

SOUTH KESTEVEN DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE -DRAFT

2024/25

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EXECUTIVE SUMMARY

Internal Audit 2024/25

This report details the work undertaken by internal audit for South Kesteven District Council ('the Council') and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- ▶ Staffing Capacity and Capability
- ▶ Social Housing Decarbonisation Fund
- ▶ Arts Council Grant Review (3rd Party Assurance)
- ▶ Homelessness
- ▶ Business Continuity and Disaster Recovery
- ▶ Income generation
- ▶ Council Tax and NNDR
- ▶ Data Protection and FOI, EIR and SAR

We have detailed the opinions of each report and key findings on pages 3 to 8. Our internal audit work for the period 1 April 2024 to 31 March 2025 was carried out in accordance with the internal audit plan approved by management and the Governance and Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the management systems reviewed. There were no restrictions placed upon the scope of our audits and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Governance and Audit Committee, 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 our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming our opinion is as follows:

- ▶ An assessment of the design and operation of the underpinning Strategic Risk Register and supporting processes
- ▶ An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year; this assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- ▶ Any reliance that is being placed upon third party assurance.

Overall, we provide **Moderate** Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, and that controls are being applied consistently across various services.

In forming our view, we have taken into account that:

- ▶ We completed a total of eight reviews (seven assurance audits and one advisory review).
- ▶ The advisory review related to the Arts Council Grant Review and did not carry an opinion.
- ▶ The seven assurance audits are summarised in the table below.

Opinions					
	Substantial	Moderate	Limited		Total
Design Control	2	5	0		7
Operational Effectiveness	1	6	0		7
Number of Recommendations					
	Low	Medium	High		Total
	10	18	0		28

- ▶ As this represents the first year of our audit engagement with the Council, this report establishes the baseline for future year-over-year performance comparisons. Subsequent annual reports will include comparative analyses against metrics established in this initial period.
- ▶ The Council has performed reasonably in implementing our audit recommendations within the specified timeframes. As at the end of May 2025, there are eight recommendations in progress and no recommendations are overdue.
- ▶ It should be noted that we have not completed a review of financial systems for the Council in our first year. This is due to a new financial system being implemented and therefore we cannot provide assurance over these controls. However, we will be reviewing this area in 2025-26 and at this point we can still provide an Opinion for 2024-25 - this is informed via our discussions with management, external audit, and review of public papers - the intelligence is not citing any material concerns for the financial controls at the Council.



