling them to leave hospital sooner and recover safely in their home. The audit planned to review the processes/discharge pathways in place, including how performance and outcomes are monitored and reported on. The planned introduction of new LAS processes was delayed until March 2025 so it was agreed with the Executive Director of Resources and Director for Adults that the audit will be deferred until the 2025/26 internal audit plan to provide assurance on the effectiveness of the new processes once implemented.
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APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Summary of Completed Audits since last reported to Audit & Governance Committee January 2025

Artificial Intelligence Review 2024/25

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Senior Management Awareness	A	0	1
Corporate Framework	R	0	5
AI Inventory	A	0	2
Information Compliance	A	0	3
AI Security	A	0	2
		0	13

Opinion: Amber	
Total: 13	Priority 1 = 0 Priority 2 = 13
Current Status:	
Implemented	0
Due not yet Actioned	0
Partially Complete	0
Not yet Due	13

Artificial Intelligence (AI) can take many different forms and includes 'machine learning', where systems learn from historical data, 'deep learning', where machine learning models mimic human functions and Generative AI (GenAI) where deep learning models create content. Local government and other parts of the public sector are increasingly looking to AI to drive efficiencies, improve service delivery and reduce costs. OCC is at a relatively early stage in their AI journey and the first major implementation of the technology is Microsoft Copilot, which is an AI powered virtual assistant. Other AI systems are being used or reviewed by service areas. An AI Programme Board has been established to oversee the rollout of Microsoft Copilot, and its brief has recently been extended to develop a governance structure for reviewing and implementing new AI systems across the organisation. The audit has identified a number of risks which should be addressed as part of the new AI governance structure.

Senior Management Awareness:

The Strategic Leadership Team (SLT) were given a presentation on Microsoft Copilot as part of the approval process for rolling it out. The presentation was limited to Copilot and did not include wider details on the different types of AI, how it can be used to transform services and, more importantly, the risks it presents and how they will be managed. Whilst SLT members will have a broad understanding of AI from all the recent media attention it has received, it is important they understand the underlying concepts and issues to ensure informed decisions are made about how and where the technology is used.

Corporate Framework:

A Strategic AI Programme Board has been established for Microsoft Copilot and its brief has been extended to look at AI across the organisation and to put in place a new governance structure. The Head of IT is the Senior Responsible Officer (SRO) for the Strategic AI Programme Board and corporate accountability for AI sits with the Director of Transformation, Digital and Customer Experience. Currently, there is no formal AI strategy, policy, user guidelines for GenAI or procedure for carrying out a risk assessment of new AI systems. This presents a number of risks over the governance of AI which should be addressed.

AI Inventory:

A survey of service areas has recently been carried out to identify AI systems being used or trialled across the Council and an inventory of such systems has been developed. A review of the survey found that not all areas responded to the request for information and hence the inventory may not be a complete and accurate record of all the AI systems in use. The AI inventory includes details on what the AI does, benefits, main point of contact, data used, product name etc but does not classify each AI system into a risk category to support effective governance and oversight. Roles and responsibilities for managing and maintaining the inventory are not assigned and it was noted that some of the contact details for AI systems are out-of-date.

Information Compliance:

Information Services perform Data Protection Impact Assessments (DPIA's) for new AI systems to ensure compliance with UK GDPR requirements in regard to the processing of personal data. Copies of DPIA's were not made available during the audit for us to confirm they have been completed, signed-off and cover all relevant areas. Similarly it was not possible to confirm that, where relevant, privacy notices have been updated for new AI systems. The current limited use of AI means that issues around fairness, bias and discrimination have not required any attention. However, as new AI initiatives are explored and its use extended, procedures are required to review and test AI systems for these areas. Responsibility for ensuring that AI is used ethically should also be formally assigned as part of the new AI governance structure.

AI Security:

The ITID Technical Design Authority (TDA), which includes the cyber lead, review and assess proposals for new AI initiatives and it was confirmed they formally signed-off the introduction of Microsoft Copilot. ITID have a

documented set of technical requirements for new technology procurements, but they do not cover AI systems. The requirements should be updated for AI to formalise the approach to evaluating the security and compliance of such systems. Data Loss Prevention (DLP) policies are setup for GenAI but they are not consistently applied across different platforms. For example, the transmission of personal/sensitive data is blocked on ChatGPT, which is a popular GenAI platform, but not on other platforms where there is only alerting of policy violations.

