Maldon District Council

Internal Audit Report – Final

HR System Review

OCTOBER 2025

Design Opinion	🔴 Limited
Effectiveness Opinion	🟠 Moderate

IDEAS | PEOPLE | TRUST

CONTENTS

DISTRIBUTION	
Georgina Button	Director of Strategy and Improvement
Helen Norrington	Lead HR Specialist
Alastair Morrell	Resources Casework Manager, Strategy & Resources Directorate

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

REPORT STATUS	
Auditors:	Aaron Winter - Partner and Chief Audit Executive
	Andrew Billingham - Internal Audit Manager
	Maggie Quigg - Internal Auditor
Dates work performed:	7 May 2025 – 23 September 2025 (closing meeting)
Draft report issued:	13 October 2025
Management responses received:	28 October 2025
Final report issued:	28 October 2025

Executive Summary

CRR REFERENCE: R31: INADEQUATE STAFFING STRUCTURE AND RESOURCE FOR RESILIENCE

Design Opinion	🔴	Limited	Effectiveness Opinion	🟠	Moderate

Recommendations	🔴 1	🟠 1	🟢 1

SCOPE

Background

▸ Maldon District Council ("the Council") uses the "Access – SelectHR" package to help manage the employee lifecycle. In October 2024, the Council upgraded the system to allow staff enhanced functionality for self-service for staff and managers via "single sign-on"

▸ This included the ability for all staff to update personal data, emergency contacts and photos

▸ Managers were provided with a specific menu set which offered live data on direct reports including their training history, absence, Bradford scores and team calendar data.

▸ Sickness absence reporting then commenced in January 2025 including Bradford Score data for managers.

▸ Additional functionality was introduced in April 2025 to allow staff to view and request leave and for managers to approve and view this.

▸ As part of the upgrade, the Council recruited the services of a consultant through SelectHR to ensure a smooth transition. The consultant also provided training and guidance on how to use the upgraded system.

▸ The upgrade has led to improved staff data integrity. The system's enhanced transparency and accessibility also means that employees have greater visibility over their HR information. It has also reduced the administrative burden on HR staff, increasing overall efficiency.

▸ The Access – SelectHR contract is managed by the Council's Lead HR Specialist and supported by the Senior HR Specialist and HR Specialist.

Purpose

▸ The purpose of the audit was to provide assurance that core HR processes are being adhered to following the introduction of the enhanced HR system in 2024.

Areas reviewed

▸ We examined relevant policies and procedure to ensure they have been updated to reflect the changes in the enhanced HR system.

▸ We reviewed training records to confirm all applicable Council staff have received training on the new system and sought to confirm that there is easily accessible guidance in place.

▸ We sent out a survey to Council staff to obtain assurance that they had a complete understanding of how to use the enhanced system.

▶ We sought to confirm that there is a service level agreement in place which included performance indicators to ensure the provider would be held accountable for its performance.

▶ We sought to confirm that regular contract management meetings are being held and to review relevant meeting minutes to determine that actions arising from the meetings have been followed up, escalated where necessary and signed off. We sought to confirm that these meetings addressed any concerns with poor performance.

▶ We confirmed whether appropriate user access permissions to the system were in place and that they had been updated as required ensuring user access logs are periodically reviewed. We selected a sample of employees to confirm permissions were appropriate.

▶ We sought to confirm that the system possesses an audit trail function, which records any changes made by officers and if any exception reporting was in place to monitor any inappropriate changes.

▶ We held discussions with Council staff to form a view as to whether there is enough knowledge / resilience within the team (including documented guidance) should key members of staff leave.

▶ We reviewed the process for examining the costs/benefits of using the HR system to verify it is accurate and efficient.

▶ We sought to confirm all recent and future enhancements were tested prior to access being granted to staff.