REVIEW OF 2024/25 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Staffing Capacity and Capability	-	-	3	Moderate	Substantial	<p>The purpose of this review was to analyse the Council's workforce planning and succession planning arrangements including review of strategies in place, the appraisal process, training and career progression pathways.</p> <p><u>Conclusion</u></p> <p>The control design was deemed moderate due to some control gaps such as staff networks and forums lacking governance arrangements, limiting their effectiveness and gaps within the succession plan. Despite this there was good practise in terms of the alignment between the workforce plan and the people strategy pricing clear progression pathways for all levels.</p> <p>The control effectiveness was substantial due to good practise noted within the regular business partnership meetings to evaluate learning and development, implementation of forums to share learning and detailed training needs analysis.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ Three roles in the Council's succession plan for business-critical roles had some information which was not complete, such as successors and emergency cover, and development needs have not been identified in some roles. ▶ There are good recruitment pathways, however, the Council should continue to explore degree apprenticeships. The Council should also explore reviewing exit interview data on apprentices and whether this data provides different results vs. the wider workforce so more targeted action could be taken. ▶ Staff networks and forums do not have terms of references and the work undertaken by the Equality and Diversity champions could be more effectively documented.
Social Housing Decarbonisation Fund	-	7	-	Moderate	Moderate	The purpose of this review was to determine whether appropriate controls are in place to manage the £7.26m SHDF funding that has been allocated to upgrade 367 social housing properties including reaching energy efficiency targets.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Conclusion</u></p> <p>Both the control design and effectiveness have been deemed moderate as despite areas of good practise such as the robust procurement process, clearly defined roles and monthly reporting there were areas of exception to the control environment. This included the lack of formal arrangements for monitoring KPIs with their contractor and the recording of lessons learnt throughout the project. Further gaps are identified below.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ Due to gaps in skills and capacity within the existing team, there was a seven-month delay in the start of the Wave 2.1 project while the Council recruited a project manager. ▶ We identified instances where properties had been upgraded beyond EPC Band C which requires contributions from the Council. There were other instances where documentation had not been retained to demonstrate the completion of the work. ▶ Based on the narrative on the June 2024 invoice from E.ON, it appears that an invoice was raised for Phase 2 installations despite the DCA Report stating that this work had been delayed and was subject to an underspend. ▶ Key performance indicators (KPIs) have not been identified with E.ON to report and monitor at the weekly contractor meetings. Additionally, the actions agreed with E.ON were not given due dates or action owners. ▶ Inspection certificates were not retained for any of the ten Phase 1 upgrades that we reviewed and we were unable to trace each installation to the invoice from E.ON, thereby confirming that the contractor was not paid prior to the inspection of the works. ▶ The Council have not developed a formal tenant engagement strategy, as required by the SHDF Wave 2.1 guidance. Furthermore, despite it being part of its funding application, a Tenant Liaison Officer has not been appointed to manage engagement and communication with tenants. ▶ Lessons learnt throughout the project were not documented and shared, although, actions were discussed regularly at contractor meetings.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Art Council Grant Review				N/A	N/A	<p>The purpose of this review was to verify income and expenditure to evaluate the appropriateness of the spend of the Art Council Grant.</p> <p><u>Conclusion</u></p> <p>In our opinion the Council's Income and Expenditure Statement under the South Kesteven District Council Transition Fund for the period from 1 April 2023 to 5 July 2024 has been fairly stated, in all material respects, in accordance with the applicable criteria.</p>
Homelessness	-	2	1	Moderate	Moderate	<p>The purpose of this review was to provide assurance over how the Council manages its homelessness and temporary accommodation responsibilities. This included alignment of approaches to local priorities, community needs and statutory requirements, review of committee meetings and sample testing of applicants within temporary accommodation to review the eligibility criteria, review of case, support provided, and actions taken.</p> <p><u>Conclusion</u></p> <p>Both the control design and effectiveness have been deemed moderate as whilst there was good practise noted in the form of regular budget monitoring, a good structure of governance committees and a strong commitment to training there are some exceptions which weakened the control environment. This included the housing strategy requiring review as well as an update to procedure documents being required. Additionally extended temporary accommodation stays have been noted which could cause mental health and wellbeing impact. It is noted that some of these factors are influenced by national challenges.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ The Council's Housing Strategy 2020-2024 is in the process of being revised however it does not contain Homelessness prevention initiatives, aligned to the Corporate Plan 2024-27. ▶ From our sample of 10 cases in temporary accommodation, we noted extended stays in most cases with one case remaining in Council owned temporary accommodation for 301 days before moving to permanent accommodation in September 2024.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Business Continuity and Disaster Recovery	-	3	1	Moderate	Moderate	<p>The purpose of this review was to provide assurance over business continuity and disaster recovery arrangements including the regular testing of critical services and assessing whether there was sufficient IT disaster recovery to restore systems in the event of cyber-attack.</p> <p><u>Conclusion</u></p> <p>Both the control design and effectiveness have been deemed moderate as despite good practise such as a dedicated business continuity steering group, an up-to-date business continuity plan and business continuity being part of the strategic risk register there are some gaps in the control environment. These are underpinned by the lack of formed business continuity plans in a significant number of areas as well as gaps in some plans.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ The Council currently has a set of 18 Business Impact Assessments (BIAs) in place which are not yet fully formed BCPs for service areas. ▶ Eight of the Council's BIAs do not confirm whether third parties that the service areas rely on have a corresponding BCP. ▶ As the Council is undergoing a revision of their approach to business continuity, the individual plans have not been subject to testing and the lessons learned following an incident have not been included within the action log for the business continuity steering group.
Income Generation	-	1	3	Substantial	Moderate	<p>The purpose of this audit was to assess the controls in place for generating income, setting fees and benefiting from grant and funding opportunities and maximising marketing revenue.</p> <p><u>Conclusion</u></p> <p>The control design was substantial given numerous areas of good practise such as multiple, marketing channels demonstrating reach and engagement, established grant funding processes that have been successful and strong analytical capabilities of marketing platforms. The control effectiveness however was deemed moderate due to areas of improvement such as formalising grant funding practises enhancing revenue generation from existing marketing channels and the variation in fee setting processes with some services lacking documented rationale for price changes.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Findings</u></p> <ul style="list-style-type: none"> Annual reviews of fees and changes are not consistently performed across all service areas, as testing identified that car parks fees are reviewed on an ad hoc basis rather than annually, and for some services like Leisure and Garden Waste, there was insufficient documentation of cost analysis to support fee increases.
Council Tax and NNDR	-	1	1	Substantial	Moderate	<p>The purpose of this review was to provide assurance over the effectiveness of procedures for setting, billing and recovering council tax and NNDR as well as the effectiveness of the new Citizens Access Revenue Portal.</p> <p><u>Conclusion</u></p> <p>The control design was deemed substantial due to clear policies in place and the Citizens Access Portal's ability to streamline the process reducing staff time. However the control effectiveness was deemed moderate due to non-compliance with controls that may put some objectives at risk. Fundamentally, these are due to significant delays in writing off council tax and NNDR debts. There are significant resource challenges in the enforcement team after failing to recruit for a vacant role.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> There were delays in processing debts to be written off, up to 210 days in some instances, despite a monthly process for writing off debts and a business rate case written off has no documentary evidence to support consultation with Cabinet Member for Finance. Extended delays in processing write-offs could result in Council not being able to demonstrate transparency and accountability in managing its financial processes, while gaps in documentary evidence could impact the Council's ability to evidence appropriate decision making.
Data Protection and FOI, EIR and SAR	-	4	1	Moderate	Moderate	<p>The purpose of this audit was to assess compliance against key parts of the UK GDPR including training and awareness, governance structures to include roles and responsibilities, data breach management process, data protection impact assessment process and ensuring that there was a robust and embedded data protection policy.</p> <p><u>Conclusion</u></p> <p>Both the control design and effectiveness were deemed moderate as despite several areas of good practise such as there being a dedicated Data Protection Officer (DPO) with clear responsibilities, high performance against benchmarking of other local authorities</p>