Data Management and Utilisation Review 2024/25

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Data Strategy	A	0	3
Corporate Structure	A	0	3
Data Inventory	A	0	2
Management Information	A	0	2
		0	10

Opinion: Amber	
Total: 10	Priority 1 = 0 Priority 2 = 10
Current Status:	
Implemented	0
Due not yet Actioned	0
Partially Complete	0
Not yet Due	10

Data is collected and processed across the Council and the majority of it resides in corporate databases. The aim of data management is to optimise the use of data, within the bounds of policy and regulation, to increase management information, support decision making and the delivery of services. The historical siloed approach to data management is being unified with the development of a new corporate Data Strategy and governance framework, which is being implemented by the Business Intelligence Transformation Programme. The programme consists of a number of projects which will seek to address many of the risks identified by this review.

Data Strategy:

A formal Data Strategy is being developed for the period 2025-2028. A draft version has been circulated for comments, and it is anticipated that it will be finalised quickly. A review of the strategy found it includes outputs and outcomes but there is no implementation plan showing timescales, priorities or in the case of outcomes, how they will be achieved. A Business Intelligence Programme Board was established in 2024, and its brief includes overseeing the implementation of the data strategy. The strategy's implementation plan should link to the Board's delivery plan so there is clear cohesion between the two. There is no documented policy on data management defining standards and requirements and the data held in databases, such as adult's social care and children's social care, is not being purged in line with corporate retention schedules. This presents a risk of breaching the storage limitation principle of UK GDPR.

Corporate Structure:

There is a Head of Data role who leads a data function that reports to the Director of Transformation, Digital and Customer Experience. Wider roles and responsibilities for data management at a service level, such as data owners, have yet to be agreed. A governance structure for data management is not in place to ensure that corporate policies, procedures and standards are adhered to within service areas. The Head of Data sits on a number of Programme Boards but is not currently a member of the Information Governance Group (IGG). Attendance at IGG will help ensure that data management initiatives align with information governance requirements.

Data Inventory:

There is no data inventory and hence a risk there are no formal records of the datasets held at OCC, where they are located, who has access and how they are being used. Information Asset Registers exist but they are not deemed to contain sufficient details on the underlying data. A data maturity assessment was undertaken in 2023 and 2024 and is currently being re-performed using the Local Government Data Maturity Assessment tool. An initial data maturity score has been obtained and one of the objectives of the Business Intelligence Transformation Programme is to improve this over the next three years. There are plans to perform annual data maturity assessments to assess the progress being made in achieving the objective.

Management Information:

Power BI is the enterprise tool used for analysing and modelling data and for creating interactive reports and dashboards. There are over 100 users with access to Power BI across the organisation, many of whom only need 'view' access but because of the type of license they have, can build dashboards and reports. This presents a risk that users create and share reports that are not approved or quality controlled and hence a review of Power BI licenses should be undertaken. There are no corporate standards or guidelines for using Power BI or a repository of dashboards and reports so that users do not spend time and effort creating something that already exists.

Proactive Review – Travel Mileage 2024/25

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 6	Priority 1 = 0 Priority 2 = 6
Current Status:	
Implemented	0
Due not yet Actioned	0
Partially Complete	0
Not yet Due	6

To support employees in fulfilling their job responsibilities, Oxfordshire County Council operates a system for the reimbursement of travel expenses, including mileage from the use of a personal vehicle. Mileage claims are processed through the employee self-service (ESS) tool, operated by the Integrated Business Centre (IBC).

The ESS tool allows mileage claims to be paid to the employee in their next pay slip without the need for direct manager approval. Line managers are responsible for reviewing mileage claims submitted by their direct reports and are able to access reporting on expenses via the IBC’s Travel and Expenses report.

From review of a targeted sample of mileage claims, we have confirmed that the majority of the journeys tested were legitimate, with mileage correctly calculated with exception of issues noted with the incorrect inclusion of commuting mileage in some cases. There is currently no corporate assurance or oversight mechanism in place which can monitor or identify this.