AREAS OF STRENGTH

▶ We reviewed the Staff Volunteering Scheme Policy to ensure that relevant policies and procedures have been updated to reflect the changes in the enhanced HR system. The Policy outlined key review dates and updates. The Council's policies and procedures are shared with staff via internal platforms (e.g. SharePoint) with accessibility of policies to staff across the organisation. We reviewed the Annual Leave Overview and Calculations Guide, last updated in May 2025. It explains the employees' leave overview and calculations and includes a step-by-step annual leave overview & calculations guide with pictures.

▶ We reviewed the Council's training plan for Caseworkers' holiday administration. It included six courses, totalling six hours. We verified via screenshots from the Select HR library, that sessions which covered login, self-service, and manager introductions are available. The HR Select update was communicated via email, sharing training details and access links. We also found recorded sessions focusing on knowledge transfer for the 'System Admin Guide' that had been undertaken within the team.

▶ We reviewed 10 user accounts from the full list of current employees and reconciled their permissions with their current job title and found the permissions were consistent with the expected access model.

▶ We carried out discussions with Council staff to assess whether sufficient knowledge resilience exists within the HR team and noted the Council has shown that it took steps to ensure continuity of the HR system and reduce reliance on individual staff members through the presence of live documentation, clear checklists and the ticketing system.

▶ We reviewed the CLT July 2025 report business case for the request for additional temporary resource for the HR system upgrade including the cost breakdown of using the HR system and found that it identified

efficiency savings and process improvements. We also found that the Council has an Access Select Optimisation plan which monitors the project plan, key milestones and costs.

▸ From our review of the pilot group testing feedback and the HR system board agenda from October 2024, we confirmed that enhancements are tested prior to staff being able to access them and that a risk log is also monitored at the HR System monthly meetings with the FreshService to track and resolve user queries and issues.

AREAS OF CONCERN

▸ **Service Level Agreement (SLA):** The Council does not have a service level agreement (SLA) in place with the HR service provider. The Council recognises the need for an SLA and has informed us that they are actively pursuing the provider to establish a regular contract. As a result, regular contract management has not yet been set up. *(Finding 1 – High)*

▸ **IT User Permissions:** The Council currently does not have a formal set timescale in place for reviewing user permissions because the self-service functionality only went live in April 2025, and until then, access was not actively reviewed. No exception reporting has been established, and audit logs are not currently actively reviewed by HR or IT. *(Finding 2 – Medium)*

▸ **Enhancing Select HR System Efficiency and User Experience:** Based on 54 employee survey responses, we found that while a majority (67%) show some confidence and 70% feel they have received adequate training, challenges remain. These challenges affect both user comprehension and system efficiency, indicating that complete understanding has not been achieved. *(Finding 3 – Low)*

ADDED VALUE

▸ We were unable to perform data analytics due to the absence of the underlying data. This did not impact our delivery of the core audit and scope areas outlined above. The additional insight delivering proposed analytics was intended to provide additional value, which may have assisted the Council in evaluating the system's implementation.

CONCLUSION

Overall, we have provided limited assurance on the design and operational effectiveness of the controls in place to ensure adherence to core HR processes for the enhanced HR system introduced in 2024.

Control Design

▸ The control design is limited because the Council has a minimal system of internal controls to ensure core HR processes are being adhered to for the upgrade of the enhanced HR system. The Council have policies and guidance in place that have been updated and are accessible to employees.

▸ However, there is an absence of an SLA between the Council and the HR service provider that should be formalised. No regular contract management meetings in place to ensure accountability and monitoring of performance. Without an SLA in place, the provider lacks defined Key Performance Indicators (KPIs) to assess whether their service meets the

Council's expectations. Additionally, there is no mechanism to hold the provider accountable in the event of poor performance.

▸ Further improvements could be made to ensure the Council has a formal schedule to regularly review permissions, using existing groups to embed system changes, implement exception reporting, and actively review audit logs.

▸ We have therefore raised one high, and one medium priority rated recommendation regarding Control Design.

Control Effectiveness

▸ The control effectiveness is moderate because the Council has a general system of applying controls to ensure adherence to core HR processes for the enhanced HR system.

