

# Notice of Audit and Governance Committee

Date: Thursday, 29 May 2025 at 6.00 pm

Venue: HMS Phoebe, BCP Civic Centre, Bournemouth BH2 6DY



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## Membership:

### Chair:

To be elected

### Vice Chair:

To be elected

Cllr M Andrews  
Cllr S Armstrong  
Cllr J Beesley

Cllr J J Butt  
Cllr E Connolly  
Cllr M Phipps

Cllr V Slade  
Cllr M Tarling  
Cllr C Weight

## Independent persons:

Lindy Jansen-VanVuuren

Samantha Acton

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All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MIId=5980>

If you would like any further information on the items to be considered at the meeting please contact: Jill Holyoake on 01202 127564 or email [democratic.services@bcpCouncil.gov.uk](mailto:democratic.services@bcpCouncil.gov.uk)

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email [press.office@bcpCouncil.gov.uk](mailto:press.office@bcpCouncil.gov.uk)

This notice and all the papers mentioned within it are available at [democracy.bcpCouncil.gov.uk](https://democracy.bcpCouncil.gov.uk)

GRAHAM FARRANT  
CHIEF EXECUTIVE

20 May 2025

**DEBATE  
NOT HATE**



Available online and  
on the Mod.gov app



## Maintaining and promoting high standards of conduct

### Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

#### Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

#### Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer  
([janie.berry@bcpcouncil.gov.uk](mailto:janie.berry@bcpcouncil.gov.uk))

### Selflessness

Councillors should act solely in terms of the public interest

### Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

### Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

### Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

### Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

### Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

### Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

# AGENDA

Items to be considered while the meeting is open to the public

## 1. **Apologies**

To receive any apologies for absence from Councillors.

## 2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

## 3. **Election of Chair**

To elect a chair of the Audit and Governance Committee for the Municipal Year 2025/26.

## 4. **Election of Vice Chair**

To elect a vice chair of the Audit and Governance Committee for the Municipal Year 2025/26.

## 5. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

## 6. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the meeting held on 20 March 2025.

7 - 20

## 7. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&info=1&bcr=1>

The deadline for the submission of public questions is midday on Thursday 22 May 2025 [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Wednesday 28 May 2025 [midday the working day before the meeting].

The deadline for the submission of a petition is Wednesday 14 May 2025 [10 working days before the meeting].

## ITEMS OF BUSINESS

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|--|---------|
| <b>8. External Auditor – Audit Plan 2024/25</b>  | 21 - 72 |
| <p>The attached report at Appendix A sets out the work that the Council's External Auditor, Grant Thornton, plans to undertake for the audit of the Council's Statement of Accounts in respect of 2024/25.</p> <p>The External Auditor plans to give an opinion on whether the accounts give a true and fair view and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>   |         |
| <b>9. BCP FuturePlaces Investigation Scope</b>   | 73 - 80 |
| <p>This report details the proposed scope of an Internal Audit led investigation into the arrangements in place for the creation, operational running and closure of BCP FuturePlaces Limited.</p> <p>The scope takes into account what was resolved at the last A&amp;G committee (20 March 2025). At the conclusion of this investigation there may still be gaps in understanding, and the committee may or may not decide that further investigation through other means is required.</p>  |         |
| <b>10. Carters Quay Report Update</b>  |         |
| <p>At its meeting on 20 March 2025 the Committee requested a further update report to be provided at its next meeting on 29 May 2025.</p> <p>A verbal update will be provided at the meeting.</p>  |         |
| <b>11. Internal Audit – Audit Plan 2025/26 Response to Queries</b>   | 81 - 98 |
| <p>At the Audit &amp; Governance Committee meeting on 20 March 2025, the approval of the 2025/26 Internal Audit Plan was deferred to the next meeting on 29 May 2025. The Committee requested clarification on nine points derived from the Institute of Internal Auditor's (IIA) Supplementary Guidance (non-mandatory) document "Developing a Risk Based Internal Audit Plan".</p> <p>This report responds to each point and clarifies the process followed by the BCP Internal Audit Function in determining its Internal Audit Plan and demonstrating conformance to the IIA's mandatory requirements of the International Professional Practices Framework 2024 (IPPF).</p> <p>The Chief Internal Auditor is satisfied that the Internal Audit team comply with all the mandatory elements of the IPPF (including the Global Internal Audit Standards and relevant application notes) and previously verified by external assessment.</p> <p>Internal Audit planning takes into account the non-mandatory guidance elements of the IPPF.</p> <p>Ensuring the Committee is equipped with all relevant, sufficiently detailed, information, to enable them to meaningfully consider and agree the Plan has continually evolved over time and requires judgement on what level of detail is helpful to the Committee. As a trial, further information has been</p> |         |

included in the Internal Audit – Audit Plan 2025/26 report which is being brought separately to this Committee.

## **12. Internal Audit - Audit Plan 2025/26**

99 - 118

This report was originally brought to Audit & Governance Committee on 20 March 2025. Following queries raised at the Committee, a separate report has been brought to this Committee. The report below is an updated version of the March report.

To comply with the Global Internal Audit Standards (GIAS), and the Application Note / CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, this report outlines the BCP Assurance Framework and the Internal Audit Plan for 2025/26.

The final Internal Audit Plan for 2025/26 has been produced. Completion of the plan will enable the Head of Audit & Management Assurance to provide an annual conclusion on the Councils' governance, risk management and control arrangements.

The allocated budget resource for 2025/26 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2025/26.

No other items of business can be considered unless the Chair decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

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**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**  
**AUDIT AND GOVERNANCE COMMITTEE**

Minutes of the Meeting held on 20 March 2025 at 6.00 pm

Present:-

Cllr M Andrews – Chair

Cllr E Connolly – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr P Broadhead, Cllr M Phipps,  
Cllr M Tarling, Cllr T Trent (In place of Cllr V Slade), Cllr C Weight  
and Samantha Acton

Present virtually: Lindy Jansen Van-Vuuren

Also in attendance: Cllr S Bartlett, Cllr M Cox

80. Apologies

Apologies were received from Cllr V Slade.

81. Substitute Members

Notification was received that Cllr T Trent was substituting for Cllr V Slade for this meeting.

82. Declarations of Interests

In respect of the agenda item on Carters Quay, the Chair declared for transparency that his daughter rented a house at Carters Quay, he acted as a guarantor to the tenancy and visited the site from time to time.

In respect of the agenda item on BCP FuturePlaces Limited, Cllr M Tarling referred to a previous declaration he had made at an overview and scrutiny meeting, in that prior to becoming a BCP councillor he had been interviewed by FuturePlaces for a role in the organisation.

83. Confirmation of Minutes

The minutes of the meeting held on 27 February 2025 were confirmed as an accurate record for the Chair to sign.

84. Public Issues

The following public issues were received:

**Public Questions, Agenda Item 6 – Review of BCP FuturePlaces Limited**



**Question 1 – Mr Alex McKinstry**

On 10 March 2022, this Committee heard some assurances regarding FuturePlaces' governance. The company was said to be governed by "a suite of legal documents", including a commissioning contract with the Council (which was never actually finalised); a resources agreement (also never finalised); and a shareholder's agreement (which was finalised, but was breached in several respects). Additionally, the company was said to have been "allocated a senior auditor", and audits of the company "built into" the Council's internal audit workplan ([https://www.youtube.com/live/SaC1LIZBROg?si=hxzr0d-oU\\_eNyWWho&t=1h8m9s](https://www.youtube.com/live/SaC1LIZBROg?si=hxzr0d-oU_eNyWWho&t=1h8m9s)). How frequently were these internal audits carried out; what concerns were identified - were the above governance shortcomings known about, for instance? - and if concerns were identified, with whom were they raised, and what remedial actions were attempted? Can we also be told whether the internal audit reports survive, as they could greatly aid an investigation?

**Response:**

Internal Audit completed two assignments during BCP FuturePlaces' operational period of just over two years, both assignments concentrating on governance-related matters. Firstly, Internal Audit facilitated a 2022/23/24 review of governance arrangements for Council companies including BCP FuturePlaces, evaluating client-side and entity-side controls against best practice guidance issued by Local Partnerships, an in-house public sector consultancy jointly owned by the LGA, HM Treasury and Welsh Government.

Issues were raised with relevant officers and the work was reported to the Audit & Governance Committee as part of the Chief Internal Auditor's annual report of 27th July 2023. The resulting Internal Audit Briefing Note was incorporated into the Corporate Director of Resources' report to Audit & Governance Committee of 11th January 2024, agenda item 8. The Council's decision to close the company in September 2023 meant that specific actions that may have been relevant to BCP FuturePlaces were superseded. By way of other resulting remedial actions, the Monitoring Officer's report to Cabinet on 2nd October 2024 set-out a detailed governance framework for Council-owned companies to take account of lessons learned following the closure of BCP FuturePlaces, including establishment of a Shareholder Advisory Board and a Shareholder Operations Board and provision of Guidance for Councillors and Officers appointed to Outside Bodies. Secondly, Internal Audit coordinated the gathering of assurance work and evidence base for the production of the Annual Governance Statement (AGS) for 2022/23 and 2023/24. This work culminated in BCP FuturePlaces governance arrangements featuring as a significant governance issue in the 2022/23 AGS. An action plan was reported and agreed by the A&G Committee on 27th July 2023, agenda item 16. The action plan was implemented during 2023.

