West Oxfordshire District Council

Report of Internal Audit Activity

September 2025

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **No**
- **Limited**
- **Reasonable**
- **Substantial**

• Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The "advice" offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

• Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

Categorisation of Recommendations	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Counter Fraud and Enforcement Unit	Final Report	Low Substantial	1	-	-	1	Report Included
Key Financial Control	Payroll – Publica Controls	Final Report	Mid Substantial	0	-	-	-	Report Included
Key Financial Control	Payroll – Council Controls	Final Report	Mid Reasonable	0	-	1	-	Report Included
Operational	Leisure Facilities	Draft Report						
Governance	Data Retention	Draft Report						
Operational	Digital Exclusion	Draft Report						
ICT	Disaster Recovery – Revenues and Benefits	Draft Report						
Operational	Climate Change – Operational	In Progress						
Key Financial Control	Council Tax and NNDR	Ready to Start						
Key Financial Control	Housing Benefit and Council Tax Support	Ready to Start						
Governance	Business Continuity Plans (Services)	Initiated						
Follow-Up	Data Breaches / Protection	Initiated						
Operational	Disabled Facilities Grants	Initiated						
Key Financial Control	Bank Reconciliations	Initiated						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Accounts Payable – Quarterly Review 2025/26	On Going						
Grant Certification	Carbon Data 2023/24	Ready to Start						
Support	Business Grant Funding – Aged Debt	On Going						Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS
Support / Advisory	Support to Publica Transition Programme Phase 2	Complete						
Support / Advisory	Oxfordshire Waste Partnership	On-Going						
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Management Team Meetings	On Going						
Support	Co-Ordination Team / Emergency Planning	On Going						
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						

Audit Plan Progress

| Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

Counter Fraud and Enforcement Unit – Final Report – August 2025

Audit Objective	To provide assurance that robust controls are in place governing CFEU activity, including system access controls and reporting arrangements.

Executive Summary
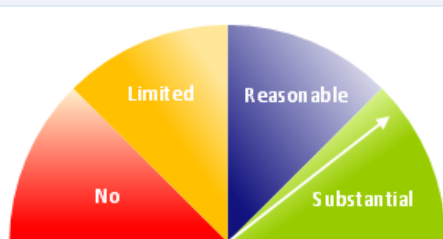
Assurance Opinion	Management Actions		Organisational Risk Assessment	Low
The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
	Priority 2	0		
	Priority 3	1		
	Total	1		

Key Conclusions

The Investigation and Enforcement Manager monitors and reviews caseloads with CFEU Officers on a regular basis, this includes reference to the DTx system (case management system). At the point of case closure, the Client and Technical Support Manager reviews all DTx cases. We were advised that cases with missing notes, documents or field information are returned to the Officer for updating.

We observed one case where notes were not as comprehensive as expected – DTx showed no activity or notes for a significant period, and there was a lack of clarity in why actions had been taken. This could result in decisions made on incomplete or inaccurate information, which could have an adverse impact on the case. We were advised that the case was low priority, and the work had been halted, but that a note should have been placed on the file indicating this.

Access to Council systems is monitored and managed via a master spreadsheet maintained by the Client and Technical Support Manager. Whilst there were no concerns in the process, the officer acknowledged the spreadsheet was out of date and agreed to update it. Access to Council systems was not reviewed as part of this audit.

Since the audit, we were advised that the spreadsheet has been reviewed and updated, and an annual review is now diarised. Additionally, as part of the recent review, where access was no longer justified, it has been removed for certain staff members.

There are Counter Fraud and Enforcement policies and procedures in place. We were advised that the service is heavily regulated, and CFEU officers follow legislative requirements, for example when Officers request personal data.

There is an overarching CFEU Collaboration Agreement in place with all Partner Councils which has been agreed by relevant stakeholders including Member approval.

Audit Scope

There are 111 closed cases between 1 April 2024 and 25 February 2025. Audit tested 10 cases to ensure CFEU policies and procedures were followed. This included cases from Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, West Oxfordshire District Council and Publica.

The audit included a review of the following areas:
• Policies and Procedures for data management, sharing, and retention, etc.
• Management and administration of system access controls at each partner council
• CFEU case management system (DTx) access controls, and internal data recording and retention procedures
• CFEU Collaboration Agreement
• Reporting including verification of information presented to each partner audit committee

	On a bi-annual basis CFEU report to Partner Councils through Audit Committee meetings. The report includes details of reactive work, proactive work, successful prosecutions, Code of Conduct complaints, NFI matching, etc. The Head of Service also meets regularly with senior management, internal audit and is a member of council corporate governance groups.	