▸ This includes updating policies and procedures and ensuring they are accessible to staff. Providing training and guidance to employees to facilitate knowledge transfer within the team. The Council have identified efficiency savings and process improvements, they monitor the project plan and key milestones, to ensure enhancements to the system are tested before staff access them. With risk logs being monitored.

▸ However, survey results suggest that the Council should further analyse the data to enhance the HR system and ensure staff understanding is achieved.

▸ We have raised one low priority finding to enhance the control effectiveness.

Detailed Findings

1	Service Level Agreement (SLA)
TOR Risk 4 and 5:	The HR system provider does not maintain the system or respond in a timely manner to issues or change requests from the Council leading to a lack of confidence in the provider/system. There are no contract management meetings with the provider to enable regular contract discussions to take place. Minutes and/or key actions are not formally recorded and are not actioned within agreed timescales, leading to insufficient oversight and failure to develop sound working relationships.
Significance	● High

FINDING

We were advised by the Council's Lead HR Specialist and Resources Casework Manager that there is currently no SLA in place, the Council are aware the need for an SLA and advised us that they have been chasing the provider to secure a regular contract. The Council's intention going forward is to have quarterly meetings where KPIs will be regularly reviewed.

We reviewed an email trail between the Council and the Access People Customer Success Manager that validated the intention to have quarterly meetings. Furthermore, we did not identify any other alternative methods for contractor interactions and monitoring throughout the audit to support which has informed this finding

Root cause:

The absence of an SLA has led to unclear expectations and responsibilities between the Council and the HR service provider. There have also been communication issues between the provider and the Council.

Implication:

A lack of formal agreement can result in communication gaps, delayed issue resolution, and inefficiencies in service delivery.

RECOMMENDATION

1a. The Council and the HR service provider should prioritise establishing a Service Level Agreement to set clear expectations and responsibilities. This should include:

- Regular quarterly meetings to facilitate ongoing communication and timely issue resolution.

- Developing Key Performance Indicators to help measure the system's success and identify areas for improvement.

- Implementation of a plan to rectify any deficiencies, with specific actions and deadlines.

- Clear accountability for service delivery, with designated contacts for escalation if necessary.

MANAGEMENT RESPONSE

1a. The Council welcomes this recommendation and fully recognises the importance of a formal SLA with the HR service provider.

We are actively following this up with our account manager to finalise a regular contract and aim to ensure that we can implement an arrangement which includes clear expectations, quarterly contract management meetings, and defined KPIs. The Account Manager has already responded to us since this draft report was provided and quarterly meetings have been arranged.

We will also implement a process for action planning and escalation to ensure accountability and continuous improvement. This will help maximise system performance and the customer experience.

We are committed to ensuring that any arrangement with the provider is an active tool for managing the relationship, driving continuous improvement, and maximising the value of the Select HR system for all users.

Responsible Officer:	1a. Al Morrell / Helen Norrington
Implementation Date:	1a. 31 March 2026

2	IT User Permissions
TOR Risk 6:	There are ineffective IT controls over access to the HR system, resulting in unauthorised changes being made.
Significance	🟠 Medium

FINDING

The Council currently does not have a formal set timescale in place for reviewing user permissions because the self-service functionality only went live in April 2025, and until then, access was not actively reviewed. Since implementation, permissions are being reviewed on an ad-hoc basis by the HR team.

However, the Council has an ongoing project group focused on embedding system changes and continuous improvement. This group is also responsible for monitoring changes in access, data downloads, reporting structures, and system controls. As the system embeds, a formalised process and timescales for regular access review will be established.

No exception reporting is in place to monitor any inappropriate changes such as unusual access patterns or role mismatches, and audit logs are not currently actively reviewed by HR or IT. Management acknowledges this gap and has indicated that the responsibility and frequency of log review should be clarified.