All Internal audit reports are retained for a period of 6 years.

**Question 2 – Mr Alex McKinstry**



As stated in Appendix 1 (portfolio-holder decision record, May 2022): the FuturePlaces finances were restructured in 2022, and an £8,000,000 loan allocated to the company. At the Place Overview and Scrutiny Committee, 16 June 2022, an officer explained that this £8,000,000 consisted of Public Works Loan Board borrowing, and was being borrowed by the Council and "on-lent" to the company at a commercial rate (<https://www.youtube.com/live/8wIXgrZ3K5M?si=hVsULut-ZZLTejN&t=22m14s>). However, enquiries of the UK Debt Management Office reveal no PWLB borrowing by BCP Council during the whole of 2022. What, then, was the source of this £8,000,000; and if it derived from the three PWLB loans taken out in 2021 (totalling £42,000,000), what was the justification for reallocating any part of this sum to FuturePlaces, as I thought the 2021 borrowing was for Carter's Quay?

**Response:**

BCP Council's actual external borrowing, be that from the Public Works Loan Board (PWLB) or other sources, is based on the overall Treasury Management cash position of the authority and is set out in detail in the quarterly reports to Audit & Governance Committee. Individual external loans for specific schemes and business cases although assumed are not normally undertaken. Therefore, any funding loaned to BCP FuturePlaces Ltd would have been managed as part of the overall internal cash balance held at that time by the Council and then lent to the subsidiary at a commercial rate.

**Question 3 – Mr Alex McKinstry**

Would it be logistically possible - no matter how time-consuming - to extricate emails from former councillors, former officers and former FuturePlaces staff dating back to 2021, when FuturePlaces was incorporated? Would these emails in theory survive, in 2025, on the Council's central IT system? (The position is complicated by the fact that FuturePlaces seems to have had its own email domain - "@[bcpfutureplaces.co.uk](mailto:bcpfutureplaces.co.uk)" - as revealed in a few surviving LinkedIn and Indeed references.)

**Response:**

Yes and yes.

**Public Questions, Agenda Item 7 – Carters Quay**

**Question 1 – Mr Alex McKinstry**

The report for Item 7 states the Council began discussions with Inland Homes to acquire Carter's Quay (Phases 4-6) in 2021, and the matter was considered by the Council's "asset investment panel" that August. There are no clues however as to who came up with the initiative - nor in the Cabinet papers of 1 September 2021, which simply described the proposed acquisition as "an opportunity". Is there anyone still around who can recall who first came up with the idea of acquiring this site - i.e. who approached whom?

**Response:**

Inland Homes approached the Council.

**Question 2 – Mr Alex McKinstry**

Who sat - or who is likely to have sat - on the Council's "asset investment panel" in 2021, and are any notes or minutes likely to survive?

**Response:**

This was a hybrid advisory panel with representatives including the Leader (Cllr Drew Mellor) and the Deputy Leader (Cllr Broadhead) at the time and officers from legal, finance and regeneration.

**Statements, Agenda Item 6 – Review of BCP FuturePlaces Limited:**

**Statement 1 – Ian Redman**

FuturePlaces lost more than £5million in just 2 years.

At Full Council in November 2023, the then Leader Councillor Slade hoped Councillor Andrews and this committee would review what happened. Almost 18 months later, this committee is having an “overview” of what happened.

That is a scandalous waste of time and an indication that this administration does not take this seriously. This has all the hallmarks of a cover-up.

In the private sector, an investigation into a million pound failure would have been completed within days, not years.

Losing £5 million could be due to negligence, incompetence or possibly even fraud or corruption.

Residents have a right to know. Councillors should know.

A suggestion, have a quick, light touch, external investigation, followed by a more detailed investigation if evidence of malpractice is detected.

**Statement 1 – Alex McKinstry**

There are so many unanswered questions surrounding FuturePlaces, entire micro-investigations could be devoted to the more perplexing issues. To take the staff bonuses, for instance, which totalled £110,476. These can be criticised on several fronts - exorbitance, or the fact that the 2022 bonuses were paid when the company hadn't seen one outline business case approved. But having studied all Council agenda papers re FuturePlaces - including exempt appendices, released under FOI - it transpires that no bonus scheme, or payment, was ever referred to (or approved by) full Council. This clearly breached Reserved Matters 39 and 40 of the shareholder's agreement. There were other breaches of the agreement too, and it is extraordinary that these took place when the then-leader and deputy leader of the Council, statutory officers, internal audit, and the company's own managing director, all had the company's governance within their respective purviews.

**Statement 2 – Alex McKinstry**

Separate enquiries are necessary regarding FuturePlaces' accommodation. The company paid zero rent for its original base, Poole Civic Centre annexe. When that building was decommissioned, the board, chaired by Cllr Broadhead with two statutory officers present, resolved to rent private offices at £54,000 a year. The freehold and rent-receiving companies both

had a connection with a separate company, now dissolved, which had been pressing Mellor's Cabinet to purchase St Stephen's Church Hall for a homeless hub in 2021. This may have been declared, and deemed sound. It may be, too, that Cllr Mellor sought officers' advice before assuming sole directorship of the rent-receiving company on 5 May 2023. What remains unfathomable is FuturePlaces' decision to commit to paying £54,000 annual rent on 18 July 2022 - three days after Council applied for a £75,900,000 Government bailout, and when free Council office space was available.

### **Statement 3 – Alex McKinstry**

Finally, there is the matter of disclosure. Graham Farrant observed, in September 2023, that access to reports and information had been "a point of tension" with FuturePlaces for eighteen months, while Ian O'Donnell found that "information was not shared, or not shared in a timely way". Another resident's FOI, meanwhile, suggests that documents were being kept in draft: of the 27 reports into Holes Bay commissioned by the company, 21 remained in draft. We need to know why, in 2024, a final settlement of £2,691,704.99 was paid for FuturePlaces' work, especially if much of it was in draft only; and, as the withholding of information breached 3.1.5 and 3.3 of the shareholder's agreement, we need to know what can be done, realistically, when a company persists in contravening its own governance protocols.

#### **85. Review of BCP FuturePlaces Limited**

The Chair invited the Chief Financial Officer to clarify a point made in a public statement that 'FuturePlaces lost more than £5million in just 2 years'. He referred to the Cabinet report of February 2024 on Budget Monitoring 2023-24 at Quarter Three. This advised that FuturePlaces was projected to repay £2.38m of the £4.75m outstanding debt principle, with £2.37m of debt remaining to be written off against the £4m provision detailed in the report.

The Monitoring Officer (MO) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book. To assist in scoping its investigation into BCP FuturePlaces Limited, the Committee had requested an independent and objective overview of the company. The report provided information relating to the chronology of the Council's decision making and approach to shareholder governance in relation to FuturePlaces, the governance documents which had been published and the agenda and minutes of FuturePlaces Board meetings. The report set out options available to the Committee and highlighted factors to be considered when agreeing a way forward.

It was noted in the report that a business case and Cabinet approval would be needed to fund certain options as there was no allocated budget. The Chair invited the Portfolio Holder for Finance to comment on the likelihood of funding being approved. The Portfolio Holder referred to the history of FuturePlaces and acknowledged the concerns raised. He highlighted one or two areas where further work could be done to ensure mistakes were not repeated and certain allegations dealt with. However, he could not support

the funding of a costly external investigation into an issue which was now so political and where most information was already publicly known. Instead, he suggested that an internal working party of independent persons/non-aligned members be established within existing resources supported by Internal Audit.

The Chair invited the Independent Persons (IPs) to comment on this suggestion. They raised a concern about personal indemnity and pointed out that fraud was the responsibility of the Council as a whole to investigate. They reminded members that the Committee should be acting apolitically. Their active involvement in an investigation may conflict with their role in providing oversight. The Monitoring Officer advised that there was no open investigation of fraud in relation to FuturePlaces according to Dorset Police. It was noted that the IPs were covered by the Council's indemnity insurance when undertaking approved council business. The Portfolio Holder confirmed that he had contacted the IPs with his suggestion in advance of the meeting but had then left them to discuss it in private.

Some members did not feel it would be appropriate for an investigation into FuturePlaces to be conducted internally. They referred to the role of the Committee in ensuring effective governance and financial accountability. It was moved and seconded: "That the Audit and Governance Committee proposes an independent investigation. This would involve identifying and appointing an independent person to lead the work and report to the Committee at a date to be identified." It was noted that this proposal would form a recommendation to Cabinet as there was no allocated budget for an external investigation.

Members speaking in support of the proposal felt that an independent investigation would offer more reassurance to the public than if it was done internally. It would guard against any political motivations and would be able to evidence what was factually correct and what was misinformation. It should scrutinise the whole lifespan of FuturePlaces, including any alleged governance failings and the decision made to close the company. As previously suggested, the scope of the investigation should be as wide as possible and should include provisions to call external witnesses, access to all council/company correspondence and full disclosure of papers. It should be independently chaired and should involve members at every stage.

Members in support of the proposal felt that the requirement for a business case and a budget for an external investigation and the reporting of this in the media was pre-empting their decision and pressurising them into changing their mind. It was in the public interest to establish what had happened to taxpayers' money and why certain governance issues were not picked up at the time. It was pointed out that not only was a large amount of money involved, there were also consequential costs associated with FuturePlaces which should be considered. Answers were needed to ensure mistakes were not repeated and to demonstrate to the public that these issues were being taken seriously. It was suggested that an external

investigation could be financed by reallocating unused ward improvement funds.