The audit noted positive improvements in the work undertaken between Hampshire IBC and the Deputy Chief Accountant in ensuring that any errors identified in relation to vehicle details are resolved promptly. This ensures that VAT can be reclaimed by the Council correctly.

Key Findings

Receipt Retention – The Travel Expenses Manual states that employees should retain fuel receipts to cover mileage claimed. Sample testing completed as part of this audit noted non-compliance with this requirement, with staff unable to produce receipts for 68% of the claims tested. During the course of the audit, further discussions were held between Internal Audit, HR and the IBC over the reasoning behind fuel receipt retention and the need for this going forward. Whilst historically, it was understood that fuel receipt retention was an HMRC requirement, it was reported by the IBC that fuel receipts are no longer required as evidence by HMRC for VAT purposes. Instead, the necessary information is recorded as part of the process of claiming mileage and so can be provided from the IBC system. Further discussion is needed with External Audit to ensure that the information and evidence they require to support mileage claims can be met, but it appears that the retention of fuel receipts is no longer

necessary. There is a need for a formal decision to be made on fuel receipt retention requirements going forward and for this to be communicated to staff.

Deduction of Home to Work Mileage – When staff submit mileage claims, commuting distance must be removed as this is subject to tax and NI, whereas additional mileage travelled is not. The Travel Expenses Manual states that commuting distance (distance to and from home and the employees assigned office base) must be removed from their journey before they make a mileage claim. Sample testing noted that in 18 instances of the sample tested had not removed this distance from their journey. For an additional 9 instances, it was not possible to determine that this distance had been removed. At present, although it is the responsibility of line managers to review and ensure that these requirements are being adhered to, there is no mechanism which provides corporate assurance or oversight over the accuracy of mileage claims being submitted. A decision is being made on whether to implement a system driven compliance checker which would require, for a random monthly sample of expenses including mileage claims, line managers to provide positive confirmation that they have reviewed and confirmed the accuracy of the claims sampled. The implementation of the compliance checker would provide some level of assurance that management review is taking place, as well as acting as a prompt for managers to undertake these checks routinely.

Alternative Arrangements for Mileage Claims– Examples were identified where some service areas have alternative arrangements from the corporate approach to claiming of mileage. Whilst HR confirmed that there were formally agreed exceptions in place for teams identified within two services, it has not yet been possible to confirm that formal approval is in place for the alternative arrangements in place within the third service identified. These arrangements are reported to have originally agreed in 2015, and pre-date any of the current senior management / HR staff being in post.

Conflicts of Interest & Gifts and Hospitality 2024/25

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	A	0	2
Compliance	A	0	8
Oversight	A	0	2
		0	12

Opinion: Amber	
Total: 12	Priority 1 = 0 Priority 2 = 12
Current Status:	
Implemented	1
Due not yet Actioned	0
Partially Complete	0
Not yet Due	11

The Council holds a Conflicts of Interest Policy (known as the Declaring and Registering Interests Policy) and a Gifts & Hospitality Policy, that set out how staff should declare and manage conflicts of interest and offers of gifts or hospitality that arise during their work for the Council. The policies are overseen by the Governance Team, who also hold responsibility for registering declarations centrally.

A conflict of interest arises when there is a risk that an individual's ability to perform their job role may be influenced by a secondary interest. While such conflicts are expected to occur for Council employees, it is important that they are managed effectively to avoid actual or potential conflicts. Similarly, it is recognised that as a result of delivering services to the public and building relationships with private and community groups, officers may occasionally be offered gifts and hospitality. Failure to address these appropriately can result in allegations of fraud, bribery, or corruption, undermining public confidence in the integrity of the Council.

A: Governance

Prior to this audit, it had been identified by the service that a review of the two policies was overdue (with policies noting a planned review date of 2017). As such, revised versions drafted by Governance and approved by the Monitoring Officer were published on the intranet in October and November 2024. Both policies introduce comprehensive updates to the wording of the policies and introduce new requirements for staff and managers to adhere to. The audit has identified that while the updated policies have improved the strength of the controls, additional focus is required in specific areas to ensure that the requirements of the policies are complied with accurately and consistently.

Communication to staff of the update to the Conflicts of Interest Policy was achieved through an intranet news headline and to managers within a Managers Briefing. The Governance Team are now in the process of planning communications around the updated Gifts & Hospitality Policy, as well as routine communications to staff to remind them of the policies and their responsibilities in this area.