Root cause:

The Council's lack of a formal timescale for reviewing user permissions stems from the recent implementation of self-service functionality, leading to ad-hoc reviews and highlighting the need for structured access management and clarified responsibilities.

Implication:

The absence of a formal timescale for reviewing user permissions increases security risks, compliance issues, operational inefficiencies, and accountability gaps.

RECOMMENDATION

2a. The Council should:

   a. Establish a formal schedule for regular permission reviews.
   b. Consider the use of the project group to embed system changes and set clear timescales for access reviews.
   c. Implement exception reporting and actively review audit logs, clarifying responsibility and frequency for HR and IT.

MANAGEMENT RESPONSE

2a. The Council accepts this recommendation and thanks the report writer for outlining the key elements of this to follow up.

Since the introduction of self-service functionality, we have been reviewing permissions on an ad-hoc basis. However, we will ensure that we formalise a schedule for regular permission reviews and clarify responsibilities between HR and IT for audit log review.

Our current Select HR working group will be tasked with embedding these changes and setting clear timescales. We will also explore implementing exception reporting to strengthen access controls and system security.

We will monitor the effectiveness of these controls and report progress to senior management to ensure that any improvements will strengthen system security, support compliance, and provide assurance to all stakeholders.

Responsible Officer:	2a. Al Morrell / Helen Norrington
Implementation Date:	2a. 31 March 2026

3	Enhancing Select HR System Efficiency and User Experience
TOR Risk 3:	The process for employees to maintain their own data on the HR system is not well understood or easy to access causing data to be inaccurate or not current.
Significance	● Low

🔍 FINDING

We were advised by the Council that training materials, including videos, and a Helpdesk are available for support. Managers are also trained to support staff queries.

We sent a survey to all Council staff to obtain assurance that they have a complete understanding of how to use the enhanced HR system.

We asked the following 10 questions:

1. How confident are you in using the HR system?

2. Thinking about the updates, guidance and videos that have been shared, do you feel that these have been adequate to support you in using Select HR? Has the update to the system allowed you to be more efficient and productive?

3. Do you feel you have access to enough resources to help you use the system effectively?

4. Thinking about the new functionality in the HR Select system i.e. leave requests, absence reporting – have these changes provided any efficiencies or benefits for you?

5. Can you give any examples?

6. Has the new system resulted in anything that is negative or less efficient?

7. How often, in general, do you use the Select HR in your daily tasks?

8. What areas of Select HR do you find most challenging to use?

9. How would you rate the support provided by the Resources and FreshService regarding the new system?

10. Do you have any suggestions for improving the system or the training provided?

We received 54 responses in total from staff at the Council. Our results were the following:

Question 1:

We found that 36 (67%) people rated their confidence in using the Select HR system as six or above, indicating they felt confident. With 10 being very confident.

The remaining 18 (33%) selected five or below, however no one stated they were not confident at all.

Question 2:

We found that 38 (70%) people selected 'Yes', indicating they felt they had received adequate training on the new system. The remaining 16 (30%) people selected 'No', suggesting they hadn't.

Question 3:

We found that 41 (76%) people said they have access to enough resources to help them to use the system effectively, while 13 (24%) people said 'No', they didn't.

Question 4:

We found that 20 (37%) people said the system provided efficiencies or benefits for them, while 34 (63%) people said 'No', it didn't.

Question 5: Examples of inefficiencies or benefits to employee.

- **Duplication and Complexity**: Many users find the system adds extra steps and requires recording leave in multiple places, leading to duplication and increased complexity.

- **Integration and Accessibility**: There is a desire for better integration with existing systems like Outlook to streamline processes and make team calendars more accessible.

- **User Experience**: Opinions vary, with some finding the system cumbersome and others appreciating features like tracking leave and viewing team calendars.

- **Approval Process**: Issues arise when managers are unavailable, causing delays in leave approval and requiring additional communication methods.

- **Efficiency and Benefits**: While some users see potential benefits in tracking leave and managing information, others feel the system lacks efficiency and adds unnecessary bureaucracy.