Members speaking against the proposal felt that the request to fund an external investigation was unlikely to be approved due to the substantial costs involved. The Committee had to be clear about what it wanted to achieve and for some members it was already clear what had happened and why, where the money went and who was responsible. Issues were highlighted around the staffing structure and salaries associated with FuturePlaces, the apparent absence of targets and performance monitoring and the composition and relationship of board members, but there was now a need to move on. There was no cost benefit in paying for an external investigation if lessons had already been learned and changes made, especially in the current financial climate.

It was noted that many concerns around FuturePlaces had already been addressed as part of the recent shareholder governance review of council-owned companies. To build on this, it was suggested that an investigation could focus on internal governance and procedures to check whether the steps already taken were sufficient. This did not require an external appointment, it could be something which the IPs could investigate and perhaps for a new Chief Executive to look at afresh. If there were allegations of fraud and criminal behaviour these could be pursued through the police and other channels. It was pointed out that not supporting an external investigation (which it was noted was not something the Committee had originally specified) did not mean that Members were backtracking or no longer supporting an investigation.

One of the Independent Persons questioned why the Committee did not view Internal Audit as an independent resource which could undertake an investigation if provided with a scope. She also commented on the procedures for investigating fraud and suggested that if desired the Committee could limit costs by splitting the scope into areas for external and internal investigation.

Officers commented on points arising from the debate. Members were advised that the reporting of this agenda item in the media was founded entirely on the written report, there had been no dialogue with officers. Officers were unable to comment on the perception of Internal Audit, as independent of senior officers, not being able to undertake an investigation. Members were reminded of the purpose of the report, which was to assist the Committee in scoping an investigation at this meeting, using the information provided and the list of issues to consider set out in paragraph 12. Any business case would need to include the proposed scope to enable Cabinet to make an informed decision, particularly if funds were being taken from another budget. The MO had a statutory duty to provide Cabinet with relevant advice to ensure it was fulfilling its fiduciary duty to the taxpayer.

The motion was not carried: Voting: For – 4, Against 5, Abstain – 0

Cllr J Beesley and Cllr M Phipps asked that their votes in support of the motion be recorded in the minutes.

The Committee proceeded to consider alternative options. One suggestion to set up a working party with the two IPs and an unaligned councillor was not taken forward. Members considered another proposal, to ask Internal Audit to consider whether the Council owned company shareholder governance review had gone far enough in addressing lessons learned. Points raised in discussion included that only an external investigation would be credible to the public, that it was not clear to Internal Audit what the Committee wanted and that it may be better to defer the item than rush a decision. It was suggested that the scope could be refined in discussion with the Constitution Review Working Group. Unfortunately this would not enable the scoping to be done in public and was not strictly within the group's remit. Following discussion, the proposal was withdrawn.

It was then moved and seconded "That an investigation be carried out by Internal Audit, the scope of which to include the received minutes of FuturePlaces decisions made at Cabinet and other committees and with a request that it retrieve any available emails and communications so that Internal Audit can conduct an oversight of the communications. These to be limited to information in the electronic domain and all recoverable from BCP FuturePlaces servers, and only to apply to current officers in BCP with a report back in six months".

Some members felt this proposal would restrict the scope of an investigation. It would not provide the public with confidence if undertaken internally, no matter how well, and would take too long to report back. Others supported the involvement of Internal Audit and felt that if the scope was too wide the investigation would become over complicated and could end up achieving nothing.

The MO advised that in the interests of natural justice and fairness the wording in the proposal should include reference to current and past officers and councillors. She also explained the reasons why it was not possible to undertake a global search of emails. If Members were minded to support the proposal, they would need to set clear, specific parameters. It was suggested that this be delegated to the MO. As the scope remained unclear the MO advised that she would only be able to do this in consultation with Internal Audit and other Statutory Officers as to what was appropriate. The proposal was amended to incorporate these points.

**RESOLVED that an investigation be carried out by Internal Audit, the scope of which to include:**

- **the received minutes of BCP FuturePlaces Limited,**
- **decisions made at Cabinet and other committees,**
- **a request that IT retrieve any available emails and communications to allow Internal Audit to conduct an oversight of those communications, this to be limited to information in the electronic domain/that recoverable from BCP Council and**

**BCP FuturePlaces Limited servers and only to apply to current and past officers and councillors and to delegate authority to the Monitoring Officer in consultation with the Head of Audit and Management Assurance and other Statutory Officers to set the parameters of any email searches**

**with a report back to the Committee in six months**

Voting: For – 4, Against – 3, Abstain – 2

Cllr J Beesley and Cllr M Phipps asked that their votes against the motion be recorded in the minutes.

86. Carters Quay

The Chair explained that that the purpose of this item was to respond to the Committee's request to provide an update on the current situation, noting that the Committee had already agreed to an investigation into the Council's governance and processes around regeneration projects with a focus on Carters Quay.

The Director, Investment and Development, presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book. The report provided information about the acquisition and development of Carter's Quay. Details of the governance process followed and the pre contract due diligence were set out in paragraphs 6 to 11 of the report. The status of the development scheme up until the present time was set out in paragraphs 13 to 16. A chronology of events was attached at appendix 1 and exempt information in relation to financial dealings was attached at appendix 2. Members were advised the appointed administrators had yet to conclude the matter despite ongoing engagement. The Council had now appointed and retained specialist insolvency legal providers to resolve the situation and secure the land. An update would be provided to Cabinet at the appropriate time to set out the options available if a negotiated settlement could not be reached.

The Director responded to questions and comments from Members. She confirmed that the Council did have a charge over the land, meaning that the site could not be sold without the charge being removed. Members discussed when the investigation report previously requested by the Committee could be expected and sought assurance that this would not be delayed. Due to the circumstances of the case, it was noted that it would not be appropriate to undertake an investigation while the Council was still in negotiation and the matter not yet concluded. It was however suggested that an update report could be provided to the next meeting. The Committee was asked to note that in terms of timeframes the Council was wholly dependent on the administrators. Members welcomed the appointment of external specialist legal advice and the instruction to act robustly and expressed support for this approach.



Cllr S Bartlett, Chair of the Overview and Scrutiny Board which had referred this matter to the Committee, reiterated the importance of the Committee reviewing previous events and was assured that Members had already agreed to include this as an item on the Forward Plan.

**RESOLVED:**

- a) That having considered the assurances provided in the report the Committee accepts the commercial sensitivities of the negotiations underway and the need to reach a resolution, noting that a report will be taken to Cabinet;**
- b) That a further update report be provided to the Committee at its next meeting on 29 May 2025.**

Voting: For 8, Against – 0, Abstain – 1

87. Risk Management - Corporate Risk Register Update

The Risk and Insurance Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report provided an update on the position of the Council's Corporate Risk Register. All corporate risks were reviewed during Quarter 4. The Risk and Insurance Manager provided a summary of the changes in risk as set out in paragraphs 11 to 13 of the report with full details contained in Appendix 4. The report also updated on the development of a process for risk engagement with Cabinet and the progression of a new Risk Management Policy, a draft copy of which was included at Appendix 5 for information purposes.

The Risk and Insurance Manager was asked if the title of Risk CR27 could be amended to reflect the specific focus of the risk which was issues relating to cliff stability. Members also noted that the position in relation to the scoring of Risk CR02 could not be reviewed until an inspection of the SEND service had taken place. The Chief Executive reported that the latest indication was that this inspection would take place this year, hopefully in late Spring.

**RESOLVED that Members of the Audit and Governance Committee note the update provided in this report relating to corporate risks.**

Voting: Nem. Con.

88. Internal Audit - 4th Quarter, 2024/25, Audit Plan Update

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

Progress on delivering the 2024/25 Audit Plan was going well and remained on track in terms of the Chief Internal Auditor's annual audit opinion. Recruitment was underway to replace one audit manager post. It was noted that only updates for January and February were included in the report, with March to be carried over to the next Quarter 1 2025/2 report in July. The report provided details of four audit assignments which had been finalised and 30 audit assignments which were in progress, including seven at draft report stage. There were no outstanding recommendations which required escalating to the Committee. The report also provided a response to the queries raised by members on the partial internal audit reports issued in Quarter 3. It was noted that the Council Tax Single Person Discount project had now moved to the Income Maximisation and Compliance Team which had achieved an additional yield of £71,352 in the first three months. The Committee would be kept updated on these figures.

The Head of Audit and Management Assurance was asked why a substantial assurance audit opinion was not sought when only a reasonable assurance was given without any recommendations. He explained that this would depend on the scope, however the amount of additional resources required to seek a substantial assurance when a reasonable assurance was acceptable was not cost beneficial. He was also asked why some audits were still at the scoping stage in February and why the completion date had been extended to May? He explained that where an audit crossed into the next financial year it was treated as an 'in year' audit with the final report aimed for completion by the end of May. The number of audits outstanding was typical for this stage of the financial year with shorter audits dealt with in the last quarter. Quarterly reports to the committee provided members with regular updates.

The Audit Manager responded to a question about why the 'Partnerships and Strategy - KAF overview' audit had been removed from audit plan. She advised that the service director no longer existed and staff had been moved to another service area which was already under review. This had not been referenced in the report as it was not universally known at the time of writing.