Other Observations

Testing of access to Council systems has not been thoroughly covered in this audit. However, a separate Council Systems Access audit planned as part of the 2025/26 audit plan will include this area and assurance provided in due course.

We were advised some case documents and records relating to proactive drives are held within the CFEU service shared drive rather than in the DTx system. While this data is safely secured, there may be records held beyond the data retention guidance. The Head of Service agreed this is a priority and out of date documents will be deleted from the shared drive and maintained going forward. Although, a formal action has not been agreed, regular review should be undertaken to ensure the integrity of records held.

The DTx case management system has a built-in control to manage the age of closed cases. However, expired cases cannot be sorted by date to indicate which need to be deleted, they need to be identified within the overall caseload list causing an unnecessary administrative burden. This is a system error and has been raised with DTx directly. We were advised that the Client and Technical Support Manager regularly checks for expired cases and deletes these accordingly. We were further advised that it is not appropriate to retain a record of what has been deleted, and therefore this element was not tested.

To summarise there are sound controls in place governing CFEU activity. The agreed action, observations above, and with regular 'administrative housekeeping' if implemented will further improve the current control environment.

Payroll – Final Report – August 2025

Audit Objective	To provide assurance that the payroll system is operated in accordance with agreed policy/procedure and with the Financial Rules.

Executive Summary – Publica Payroll Controls – Processing Payroll

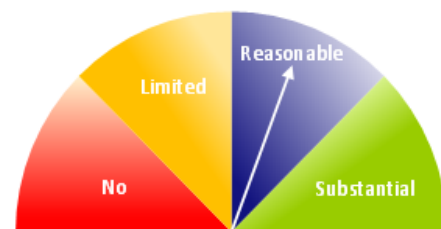| Assurance Opinion	Management Actions		Organisational Risk Assessment	Low
The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
	Priority 2	0		
	Priority 3	0		
	Total	0		

Executive Summary – Council Service Area Controls

Assurance Opinion	Management Actions		Organisational Risk Assessment	Low
The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
	Priority 2	1		
	Priority 3	0		
	Total	1		

Key Conclusions

Transactional Testing Mileage/Overtime/Expenses: Business World records evidenced claims have appropriate manager approvals and expense claims comply with Council policies. Mileage claims are calculated appropriately according to HMRC rates. But the details on the claims was not sufficient to confirm the miles claimed and so are not compliant with agreed policy. In addition, potentially fraudulent claims may go undetected.

Payroll processes undertaken by Publica: Payroll system data for starters, leavers, and variations is accurately maintained in Business World against personnel files. Employee records following the 1 November 2024 TUPE were accurately transferred from Publica to the Council's Business World records. Relevant mileage, expenses, and overtime payments up to 31 October 2024 were paid from Publica prior to records being closed.

Audit Scope

Our audit covered the period from January 2023 to March 2025. This included the TUPE of employees of 1 November 2024. Our testing reviewed the following:

- Records for starters, leavers, and variations in Business World to ensure timely accurate changes to the payroll were actioned and supported by appropriate records and approvals.
- Key control testing was undertaken to ensure:

Payroll authorisations and BACs procedure: The BACs process is managed by Payroll Advisors with oversight from the Payroll Team Leader. Prior to the TUPE on 1 November 2024, payroll was authorised by the Publica HR Business Manager. Post TUPE, payroll reports are appropriately authorised by Section 151 officers.	− Independent review and approval of exception reporting − Timely clearing of Payroll Suspense transactions − Reconciliation processes
Key control testing: • Exception reporting testing evidenced appropriate Section 151 authorisation. • Clearing of suspense accounts is maintained regularly. Payroll reconciliation to the general ledger is a year-end electronic process.	Transactional testing of mileage, overtime, and expenses was actioned to assess accuracy and timeliness of data processing, including documented approvals and self-serve records in Business World. Approval and self-serve procedures.

Other Relevant Information

We noted that expense receipts are not always viewable, and/or are not consistently held within the Business World (BW) system. Given BW does not allow expenses to be processed without receipts being attached to support the expenditure, we concluded that these must be held elsewhere within the system. Our testing evidenced these receipts are available in BW but not attached to the approval records, where one would expect to find them.

Furthermore, officers are not aware how to find receipts in the system. This could potentially impact the Council's ability to provide evidence to the HMRC (eg. VAT claims). We have reported this to the Publica BW System Administration team so that the issue can be resolved, necessary permissions granted, and guidance produced to ensure officers can access relevant documents.

To summarise, robust controls are operating within the Publica Payroll service for the processing of the payroll. The agreed action above relates to proper review and approval processes which should be undertaken by service managers as the accountable officers.