Question 6:

We found that 31(57%) people said the new system resulted in negative outcomes and was less efficient, while 23(43%) people said it didn't.

Question 7:

People selected the following options for how often they use the HR system in their daily tasks:

- Daily: 7 people - 13%

- Weekly: 23 people - 43%

- Monthly: 10 people - 19%

- Rarely: 14 people - 26%

Question 8:

- **User-Friendliness**: Many users find the system complex and not intuitive, making it difficult to locate specific options like requesting TOIL or managing emergency contacts.

- **Integration Issues**: There is frustration with having to use multiple systems to manage leave and time, leading to duplication and inefficiency.

- **Approval Process**: Concerns are raised about the approval process, especially when managers are unavailable, leaving staff without an alternative route for approval.

- **Line Management**: The system's assumptions about line management roles can cause delays and double handling, particularly in teams with flexible work patterns.

- **Limited Use**: Some users only use the system for specific tasks like requesting leave, indicating a lack of engagement with other features.

- **Complexity**: Overall, the system is seen as too complex, adding to the workload of users who are already managing multiple responsibilities.

Question 9:

People selected the following options for how they would rate the support provided by the Resources and Freshservice regarding the new system:

- Excellent: 16 people -29.6%

- Good: 26 people - 48.1%

- Fair: 10 people - 18.5%

- Poor: 2 people-0.037%

Question 10:

Key themes for improvements:

- Integration and Efficiency: Many people want a more integrated system that combines tasks like recording leave, overtime, and TOIL without needing separate spreadsheets or systems. They want everything in one place to avoid duplication and streamline processes.

- Training and Support: There is a call for more comprehensive training, including live sessions and e-learning, to ensure users are confident in using the system correctly.

- System Functionality: Suggestions include adding features like changing personal email addresses, linking leave to Outlook calendars, and incorporating timesheets and flexi time into the system.

- User Experience: Some users find the system less intuitive and prefer the previous methods. There are concerns about recording leave in hours rather than days and the visibility of pay grades.

- Positive Feedback: Despite some criticisms, there are positive remarks about the system's rollout and the hard work of the team involved. Some users appreciate the current system and its potential for further development.

Overall:

We found that, based on survey responses, while a majority (67%) demonstrate some confidence and 70% feel they have received adequate training, challenges still remain that impact both user comprehension and system efficiency indicating that complete understanding was not met.

Key issues are outlined as follows:

- Around one-third of users lack confidence or adequate training, finding the system time consuming and not intuitive to use

- System inefficiencies, with many reporting duplications of effort and cumbersome approval processes

- Only 56% of staff use the HR system weekly or more frequently some staff only use it for requesting leave

- While support resources are rated positively, staff would like more comprehensive training

Root cause:

System efficiency seems to be insufficient training and support for the complexities of the system, leading to a lack of confidence among users. However, this could be due to the early implementation in the process.

Implication:

Potential risks could result in reduced system efficiency, duplicated efforts, cumbersome processes, and limited usage of the HR system, highlighting the need for more comprehensive training and streamlined processes.

RECOMMENDATION

3a. The Council should analyse the results of the audit survey and establish whether there are any areas where further support and guidance could be offered to staff to improve the HR system effectiveness.

MANAGEMENT RESPONSE

3a. Again, we welcome and appreciate this recommendation and acknowledges the valuable feedback from the staff survey.

We are committed to analysing the survey results in detail in order to continue to provide the best possible service we can in line with resource availability.

We will identify areas where additional support, training, or system improvements are needed. We will work with staff to address concerns around system complexity, duplication, and integration, and will enhance training resources to ensure all users can maximise the benefits of Select HR.