**RESOLVED that Audit & Governance Committee note progress made and issues arising on the delivery of the 2024/25 Internal Audit Plan.**

Voting: Nem. Con.

89. Global Internal Audit Standards and Internal Audit Charter

The Audit Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

The new Internal Audit Charter for BCP Council had been completely revised in light of the new Global internal Audit Standards (GIAS) and other requirements which would come into effect from 1 April 2025. The Audit Manager drew attention to the new GIAS structure diagram at paragraph 4

of the report, setting out the domains, principles and standards. The Council had undertaken a self assessment to prepare for the new GIAS. The action plan at Appendix 1 of the report set out the steps required to meet full conformance. The Internal Audit Charter was attached at Appendix 2. The Audit Manager referred to the key components of the Charter including the Purpose and Mandate for Internal Audit, the Internal Audit Strategy and an updated Quality Assurance and Improvement Program. Members were asked to note a change in performance target 1A to reflect the need for a more dynamic and responsive annual audit plan. The Charter also set out the role and responsibilities of the Audit and Governance Committee and the Chief Internal Auditor (CIA) and other staff including measures to manage independence and conflicts of interest.

The Head of Audit and Management Assurance responded to a question about whether the requirement for the CIA to report their declarations of interest to the Committee should be as and when rather than annually (paragraph 7.7, Principle 2 of the charter). He explained that as CIA he made a base declaration which was then his responsibility to keep updated and every time this changed it was reported to the Chair and Vice Chair. He agreed to amend paragraph 7.7 to reflect this practice.

The Audit Manager was asked how the performance target for completing 90% of the audit plan was managed, when the audit plan was meant to run from April to March. She explained that the target had been changed to include the completion of the (whole of) the final revised annual audit plan and included dates by which the audits should be completed. This reflected the move away from a static annual plan a number of years ago to a more dynamic plan which was updated through the year in response to risks and changing priorities. It was noted that audits did not always fall neatly into one side or the other of the financial year and there had never been a situation where all audits were completed by 31 March.

**RESOLVED that the Audit & Governance Committee approves the Internal Audit Charter having considered the following:**

- **The mandate which :**
  - **includes appropriate authority, role and responsibilities of the internal audit function**
  - **provides expected scope and types of internal audit services**
  - **ensures the independence and effective performance of internal audit**
- **Content of the Internal Audit Strategy**
- **Change to performance target 1A of the Quality Assurance and Improvement Program – “To complete the final revised annual audit plan by 30 May or 31 July for agreed cross-year engagements”**
- **Arrangements to manage organisational independence and conflicts of interest, including in those areas which the Chief Internal Auditor manages**

Voting: Unanimous

90. Internal Audit - Audit Plan 2025/26

The Audit Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'F' to these Minutes in the Minute Book.

The report outlined the BCP Assurance Framework and the Internal Audit Plan for 2025/26. In response to the Committee's request, the Assurance Framework had been updated to indicate 'Member Oversight' of the assurance functions through various committee meetings, including audit and governance and overview and scrutiny. The final Internal Audit Plan for 2025/26 was unchanged from that presented to the 27 January meeting. Core audit & assurance work showing all planned work across each individual service area was detailed further at Appendix B. Appendix C provided a further breakdown of the audits planned to be carried out in Quarter 1. Appendix D provided an updated anti-fraud and corruption work plan detailing activity to prevent, detect and investigate fraud and corruption in the forthcoming year.

One of the Committee's Independent Persons raised a series of detailed questions around the content of the Internal Audit Plan 2025/26 with reference to supplementary professional guidance. She recommended that the Committee reconsider the matter once these questions had been resolved. In view of the number and complexity of the points raised the Committee agreed to defer consideration of the Internal Audit Plan and Internal Audit service budget for 2025/26 until the next meeting to allow the Head of Audit and Management Assurance and his team sufficient opportunity to consider these issues further before responding. It was suggested that an informal discussion on MS Teams prior to the next meeting may be useful, to include the Head of Audit and Management Assurance, the Vice Chair and the Independent Person, with other committee members invited.

**RESOLVED that:**

- **the updated BCP Assurance Framework be agreed**
- **consideration of the remaining issues in the report, namely the Internal Audit Plan 2025/26 including the detailed breakdown of quarter 1 audits, and the 2025/26 budget for the Internal Audit service, be deferred until the next meeting on 29 May 2025.**

Voting: Unanimous

91. Forward Plan - Indicative for the 2025/26 municipal year

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'G' to these Minutes in the Minute Book. Appendix A of the report set out the indicative list of reports to be considered for the 2025/26

municipal year to enable the Audit and Governance Committee to fulfil its terms of reference.

The Head of Audit and Management Assurance agreed to email committee members after the meeting and invite them to suggest any ‘deep dive’ items for inclusion on the agenda for non-core meetings over the next twelve months.

The Committee was assured that the Forward Plan would be kept updated with the timescales for the investigations currently listed as ‘committee date to be determined’. As discussed earlier on the agenda, an update to the report received on Carters Quay had been requested for 29 May 2025 and the report back on FuturePlaces had been requested in six months.

The meeting ended at 9.51 pm

CHAIR

**AUDIT AND GOVERNANCE COMMITTEE**

Report subject	<b>External Auditor – Audit Plan 2024/25</b>
Meeting date	29 May 2025
Status	Public Report
Executive summary	<p>The attached report at Appendix A sets out the work that the Council's External Auditor, Grant Thornton, plans to undertake for the audit of the Council's Statement of Accounts in respect of 2024/25.</p> <p>The External Auditor plans to give an opinion on whether the accounts give a true and fair view and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>
Recommendations	<b>It is RECOMMENDED that Audit &amp; Governance Committee notes the Grant Thornton External Audit Plan 2024/2025 for the Council.</b>
Reason for recommendations	To advise the Audit & Governance Committee of the External Audit annual plan for the Council for the audit of the 2024/25 Statement of Accounts.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit &amp; Management Assurance ☎01202 128784 ✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a></p>
Wards	Council-wide
Classification	For Information

**Background**

1. During 2017, Public Sector Audit Appointments (PSAA) awarded contracts for audit appointments for a five-year period beginning on 1 April 2018. Grant Thornton are the appointed External Auditor for Bournemouth, Christchurch and Poole Council.
2. The External Auditor performs the audit of the financial statements in line with the Code of Practice issued by the National Audit Office (NAO) and International Standards on Auditing (UK).

3. The External Auditor gives an opinion on whether the accounts give a true and fair view and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

#### **External Auditor – Audit Plan 2024/25**

4. The attached report at Appendix A (BCP Council Audit Plan) sets out the planned scope and timing of the statutory audit of the Council's Statement of Accounts, in respect of 2024/25, for those charged with governance.
5. The audit of the financial statements does not relieve management or the Audit & Governance Committee of their responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for.
6. The contents of the report include:
  - Key developments impacting our audit approach
  - Introduction & headlines
  - Identified risks
  - Group audit
  - Our approach to materiality
  - IT audit strategy
  - Value for money arrangements
  - Logistics
  - Fees and related matters
  - Independence considerations
  - Communication of audit matters with those charged with governance
  - Delivering audit quality
  - Appendices

#### **Options Appraisal**

7. An options appraisal is not applicable for this report.

#### **Summary of financial implications**

8. The fee for the External Audit programme of work is set out in Appendix A (section 11 Fees and related matters).
9. The scale fee set out in the PSAA contract for the 2024/25 BCP Council audit is £469,068. By comparison, in 2023/24 the scale fee set by PSAA was £433,289 and the actual fee charged for the audit was £489,979.

#### **Summary of legal implications**

10. There are no direct legal implications from this report.

#### **Summary of human resources implications**

11. There are no direct human resource implications from this report

#### **Summary of sustainability impact**

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



**Summary of public health implications**

13. There are no direct public health implications from this report.

**Summary of equality implications**

14. There are no direct equalities implications from this report.

**Summary of risk assessment**

15. There are no direct risk implications from this report.

**Background papers**

None

**Appendices**

Appendix A - Grant Thornton, The Audit Plan for BCP Council, Year ending 31 March 2025

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# **The Audit Plan for Bournemouth, Christchurch and Poole Council**

Year ending 31 March 2025

16 May 2025



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# 01 Key developments impacting our audit approach

# Local Audit Reform

## External factors

### Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

### Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

# Key developments impacting our audit approach

## National Position

Local governments face many challenges, the pandemic along with the cost of living crisis has left local governments with economic, social, and health challenges to address:

**Staffing:** A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.

**Climate change:** As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

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**Housing crisis:** The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand and it's difficult to find land for new housing developments. New requirements around net zero and other environmental considerations make it more complex to get planning permission. Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements.

**Funding :** Local governments face many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for local government to balance their budgets, assess their revenue base, enforce taxes, and prevent tax evasion. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services, infrastructure projects and the ongoing stream of section 114 notices will not come as a surprise this year.

**Digital Transformation :** The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

**Cybersecurity:** Local government needs to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

## Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Despite councils' best efforts, financial pressures are affecting the scale, range and quality of council services provided to local residents. The clearest evidence of this is that councils' service spending is increasingly focused on adult and children's social care, SEND and homelessness. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that local authorities are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced within our Local Authority bodies and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.