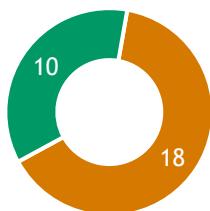
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>and a defined data protection policy there were some exceptions to the control environment that may put system objectives at risk. Fundamentally, this includes the lack of alignment between the Information Sharing Agreement Register and the RoPA, improvements identified in the Council's procedures for conducting DPIAs as well as the Council's current retention schedules and the overall training completeness rates, as well as the application of existing third-party data sharing arrangements.</p> <p>However, we recognise the Council have been through a significant journey of improvement regarding GDPR compliance.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ The Council's overarching RoPA lacks sufficient detail to allow for an accurate oversight of data processing activities. ▶ Of the three DPIAs that were completed in 2024, the Business Database for Businesses DPIA has several sections that are incomplete. In addition to this there are several gaps highlighted in the Council's RoPA in respect of where the processing of sensitive or special category personal data is happening, however there is no corresponding DPIA that has been completed. ▶ Although the Council's retention schedule has been recently reviewed, there are several gaps in the RoPA which do not show whether this is being applied in practice leaving concerns with the level of completeness of the information included within the existing retention schedule. ▶ Although the Council has a separate Information Sharing Agreement Register, this does not currently correlate with the information currently recorded in the RoPA which results in concerns around the completeness of both documents and the overall visibility that the Council has on all data sharing exposures.