Responsible Officer:	3a. Al Morrell / Helen Norrington
Implementation Date:	3a. 31 March 2026

Appendix I - Definitions

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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

Appendix II – Terms of Reference

BACKGROUND & PURPOSE

BACKGROUND

▸ Maldon District Council ("the Council") uses the "Access – SelectHR" package to help manage the employee lifecycle. In October 2024, the Council upgraded the system to allow staff enhanced functionality for self-service for staff and managers via "single sign-on"

▸ This included the ability for all staff to update personal data, emergency contacts and photos

▸ Managers were provided with a specific menu set which offered live data on direct reports including their training history, absence, Bradford scores and team calendar data.

▸ Sickness absence reporting then commenced in January 2025 including Bradford Score data for managers.

▸ Additional functionality was introduced in April 2025 to allow staff to view and request leave and for managers to approve and view this.

▸ As part of the upgrade, the Council recruited the services of a consultant through SelectHR to ensure a smooth transition. The consultant also provided training and guidance on how to use the upgraded system.

▸ The upgrade has led to improved staff data integrity. The system's enhanced transparency and accessibility also means that employees have greater visibility over their HR information. It has also reduced the administrative burden on HR staff, increasing overall efficiency.

▸ The Access – SelectHR contract is managed by the Council's Lead HR Specialist and supported by the Senior HR Specialist and HR Specialist.

PURPOSE

▸ The purpose of the audit is to provide assurance that core HR processes are being adhered to for the enhanced HR system introduced in 2024.

CRR REFERENCE

▸ R31: Inadequate staffing structure and resource for resilience

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

▸ Risk 1: Policies and procedures have not been updated to reflect the changes in processes and embedded within the enhanced HR system, resulting in a lack of consistency in its use from staff.

▸ Risk 2: Council staff have not received training on using the enhanced HR system and consequently are not benefitting from the system capabilities.

▸ Risk 3: The process for employees to maintain their own data on the HR system is not well understood or easy to access causing data to be inaccurate or not current.

▸ Risk 4: The HR system provider does not maintain the system or respond in a timely manner to issues or change requests from the Council leading to a lack of confidence in the provider/system.

- Risk 5: There are no contract management meetings with the provider to enable regular contract discussions to take place. Minutes and/or key actions are not formally recorded and are not actioned within agreed timescales, leading to insufficient oversight and failure to develop sound working relationships.
- Risk 6: There are ineffective IT controls over access to the HR system, resulting in unauthorised changes being made.
- Risk 7: Knowledge of how to use the HR system is restricted to only a few employees resulting in a lack of resilience and a potential inability to make amendments.
- Risk 8: The cost and benefits of implementing the new HR system are not well understood and/or efficiently calculated.
- Risk 9: The HR system has not been sufficiently tested to ensure it is fit for purpose and any issues have been resolved.

ADDED VALUE

In addition to the above areas and based on the SelectHR system capabilities, we will also consider the use of data analytics to potentially examine the following:

- Sick leave is recorded promptly
- Leave approvals are completed promptly
- Leave balances are recorded correctly
- Timesheets are added for all applicable staff

Appendix III - Responsibilities and Conformance

Management responsibilities

The Global Internal Audit Standards (GIAS) refer to the 'board' as 'the highest-level body charged with governance, such as a board of directors, an Audit Committee, a board of governors or trustees, or a group of elected officials or political appointees.' For the Council, 'the board' is the Performance, Governance and Audit Committee (PGAC) acting on behalf of the Council.

The PGAC is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The PGAC is responsible for ensuring the internal audit function has:

- The support of the Council's management team.
- Direct access and freedom to report to senior management, including the Chair of the PGAC.
- The PGAC is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Council.

Internal controls covers the whole system of controls, financial and otherwise, established by the Council in order to carry on the business of the Council in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The PGAC is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Council.

Limitations

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

Conformance with the Global Internal Audit Standards in the UK Public Sector

This engagement has been conducted in accordance with Global Internal Audit Standards in the UK Public Sector, which encompass:

- ▶ The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* effective from January 2025
- ▶ The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector* effective from 1 April 2025.

FOR MORE INFORMATION:

Aaron Winter

Aaron.Winter@bdo.co.uk

BDO