# Key developments impacting our audit approach

## Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Director of Finance.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working.
- We would like to offer a formal meeting with the Chief Executive twice a year, and with the Director of Finance quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit Committee, to brief them on the status and progress of the audit work to date.
- Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
- We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

## Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- for years ended 31 March 2023 and earlier by 13 December 2024;
- for years ended 31 March 2024 by 28 February 2025; and
- for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements



# IFRS 16 Leases

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## Summary

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

## Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

## Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

## Planning enquiries

As part of our planning risk assessment procedures we inquired with management to understand the processes undertaken and the likely impact of IFRS 16 for 2024-25. The work to finalise the Council's IFRS 16 position was still in progress at the planning stage of the audit.



# The Backstop

## Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- for years ended 31 March 2023 and earlier by 13 December 2024; and
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- for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

## Local Government National Context – Local Audit Recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop. We have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment. This has resulted in uncertainty over the closing Group and Authority balance of property, plant and equipment of £2.030 billion and £1.982 billion respectively as at 31 March 2024. Similarly, we have not been able to obtain assurance over the Group and Authority's closing reserves balance of £1.613 billion and £1.518 billion respectively as at 31 March 2024, also due to the uncertainty over their opening amount.

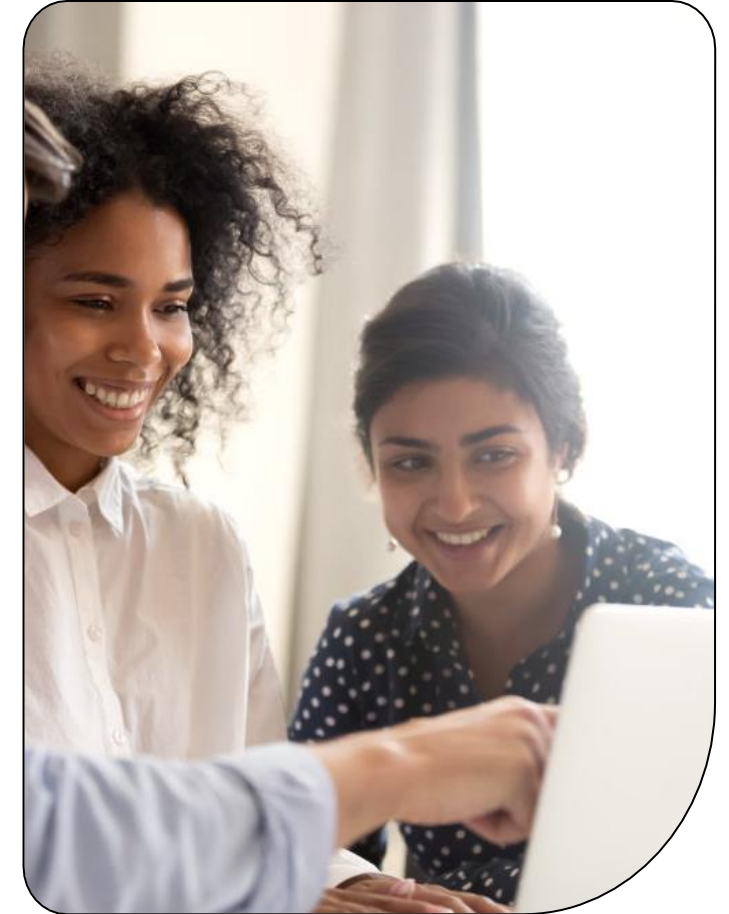
As a result, we anticipate that for 2024/25:

- we will have limited assurance over the opening balances for 2024/25
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

We are in discussion with the NAO and the Financial Reporting Council (FRC) as how we regain assurance. We will work with the Council to rebuild assurance over time.

## Our Work

Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances for 2024/25. Our objective is to begin a pathway to recovery, by providing assurance over the in year 2024/25 transactions and movements, where possible, and those closing balances which can be purely determined in isolation without regard to the opening balance, such as payables and receivables. As guidance is received from the NAO and the FRC, we will formulate a more detailed strategy as to how assurance can be gained on prior years.



# 02 Introduction and Headlines

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# Introduction and headlines

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## Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Bournemouth, Christchurch and Poole Council ('the Council') for those charged with governance.

## Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Bournemouth, Christchurch and Poole Council. We draw your attention to these documents.

## Scope of our Audit

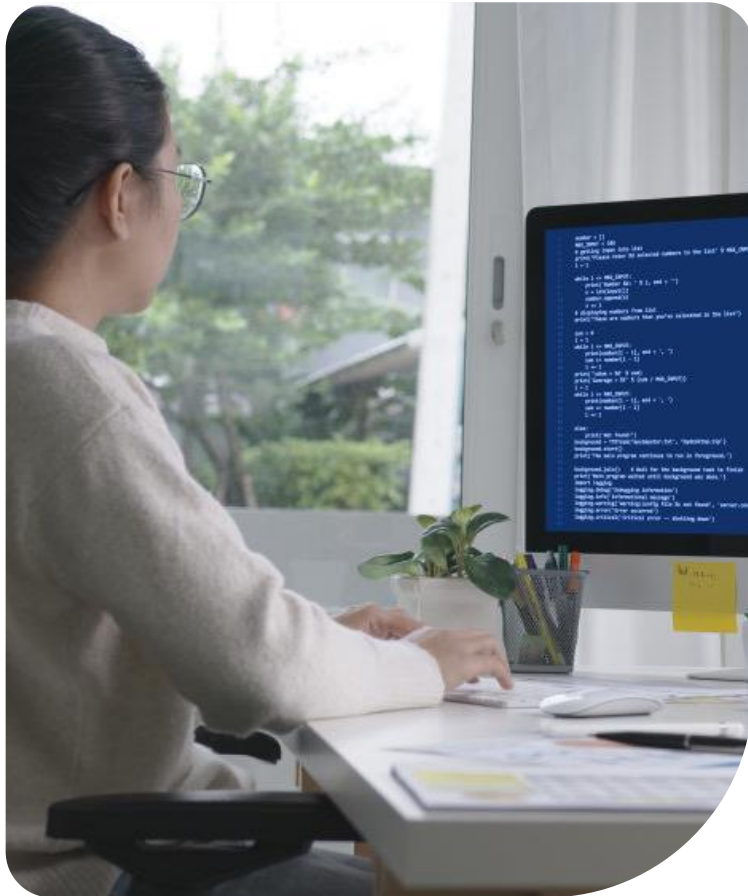
The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Governance Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit & Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

# Introduction and headlines (continued)

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## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management override of control
- valuation of land and buildings including council dwellings
- valuation of investment properties
- valuation of the Pension Fund net liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Russell-Cotes Art Gallery and Museum Charitable Trust, The Five Parks Charity, the Lower Central Gardens Trust and Tricuro Ltd. Note this is the first year which the Group accounts has incorporated Tricuro Ltd due to the Company being in full ownership of the Council in 2024/24 (previously a Joint Venture with Dorset Council)

## Materiality

We have determined planning materiality to be £18.9 million for the Council, which equates to 1.9% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Financial Sustainability – risk of significant weakness in arrangements related to DSG and Council's cash position, as well as unaddressed recommendations.

## Audit logistics

Our interim visit commenced in March 2025 and our final visit will take place in June 2025 through to October 2025. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £469,068 (PY: £489,979) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements



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# 03 Identified risks



# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	Council and Group  Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: <ul style="list-style-type: none"><li>• evaluate the design effectiveness of management controls over journals</li><li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals</li><li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li><li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence</li><li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul>

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“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	<p>Council and Group</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council/Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.</p> <p>Where we have rebutted the risk of fraud in revenue recognition for revenue streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	<p>As we have rebutted the risk, we do not consider this to be a significant risk for the Council/Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>
The expenditure cycle includes fraudulent transactions	<p>Council and Group</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Council/Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	<p>As we have rebutted the risk, we do not consider this to be a significant risk for the Council/Group and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p>

# Significant risks identified (continued)

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Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Valuation of land and buildings including council dwellings	Council	<p>The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p> <p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• evaluate management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li><li>• evaluate the competence, capabilities and objectivity of the Council’s valuation expert</li><li>• write to the valuer to confirm the basis on which the valuation was carried out</li><li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li><li>• test revaluations made during the year to see if they had been input correctly into the Authority’s asset register</li><li>• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end</li><li>• engage an auditor’s expert to support our response to the valuation of land and buildings.</li></ul>
Valuation of investment properties	Council	<p>The Authority is required to revalue its investment properties at fair value on an annual basis at 31 March. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of investment property, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• evaluate management’s processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work</li><li>• evaluate the competence, capabilities and objectivity of the valuation expert</li><li>• discuss with the valuer the basis on which the valuations were carried out</li><li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li><li>• test revaluations made during the year to see if they had been input correctly into the Authority’s asset register</li><li>• engage an auditors’ expert to support our response to the valuation of investment properties.</li></ul>

# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of the Pension Fund net liability	Council	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rate.</p> <p>We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation</li> <li>• assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report</li> <li>• review the impact of IFRIC 14</li> <li>• obtain assurances from the auditor of Dorset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