SUMMARY OF FINDINGS

RECOMMENDATIONS AND ASSURANCE DASHBOARD

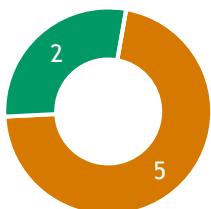
Recommendations

2024/25



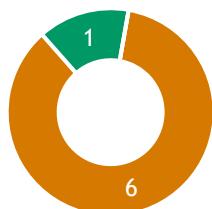
In 2024/25 there were a total of 28 recommendations, 18 medium and 10 low. No high priority recommendations were offered which is positive and indicates a good control environment is in place.

Control Design



In 2024/25 five moderate assurance opinions were offered as well as two substantial assurance opinions. There have been no limited opinions offered in the year which indicates there is generally a sound system of control design.

Operational Effectiveness



In 2024/25 six moderate assurance opinions were offered as well as one substantial assurance opinion. There have been no limited opinions offered in the year which indicates generally controls are managed effectively.

ADDED VALUE



USE OF SPECIALISTS

We used our IT specialists to deliver the Business Continuity and Disaster Recovery review. All reviews were carried out by dedicated public sector auditors.



RESPONSIVENESS

We ensured that our audit approach was responsive to the Council's needs, adjusting audit timings to enable officer's to balance our work with their existing responsibilities.



BENCHMARKING AND GOOD PRACTICE

We provided quarterly sector updates to the Governance and Audit Committee and included benchmarking / comparative analysis in individual audit reports where applicable.



KEY THEMES



PEOPLE

Our audits generally found that staff are well aware of their roles and responsibilities and adequate training is provided where required.



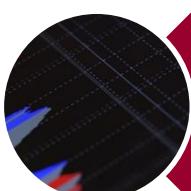
GOVERNANCE & STRUCTURES

Overall, we found good management and governance structures to be in place, with clear reporting lines.



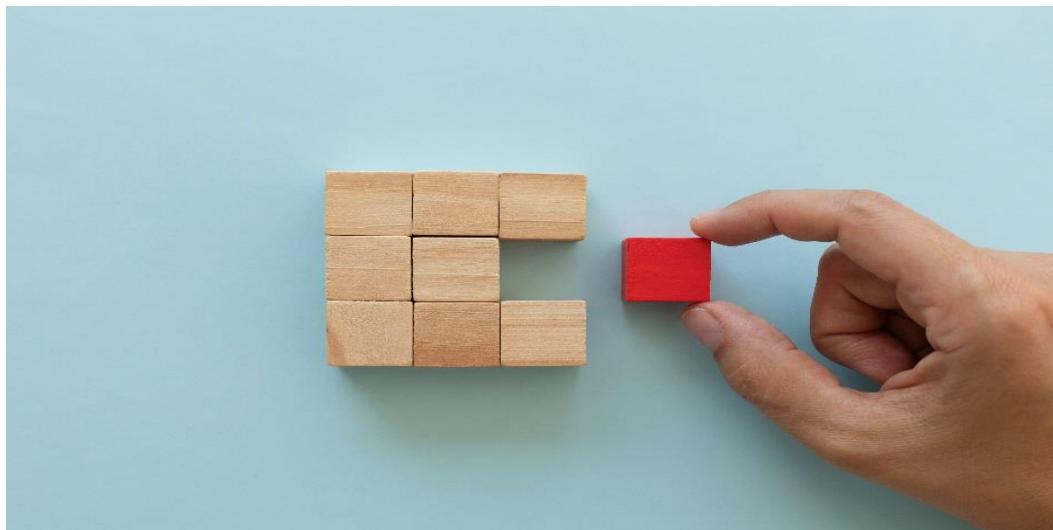
STRATEGIES & POLICIES

Strategies, policies and procedures are generally well designed. The need for improvements in clarity in a small number of areas was identified and we found that the Housing Strategy 2020-2024 requires review and update.



SYSTEMS & PROCESSES

The Council has effective systems in place and processes are generally well followed. However we identified scope for improvement in reporting and monitoring key performance indicators in the Homelessness audit.



BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to South Kesteven District Council is to provide an opinion to the Council, through the Governance and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for 2024/25 was carried out in accordance with the internal audit plan approved by the Senior Leadership Team and the Governance and Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

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 our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Audit Approach

We have reviewed the control policies and procedures employed by South Kesteven District Council to manage risks in business areas identified by management set out in the 2024/25 Internal Audit Annual Plan which was approved by the Governance and Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- ▶ Considering the risks that have been identified by management as being associated with the processes under review
- ▶ Reviewing the written policies and procedures and holding discussions with management to identify process controls
- ▶ Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- ▶ Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- ▶ Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information 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.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key contact responsible for the area under review to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Governance and Audit Committee is to agree reports with management and then present and discuss the matters arising at the Governance and Audit Committee meetings.

Management actions on our recommendations

Management were engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports. Management responses to draft reports were mostly within our requested time frame, however, there were some instances where the turnaround of draft reports was slow.

Recommendations Follow-up

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.

Management have 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.

Relationship with External Audit

All our final reports are available to the external auditors through the Governance and Audit Committee papers and are available on request. Our files could be made available to external audit should this be required.

Report by BDO LLP to South Kesteven District Council

As the internal auditors of the Council we are required to provide the Governance and Audit Committee, and the Senior Leadership Team with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute.

The internal audit service provides South Kesteven District Council with **Moderate assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2024/25. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- ▶ All internal audits undertaken by BDO LLP during 2024/25
- ▶ Any follow-up action taken in respect of audits from previous periods for these audit areas
- ▶ Whether any significant recommendations have not been accepted by management and the consequent risks
- ▶ The results of regulatory reviews and other assurance providers
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council
- ▶ Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.



KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	After each final report we issue a satisfaction survey and unfortunately to date we have received no responses. However, we receive verbal feedback from our key contacts and the service delivered is seen as positive. As it is our first year, we will increase efforts with management to obtain survey responses	
Frequent communication to the customer of the latest mandatory audit standards and professional standards prescribed.	Sector updates are provided within the Governance and Audit Committee progress report.	
The auditor attends the necessary meetings as agreed between the parties at the start of the contract.	All meetings attended including Governance and Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews.	
Information is presented in the format requested by the customer.	No requests to change the BDO format.	
Customer satisfaction reports - overall score at average of at least 3.5/5 for surveys issued at the end of each audit.	After each final report we issue a satisfaction survey and unfortunately to date we have received no responses. However, we receive verbal feedback from our key contacts and the service delivered is seen as positive. As it is our first year, we will increase efforts with management to obtain survey responses.	
Annual survey to Governance and Audit Committee to achieve score of at least 70%.	We have issued two satisfaction surveys to the Governance and Audit Committee in our first year and unfortunately to date we have received no response. We will increase efforts with Committee to obtain survey responses.	
External audit can rely on the work undertaken by internal audit (where planned).	Audit work available to external audit.	
Annual Audit Plan delivered in line with timetable.	We have completed our annual programme of work for 2024/25 in time to issue our HoA opinion ahead of the Council finalising its Annual Governance Statement.	
Actual days are in accordance with Annual Audit Plan.	Planned number of audit days in line with those agreed with Governance and Audit Committee.	
Draft report to be produced 3 weeks after the end of the fieldwork.	Achieved for 6 out of 8 draft reports issued for 2024/25.	
Management to respond to internal audit reports within 2 weeks.	Achieved for 7 out of 8 draft reports issued for 2024/25.	
Final report to be produced 1 week after management responses.	Achieved for 8 out of 8 final reports issued for 2024/25.	
90% recommendations to be accepted by management.	Achieved for 8 out of 8 final reports issued for 2024/25.	
At least 60% input from qualified staff.	Achieved for 8 out of 8 final reports issued for 2024/25.	
Positive result from any external review.	The External Audit Quality Assessment by the Institute of Internal Auditors in April 2021 found BDO to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
Moderate - Significantly meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
Limited - Partly meets expectations	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
No - Does not meet expectations	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
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 noncompliance with some controls that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

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