Separate guidance for both areas was found for schools within the Financial Manual of Guidance (FMG), which was last updated in 2017. Schools adopt this guidance directly; however, the guidance was found to contain out of date information and less clarity than the Council's recently revised versions of these policies. It was also noted that the FMG does not directly require schools to maintain a register of gifts and hospitality, instead stating that consideration should be given to holding such a register.

B: Compliance

The Governance Team holds responsibility for processing new declarations of interest and offers of gifts/hospitality, and records approved declarations on centralised registers. Outside of the centralised registers, audit testing found one localised Gifts & Hospitality Register held by a service. This register contained inconsistencies with the centralised register, with 48 of the 50 offers listed (from 2017 to September 2024) not recorded in the centralised register, and therefore not reviewed by the Governance Team. While it was previously accepted that services may hold their own registers, it is now the expectation of the Monitoring Officer that all declarations must be made to Governance for the centralised registers.

The results of the National Fraud Initiative exercises for 2020/21 and 2022/23 uncovered 4 previously undeclared interests relating to an employee (or their relative) holding a company directorship position with a supplier to the Council. These matches were reviewed during the exercises and were assessed as representing a potential conflict. The interests were subsequently declared, and no further actions were required.

With regard to schools, 13 out of a sample of 17 were found to hold registers for both governors and staff, one held only a register for staff (not governors), and one held a register for governors (not staff). The remaining two schools were unable to provide either. Ten schools were able to evidence a register of gifts and hospitality, although this is not a direct requirement of the FMG.

Previously, employees joining the Council were required to declare interests relevant to their role. The recent update to the policy now includes the requirement for new starters to complete a nil declaration if they have no interests to declare, which must be uploaded to the employee's personnel file. While this is documented within the policy, it was found that there is no further reminder to managers throughout the induction process, creating the risk that it is overlooked.

The audit noted that while new starters are now required to complete a nil declaration, there is currently no requirement for staff already in employment at the Council to do so on an ongoing basis, the addition of which could promote further transparency and accountability around the management of identified conflicts.

Inconsistencies in reporting were found in regard to personal relationships and secondary employments. A review of the Conflicts of Interest Register identifying nine entries relating to a personal relationship in which a corresponding entry for the other side of the relationship was not recorded. An instance of secondary employment was also found to have not been reported to the Monitoring Officer, despite the secondary employment form having been completed and sent to HR. The planned introduction of a personal relationship risk assessment, and amendments to the secondary employment form, should facilitate improved compliance in this area.

C: Oversight

The Governance Team holds the overall responsibility for maintaining the centralised Conflicts of Interests Register and the Gifts & Hospitality Register.

Copies of the registers were provided during audit testing, showing declarations from 2014 to October 2024. It was observed that there was a notable increase in the number of declarations made from 2023 onwards.

The audit noted that at the time of testing, there were limited mechanisms in place for the oversight and monitoring of both registers. While Governance reported that they will review declarations and resolve any necessary concerns at the point that a declaration is received, it was reported that their expectation is that the service will carry out reviews of existing declarations as necessary.

However, it was found from a review and follow-up of the responses to the Annual Governance Statement 2023/24 that only one service leadership team was reviewing the relevant declarations in the Gifts & Hospitality Register quarterly. Two other services who previously reported that they were conducting quarterly reviews, confirmed that this was not happening in practice. All services confirmed this would be carried out quarterly going forward. At present, there is no similar requirement for Directors to review the conflicts of interest recorded for their service.

Transformation - Programmes & Major Projects 2024/25

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance	A	0	5
B: Project & Programme Management	A	0	7
		0	12

Opinion: Amber	
Total: 12	Priority 1 = 0 Priority 2 = 12
Current Status:	
Implemented	0
Due not yet Actioned	0
Partially Complete	0
Not yet Due	12

In 2021 the Council launched its Delivering the Future Together programme to help manage organisational change. Following on from this, a new phase to deliver transformational change has been introduced, to help achieve the Council's ambition of being an employer, partner, and place shaper of choice. To enable appropriate oversight of this activity, new governance arrangements were established in October 2023, including a Strategic Transformation Board

and a Transformation Delivery Board, supported by a Transformation Programme Management Office (PMO).