# Other risks identified (continued)

Other Risk	Risk relates to	Audit team's assessment	Planned audit procedures
IFRS16 implementation	Council and Group	<p>IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions). This is a major change from the requirements of IAS 17 in respect of operating leases and a new accounting policy implemented in 2024-25.</p> <p>Whilst the Council's initial assessment indicated that assets recognised on the balance sheet were unlikely to be material, there remains a risk of completeness of the assessment and disclosure as well as the valuation of the assets.</p>	<p>Our work will include assessing:</p> <ul style="list-style-type: none"><li>• accounting policies and disclosures</li><li>• application of judgment and estimation</li><li>• processes to ensure all leases are captured</li><li>• systems to capture the process and maintain new lease data and for ongoing maintenance</li><li>• calculations of lease liabilities and corresponding right of use assets</li><li>• identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate.</li></ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- 42 • We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# 04 Group Audit

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# Group audit scope and risk assessment

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
BCP Council	Yes	Audit of the entire financial information of the component	Group auditor	<ul style="list-style-type: none"><li>Management override of control</li><li>Valuation of land and buildings including council dwellings</li><li>Valuation of investment properties</li><li>Valuation of the Pension Fund net liability</li></ul>	Grant Thornton UK
Five Parks Charity	Yes	The Charity holds material tangible assets therefore Specific audit procedures will be undertaken on this balance.	Group auditor	<ul style="list-style-type: none"><li>Valuation of land and buildings including council dwellings</li><li>Management override of control</li></ul>	N/A, not involving component auditors
The Lower Central Gardens Trust	Yes	The Charity holds material tangible assets therefore Specific audit procedures will be undertaken on this balance.	Group auditor	<ul style="list-style-type: none"><li>Valuation of land and buildings including council dwellings</li><li>Management override of control</li></ul>	N/A, not involving component auditors
The Russell Cotes Art Gallery and Museum Charitable Trust	Yes	The Charity holds material heritage assets therefore Specific audit procedures will be undertaken on this balance.	Group auditor	<ul style="list-style-type: none"><li>Management override of control</li></ul>	N/A, not involving component auditors
Tricuro Ltd	No	Specific procedures on cost of sales	Component Auditor	<ul style="list-style-type: none"><li>Management override of control</li></ul>	Ward Goodman Audit Service Ltd

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## Key changes within the group

- Tricuro Ltd’s become a wholly owned subsidiary of the Council in 2024/25. Previously this had been a joint venture with Dorset Council. Dorset Council sold it’s shares in the company to BCP Council in August 2024. Previously, the Council has not included Tricuro Ltd in its group accounts. In 2024/25 the company will be consolidated into the group accounts.

## Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.



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# 05 Our approach to materiality

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	<b>Determination</b> We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	<ul style="list-style-type: none"><li>We determine planning materiality in order to:<ul style="list-style-type: none"><li>establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li><li>assist in establishing the scope of our audit engagement and audit tests</li><li>determine sample sizes and</li><li>assist in evaluating the effect of known and likely misstatements in the financial statements</li></ul></li></ul>
02	<b>Other factors</b> An item does not necessarily have to be large to be considered to have a material effect on the financial statements	<ul style="list-style-type: none"><li>An item may be considered to be material by nature when it relates to:<ul style="list-style-type: none"><li>instances where greater precision is required</li></ul></li></ul>
03	<b>Reassessment of materiality</b> Our assessment of materiality is kept under review throughout the audit process	<ul style="list-style-type: none"><li>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality</li></ul>
04	<b>Matters we will report to the Audit Committee</b> Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	<ul style="list-style-type: none"><li>We report to the Audit &amp; Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</li><li>In the context of the Council , we propose that an individual difference could normally be considered to be clearly trivial if it is less than £945k (PY £700k).</li><li>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit &amp; Governance Committee to assist it in fulfilling its governance responsibilities.</li></ul>

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the Council financial statements	£18.900m	We consider the size, complexity and operating environment in determining our materiality. In the prior year, we used a benchmark of 1.45% to calculate materiality. Due to changes in the firm’s overall risk assessment of Local Government bodies, we have increased this to 1.9% in 2024/25.
Materiality for the Group financial statements	£19.853 million	
Materiality for specific transactions, balances or disclosures(senior officer remuneration	£0.020 million .	A lower level of materiality was determined for the Senior Officer Remuneration disclosures (per officer) due to the sensitivity and potential public interest in these disclosures.



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# 07 IT audit strategy

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

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IT application	Audit area	Planned level IT audit assessment
Microsoft Dynamics 360	Financial reporting	<ul style="list-style-type: none"><li>Design effectiveness review</li></ul>
Civica	Accounts Receivable	<ul style="list-style-type: none"><li>Roll forward approach, follow up on prior year audit findings, follow up and where required additional testing in relation to privileged users.</li></ul>
Capita Cloud	Revenue and Benefits	<ul style="list-style-type: none"><li>Design effectiveness review</li><li>Council migrated from Capita system to Capital Cloud system during the financial year. Review of new system implementation to be undertaken including data migration checks.</li></ul>

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# 09 Value for Money Arrangements



# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

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### Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the body ensures that it makes informed decisions and properly manages its risks.



### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



### Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.





# Risks of significant weakness in VFM arrangements (continued)

## Risk assessment of the Council’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified , we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures	
Financial sustainability	R	Two key recommendations relating to the plan to manage the DSG deficit and the Council’s cash position. One significant weakness form the prior year remained outstanding relating to the medium term financial plan	Risk of significant weakness in arrangements related to DSG and Council’s cash position, as well unaddressed recommendations.	We will consider the actions taken to address these key recommendations including: <ul style="list-style-type: none"><li>the level of reserves at the 31 March 2025 and the plans in place to replenish these reserves</li><li>the robustness and assumptions within the MTFP</li><li>the plans and discussions with the Department for Education to manage the increasing DSG deficit</li><li>review the arrangements to monitor and manage the Council's cash position</li><li>consideration of any discussions and correspondence received from the MHCLG.</li></ul>
Governance	A	No significant weaknesses identified.	No significant weakness identified, recommendations from prior year be addressed.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness	R	We raised a key recommendation in respect of the statutory direction in relation to the Council’s SEND service received in February 2024 and the ‘inadequate’ Ofsted rating recevied in December 2021. .	In December 2021 the Council's children's services were rated as 'inadequate' overall by Ofsted, this was identified as a significant weakness in arrangements in 2023/24. A number of monitoring visits have been carried out and a full inspection in December 2024, when the Council's children's services were rated as 'good' overall.	We will consider the progress taken by the Council and any updates received from the inspectors.  We will consider the findings of the December 2024 Ofsted inspection and anticipate that this significant weakness will no longer apply in 2024/25

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor’s Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor’s Report and included within our audit opinion.

- G

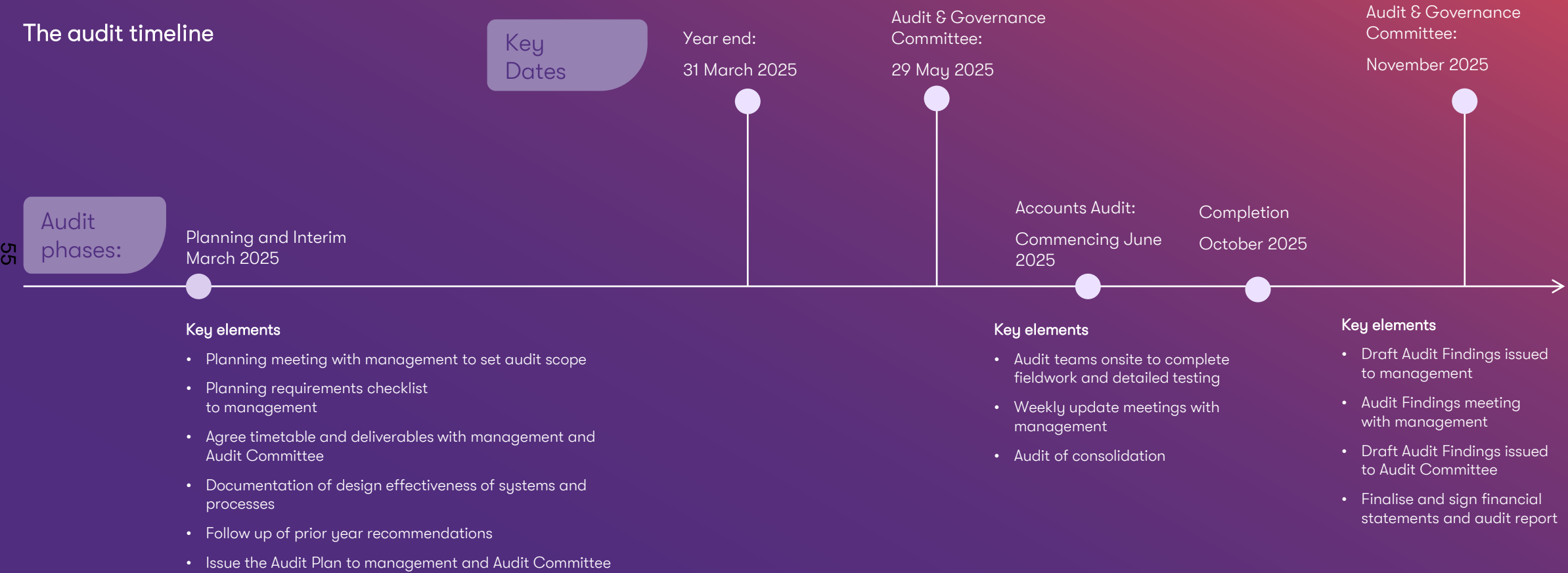
No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

# 54 10 Logistics

# Logistics



# Our team and communications

## Grant Thornton core team

<div><b>Barrie Morris</b> Engagement Lead/ Key Audit Partner</div> <div><ul style="list-style-type: none"><li>• Key contact for senior management and Audit Committee</li><li>• Overall quality assurance</li></ul></div>	<div><b>Katie Whybray</b> Senior Manager</div> <div><ul style="list-style-type: none"><li>• Audit team supervision</li><li>• Leading on the running of the audit</li></ul></div>	<div><b>Adams Azubilla</b> Audit Senior / In-charge</div> <div><ul style="list-style-type: none"><li>• Day-to-day point of contact</li><li>• Audit fieldwork</li></ul></div>	<div><b>Ginette Beal</b> VFM Specialist</div> <div><ul style="list-style-type: none"><li>• VFM specialist</li><li>• Main contact for VFM reporting</li></ul></div>
<div><b>Service delivery</b></div> <div><div><b>Formal communications</b></div><ul style="list-style-type: none"><li>• Annual client service review</li></ul></div>	<div><b>Audit reporting</b></div> <div><ul style="list-style-type: none"><li>• The Audit Plan</li><li>• The Audit Findings Report</li><li>• Audit Opinion</li><li>• Auditor Annual Report</li><li>• Progress and Sector Updated Reports</li></ul></div>	<div><b>Audit progress</b></div> <div><ul style="list-style-type: none"><li>• Audit planning meetings</li><li>• Audit clearance meetings</li><li>• Communication of issues log</li></ul></div>	<div><b>Technical support</b></div> <div><ul style="list-style-type: none"><li>• Technical updates</li></ul></div>
<div><b>Informal communications</b></div> <div><ul style="list-style-type: none"><li>• Open channel for discussion</li></ul></div>		<div><ul style="list-style-type: none"><li>• Communication of audit issues as they arise</li></ul></div>	<div><ul style="list-style-type: none"><li>• Notification of up-coming issues</li></ul></div>

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

# 11 Fees and related matters

# Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees billed in the prior year

### Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

### PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2019 PSAA awarded a contract of audit for Bournemouth, Christchurch and Poole Council to begin with effect from 2019/20. The scale fee set out in the PSAA contract for the 2024/25 audit is £469,068.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

### Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Company	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Bournemouth, Christchurch and Poole Council Audit	489,979	469,068
Total (Exc. VAT)	489,979	469,068

### Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

### Previous year

In 2023/24 the scale fee set by PSAA was £433,289. The actual fee charged for the audit was £489,979.

Please note as the 2022/23 audit opinion was disclaimed due to the imposition of a backstop date, we will need to undertake further audit work in respect of opening balances. We will discuss the practical implications of this with you should this circumstance arise.

# 12 Independence considerations

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# Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council/Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council/Group or investments in the Council/Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council/Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council/Group.
8 Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.



# Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year to March 2025, as well as the threats to our independence and safeguards have been applied to mitigate these threats. The below non-audit services are consistent with the council’s policy on the allotment of non-audit work to your auditor

None of the below services were provided on a contingent fee basis. For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the Council / Group. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived threats identified.

## Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teacher’s Pension Return	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the scale fee for the audit of £627,256 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.  To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
	(2024/25)	Self-review (because GT provides audit services)	
	12,500	Management	
	(2023/24)		

This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

# Fees and non-audit services (continued)

Other non-audit services

Service	£	Threats Identified	Safeguards applied
Certification of Housing Capital Receipts Grant	10,000 (2024/25)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £44,850 in comparison to the scale fee for the audit of £627,256 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
	10,000 (2023/24)	Self-review (because GT provides audit services)	
		Management	
			To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Total audit and non-audit fee

(Audit fee)	489,979	(Non-Audit fee)	22,500
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This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

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# **13 Communication of audit matters with those charged with governance**

# Communication of audit matters with those charged with governance

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Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmation of independence and objectivity of the firm and senior engagement team members	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern including support measures when making the going concern assessment	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Key audit partners involved in the audit		●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		N/A
Methodology used to perform the current year's audit and details of any substantial variation between system and compliance testing from the previous year		●
Quantitative level of materiality determined and qualitative factors considers in its determination		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit and whether that deficiency has been resolved by management		●
Significant matters arising in connection with related parties		●

Our communication plan	Audit Plan	Audit Findings
Other matters that are significant to the oversight of the financial reporting process		●
Confirmation of independence of external experts or other auditors used as part of the audit		●
Valuation methods employed and impact of changes to methods		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Confirm all requested explanation and documents have been provided		●
Distribution of tasks amongst auditors where more than one auditor has been appointed		N/A
Identify work performed by component auditors outside of the GTIL network in relation to consolidated financial statements		●
Scope of consolidation and compliance with financial reporting framework		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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# 14 Delivering audit quality

# Delivering audit quality

## Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

### Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

### Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

### Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

## How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

## The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

## Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

## Oversight and control

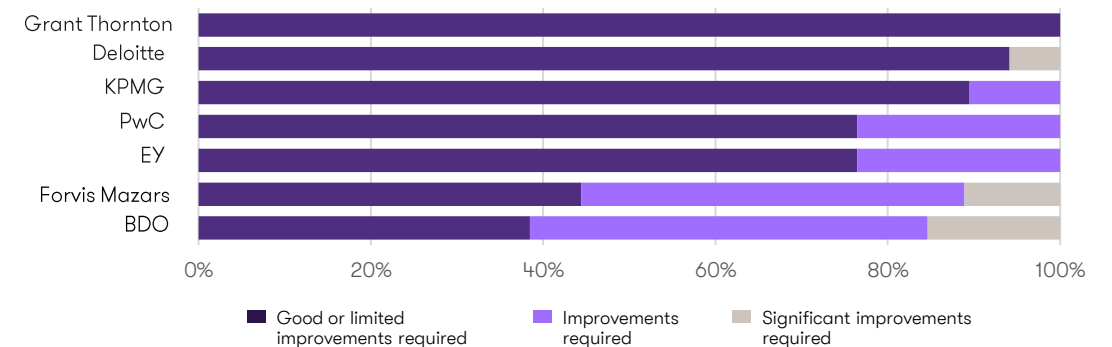
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

**Wendy Russell**  
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection  
(% of files awarded in each grading, in the most recent report for each firm)



# 15 Appendices

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# Escalation Policy



## The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

## Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

### Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

### Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

### Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

### Step 4 - Escalation to the Audit Committee (at next available Audit & Governance Committee meeting or in writing to Audit & Governance Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

### Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

## Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.&



# IFRS reporters New or revised accounting standards that are in effect

## First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

## IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

# IFRS reporters Future financial reporting changes

## IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

# The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

## 01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

### What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

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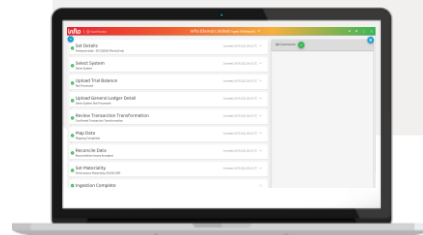


## 02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

### What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

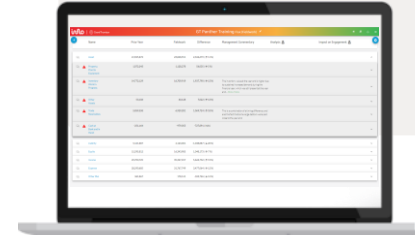


## 03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

### What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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**AUDIT AND GOVERNANCE COMMITTEE**

Report subject	<b>BCP FuturePlaces Investigation Scope</b>
Meeting date	29 May 2025
Status	Public Report
Executive summary	<p>This report details the proposed scope of an Internal Audit led investigation into the arrangements in place for the creation, operational running and closure of BCP FuturePlaces Limited.</p> <p>The scope takes into account what was resolved at the last A&amp;G committee (20 March 2025). At the conclusion of this investigation there may still be gaps in understanding, and the committee may or may not decide that further investigation through other means is required.</p>
Recommendations	<p>It is <b>RECOMMENDED</b> that A&amp;G Committee agree:</p> <ul style="list-style-type: none"> <li>• the scope of the Internal Audit investigation as shown at Appendix 1.</li> <li>• to expect an interim report on 24 July 2025 and a final report on 4 September 2025 or 16 October 2025.</li> <li>• any recommendations arising from the investigation will be assigned to a lead officer and have a target date for implementation. A&amp;G will monitor implementation in line with High (priority) recommendations.</li> </ul>
Reason for recommendations	To agree the scope of the agreed Internal Audit investigation.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit &amp; Management Assurance ☎01202 128784 ✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a></p>
Wards	Council-wide
Classification	For decision

## Background

1. The BCP Council Audit & Governance Committee has previously agreed that some form of investigation was necessary into the arrangements surrounding the creation, operational period and closing of BCP Council's urban regeneration company, known as BCP FuturePlaces (FP) Limited.
2. At the meeting on 20 March 2025, the A&G Committee received a detailed report from the Monitoring Officer containing:
  - Appendix One - a chronology of BCP Council's decision making as it relates to BCP FuturePlaces Limited and latterly the Council's approach to shareholder governance.
  - Appendix Two - a chronology of the governance documents published which reference BCP FuturePlaces Limited.
  - Appendix Three - a chronology of the agenda and minutes for Board Meetings of BCP FuturePlaces Limited.
3. At the meeting on 20 March 2025, the A&G Committee agreed the following (direct lift from minutes):

### **REVIEW OF BCP FUTUREPLACES LTD:**

RESOLVED that an investigation be carried out by Internal Audit, the scope of which to include:

- the received minutes of BCP FuturePlaces Limited,
- decisions made at Cabinet and other committees,
- a request that IT retrieve any available emails and communications to allow Internal Audit to conduct an oversight of those communications, this to be limited to information in the electronic domain/that recoverable from BCP Council and BCP FuturePlaces Limited servers and only to apply to current and past officers and councillors and to delegate authority to the Monitoring Officer in consultation with the Head of Audit and Management Assurance and other Statutory Officers to set the parameters of any email searches

with a report back to the Committee in six months

Voting: For – 4, Against – 3, Abstain – 2

4. The resolution above provided a useful framework on 'how' the investigation should be conducted with the setting of search and evidence gathering boundaries.
5. The Head of Audit & Management Assurance (HAMA), who will be leading the investigation, has created a draft scope, for committee to agree. This scope seeks to identify 'what' the committee wants investigating.
6. This draft scope has taken into account:
  - Views aired by committee members in previous meetings;
  - Views aired by committee members\* in response to an earlier version of this draft scope circulated for comment;
  - Views of BCP residents\* who have taken time to send their comments to committee members;
  - Views of other councillors\* who have taken time to send their comments to committee members.