The audit found the governance structure to be operating effectively, providing senior management and stakeholders with sufficient oversight of both the delivery of the Transformation Portfolio and, where necessary, awareness and decision making around arising issues and concerns. At an operational level, programmes and projects were found to be managed effectively, although areas for improvement were noted around risk management and benefits tracking. Inconsistencies in practice were also noted across the different programmes and projects sampled. It is positive to note that for a number of these weaknesses identified, action is already underway by the PMO to improve such processes.

Governance

A review of guidance available to staff found a comprehensive PMO Handbook is in place, setting out processes and responsibilities for staff involved in the delivery of Transformation. It was noted this has not been subject to a formal review since its introduction in November 2023, with audit testing finding areas of the guidance which are no longer up to date or are not happening in practice.

When reviewing the governance structure and each Board's roles and responsibilities, it was noted that the majority of Terms of Reference documents were undated and had not been subject to routine review. For those that were dated, a review had not been completed within the 3–6-month timeframe set out in the Handbook. It is recognised that these documents have been subject to review during the course of the audit and are due to be finalised shortly.

Further review of governance arrangements found that Programme Board meeting minutes are not being recorded consistently across the Portfolio, and, across all Boards, minutes do not clearly document where an attendee is a substitute for, and making decisions of behalf of, a regular Board member.

In terms of engagement with all Council staff and communication around the objectives and progress of Transformation, it was positive to note the steps being taken by the PMO to ensure this is facilitated, including a dedicated Sharepoint site covering 'all things Transformation', regular Viva Engage posts, and, more recently, Transformation Pop Up Events in Council offices.

Project & Programme Management

The audit reviewed a sample of three programmes, and, for each, three underlying projects, to confirm the adequacy of project / programme management arrangements. Each programme was found to have a dedicated Senior Responsible Officer (SRO), established Programme Board, and relevant programme documents, with a clear vision and understanding of the intended goals. However, when comparing arrangements across the three programmes (and associated projects), various inconsistencies were noted, including the use of templates (specifically around project initiation and closedown), and the programme and project workbooks, with some programmes keeping records outside of the workbooks. It is acknowledged that the planned introduction of a Project Management (PPM) system will help to address the inconsistencies identified.

Weaknesses were also noted across all programmes within Transformation in the documenting, tracking, updating, and monitoring of risks, benefits, and dependencies. Key information in relation to these was found to be omitted from records, including 14% of identified risks not having an assigned risk owner; 84% of risks either having no or a passed target resolution date; and 85% of identified non-financial benefits not containing a target or a baseline. For the three programmes sampled, there was no routine process in place for the review and update of these logs, with one instance identified in which a risk that was no longer relevant was still being reported to the Strategic Transformation Board as a Red risk.

It is noted that benefits tracking has already been identified as an area for improvement by the PMO, with a new Benefits Strategy due to be finalised and rolled out shortly.

It is also recognised that a comprehensive PowerBI dashboard has been built to provide the PMO, Delivery Board, and Strategic Transformation Board, with oversight of each programme and project's performance, including milestones, finances, risks and benefits. While this continues to be refined and developed, it highlights the importance of consistent use of the workbooks, which are used as the source data for the dashboard. Where records are kept outside of the workbooks (such as one programme's benefits tracking log), they will not be included within the dashboard, misrepresenting the programme or project's performance.

At the time of the audit, there was no formal process in place for the identification, consideration, and review of lessons learned, with the process stated in the PMO Handbook not happening in practice and inconsistent approaches found during sample testing. A new process has since been implemented by the PMO. This will be monitored going forward to ensure lessons learned are logged consistently and shared accordingly

Follow Up Audit 2024/25

A follow up audit was included as part of the 2024/25 internal audit plan. Five audits from 2023/24 were selected for follow up. These were Legal Case Management (Red), Innovation Hub Governance and Project Management (Amber), Property Health and Safety (Amber), Childrens Placements – Quality Assurance and Contract Management (Amber), Purchasing Cards (Amber).

The audit reviewed the reported implementation progress of the agreed actions and tested a sample of actions from each audit to ensure that where reported as implemented, implementation has been effective and new controls / processes are working as intended. The follow up audit identified good progress had been made with the implementation of the agreed actions for each of the audits within the sample. Where actions were open and overdue, reasons for any delays and the appropriateness of these was considered. A very minor number of actions were found to not have been fully implemented, these were reported back to the individual service areas.

APPENDIX 3 – As at 17/02/2025 - all audits with outstanding open actions
(excludes audits where full implementation reported):

Report Title	ACTIONS						Not Due for Implementation	Not Implemented	Partially Implemented
	P1 & P2 Actions			IMPLEMENTED					
	1	2	Total	1	2	Total			
OCC Adults Income and Debt 23/24	1	6	7	1	5	6	-	-	1
OCC Adults Safeguarding 23/24	-	5	5	-	3	3	-	-	2
OCC Business Cont 23/24	2	17	19	1	16	17	-	2	-
OCC Childrens DP 24/25	-	35	35	-	6	6	20	2	7
OCC Childrens Finances 22/23	-	12	12	-	9	9	-	-	3
OCC Childrens Placements CM & QA 23/24	-	17	17	-	16	16	-	-	1
OCC Climate Audit 22/23	5	12	17	5	9	14	-	1	2
OCC Controcc Payments 21/22	-	9	9	-	7	7	-	2	-
OCC Corporate Website 24/25	-	8	8	-	5	5	1	-	2
OCC Cyber Security 24/25	-	4	4	-	2	2	-	-	2
OCC Educ IT System – processes 22/23	-	5	5	-	3	3	-	-	2
OCC EYES & LIFTS IT Application 24/25	-	8	8	-	5	5	2	-	1
OCC Expenses 23/24	-	14	14	-	13	13	-	-	1
OCC Feeder Systems 23/24	-	4	4	-	1	1	-	-	3
OCC Fleet Mgmt Compliance 21/22	-	5	5	-	4	4	-	-	1
OCC FM Follow up 22/23	-	13	13	-	11	11	-	-	2
OCC Gartan Payroll 21/22	1	34	35	1	31	32	-	-	3
OCC Health Payments 23/24	1	7	8	1	5	6	-	-	2
OCC Highways Contract 24/25	-	2	2	-	-	-	2	-	-
OCC Identity and Access Mgmt 24/25	-	11	11	-	2	2	-	1	8
OCC LAS IT Application 22/23	-	9	9	-	8	8	-	-	1
OCC Leases 22/23	-	10	10	-	8	8	-	-	2
OCC Local Transport Plan 23/24	1	8	9	1	6	7	-	-	2
OCC M365 Cloud 22/23	-	11	11	-	10	10	-	-	1
OCC Multiply 24/25	-	3	3	-	-	-	-	3	-

OCC New Hinksey School 23/24	2	23	25	2	21	23	-	2	-
OCC P Cards 23/24	1	20	21	1	18	19	-	-	2
OCC Payments to Providers 23/24	2	7	9	1	7	8	-	-	1
OCC Physical Security Systems 23/24	1	13	14	1	11	12	-	-	2
OCC Property Health and Safety 23/24	2	28	30	1	23	24	1	-	5
OCC Property Strategy Implementation 24/25	-	1	1	-	-	-	-	-	1
OCC Provision Cycle 21/22	-	19	19	-	18	18	-	-	1
OCC Risk Management 20/21	-	14	14	-	13	13	-	-	1
OCC Risk Mgmt 23/24	-	8	8	-	5	5	-	-	3
OCC S106 21/22	-	6	6	-	1	1	-	-	5
OCC S106 IT System 23/24	-	6	6	-	2	2	-	-	4
OCC SEND 20/21	14	27	41	14	26	40	-	-	1
OCC Strategic Contract Mgmt 24/25	2	10	12	-	1	1	-	-	11
OCC Street Works & Parking Income 24/25	-	11	11	-	-	-	1	-	10
OCC Supported Transport 23/24	6	9	15	6	7	13	-	-	2
OCC YPSA 22/23	1	18	19	1	15	16	-	-	3
Purchasing (inc Acc Payable) 17/18	1	9	10	1	8	9	-	-	1
Samuelson House 18/19	-	5	5	-	4	4	-	-	1
TOTAL	43	503	546	38	365	403	27	13	103