\*Some committee members have suggested further and more detailed questions to be explicitly included within the scope. The HAMA (investigator) believes a significant majority of these questions will be logically answered in ascertaining the facts pertaining to the scope areas as shown. Further the HAMA will seek wherever possible to ensure these more detailed questions are answered. It should also be noted that some of the questions are answered within the information provided to the committee on 20 March 20025 (see 2 above).

### **BCP FuturePlaces Investigation Scope**

7. Other factors and commentary relevant to the scope and taking into account what was resolved previously:
  - Interviews of individuals – it is clear that some committee members think interviews of previous councillors and or staff/directors is needed, this was heard at the last committee, and it has been re-iterated subsequently, but that was not agreed (resolved) by committee.
  - The HAMA (investigator) expects to pragmatically need to seek clarification to specific matters from staff or councillors who are still part of BCP Council – this will be via discussion not interview.
  - At the conclusion of this investigation there may still be gaps in understanding, and the committee may or may not decide that further investigation through other means is required.
  - Some committee members have said they have external sources of information that they believe will be essential to the investigation. Committee members are invited to send/give the investigator any evidence they have on the proviso it is factual evidence; not testimony or hearsay which can be manipulated to suit an opinion or stance; it addresses the scope items, and they reasonably believe the investigator will not be able or not likely to access through the searches (of emails) agreed in the committee resolution.
  - External sources of information or evidence could include Whatsapp messages, personal files, phone records and printed documents (screen shots). Such records are not official business records and can be manipulated. The investigator will take this into account and will highlight the source if it is used in reporting.
  - The investigator will utilise, as appropriate, the information provided to people who have submitted Freedom of Information requests relating to BCP FuturePlaces, or the Council's governance and arrangements thereof.
8. The proposed draft scope is shown at Appendix 1.

### **Expectations and Timelines**

9. It was resolved at the last A&G meeting on 20 March 2025 that this investigation should seek to report back to committee in six months. That would be approximately by the end of September 2025.
10. A number of factors are also relevant:
  - The exact scope of the investigation was unknown at that stage;
  - Committee members and the Chief Executive have expressed a preference that the investigation is concluded and reported before the Chief Executive retires from the Council at the end of August 2025;
  - The investigation, even with a pre-defined scope, may 'creep' as facts remain unanswered initially.

11. It is therefore recommended that the A&G committee on 24 July 2025 receives, as a minimum, an interim report detailing findings to date. It may be necessary to subsequently report any residual matters to 4 September 2025 or 16 October 2025.
12. Whilst the Interim Corporate Director for Resources reported 11 January 2024 on lessons learnt from the closure of BCP FuturePlaces via agenda item 8 – Council Owned Companies Shareholder Governance Review, the investigation report will make recommendations where it is appropriate to do so and assign lead officer and target dates for implementation.
13. A&G Committee will monitor the implementation of recommendations utilising the agreed methodology for High recommendations. This means Internal Audit will report on their successful implementation, or not, by the due date, to the next available committee. Lead officers will be invited to committee to explain any slipped or non-implemented recommendations.

### **Independence of Internal Audit**

14. Internal Audit and the HAMA work to a strict set of professional standards and a code of ethics, and the work is done with complete independence and objectivity.
15. The team has been externally assessed as compliant with those professional standards and code of ethics.
16. The HAMA in BCP Council operates within an environment where senior leaders and councillors respect the independence and objectivity that the HAMA is required to operate within.
17. Councillors and the general public should be assured that the HAMA will immediately inform the chair of Audit & Governance committee, the external auditor and relevant professional body if any individual seeks to influence or instruct the HAMA in any way which impacts independence or objectivity of this investigation.

### **Options Appraisal**

18. A&G Committee has previously discussed and voted on the options for this investigation. An initial Internal Audit led investigation was agreed at the last meeting.

### **Summary of financial implications**

19. The Council's in-house Internal Audit team will conduct the investigation via salaried staff, mainly the HAMA. The cost of investigation will be shown in the final report and is likely to be in the region of £450 per day. It is hard to give an accurate estimate of the number of days required but 50 working days for example would equate to a cost of £22,500.

### **Summary of legal implications**

20. There are no direct legal implications from this report.

### **Summary of human resources implications**

21. There are no direct legal implications from this report.

### **Summary of sustainability impact**

22. There are no direct sustainability impact implications from this report.

### **Summary of public health implications**

23. There are no direct public health implications from this report.



**Summary of equality implications**

24. There are no direct equality implications from this report.

**Summary of risk assessment**

25. The risk implications are set out in the content of this report.

**Background papers**

None

**Appendices**

Appendix 1 - Proposed scope of Internal Audit led investigation

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## Proposed scope of Internal Audit led investigation

### Summary Objective & Scope

This investigation is being undertaken at the request of Audit & Governance Committee.

The objective of this Internal Audit led independent investigation is to determine and assess the adequacy of the Council's governance and operational arrangements relating to BCP FuturePlaces Ltd as well as the Council's oversight as the sole shareholder including.

1. Timeline and key decisions taken
2. Decision to create BCP FuturePlaces Ltd - Cabinet 26 May 2021
3. Establishment and operation of BCP FuturePlaces Ltd
4. Detailed expenditure incurred by BCP FuturePlaces Ltd
5. Items requiring specific assurance
6. Council oversight of BCP FuturePlaces Ltd
7. Decision to close of BCP FuturePlaces Ltd – Cabinet 27 September 2023
8. Lessons learnt update including any additions as a result of this investigation

### Detailed Scope

#### **1. Timeline and key decisions**

- 1.1 Produce the timeline of key decisions in respect of BCP Future Places Ltd (*As per MO report to A&G Committee 20/3/25*).
- 1.2 Find and restate the motivations and considerations behind the decision to create a URC and the environment for decision-making in which it was created.

#### **2. Decision to create BCP FuturePlaces Ltd - Cabinet 26 May 2021**

- 2.1 Review the authority of Cabinet to establish an Urban Regeneration Company was in line with the council's constitution and did the report set out the risks, rewards, pros, cons.
- 2.2 Review the approval of the final business case by the Chief Executive and the inclusion of the information as requested by Cabinet.

#### **3. Establishment and operation of BCP Future Places Ltd.**

- 3.1 Identify the process for the appointment of the company's Executive and Non-Executive Directors and other staff (was an appropriate open and transparent process followed).
- 3.2 Consider the adequacy of the governance arrangements put in place by the Council for the operation of BCP FuturePlaces Ltd.
- 3.3 Consider the adequacy of the governance arrangements put in place by the company executive directors for the day to day operation of BCP FuturePlaces Ltd.
- 3.4 Consider the adequacy of business planning arrangements as applied by BCP FuturePlaces Ltd.
- 3.5 Consider the adequacy of the financial and performance management as applied by BCP FuturePlaces Ltd, and applied to BCP FuturePlaces Ltd by the Council, including consideration of ongoing risk and issues management.
- 3.6 Consider the adequacy of decision-making regarding the prioritisation of projects and the deliverability for the Business Plan as managed by BCP FuturePlaces Ltd.

#### **4. Detailed expenditure incurred by BCP FuturePlaces Ltd**

- 4.1 Provide details of where the money went / what expenditure did BCP FuturePlaces Ltd incur. (a schedule).

- 4.2 Review the commissioning, procurement, and contract management processes for any outsourced work.
- 4.3 Detail where possible the projects this was spent supporting.
- 4.4 Detail which projects produced Initial and Full Business Cases.
- 4.5 Was any expenditure or activity incurred by BCP FuturePlaces Ltd outside the stated company's terms of reference (initial or as amended).
- 4.6 Was there a deliverable plan for BCP FuturePlaces Ltd to repay the working capital loan.

## **5. Items requiring specific assurance**

- 5.1 Staff bonuses - What was the justification for payment – who approved the payment was this in line with the shareholder agreement.
- 5.2 Were fees paid to head-hunters for their support in appointing executive directors, non-executive directors and staff.
- 5.3 Were any declarations of interests made including disclosable pecuniary interests in respect of BCP FuturePlaces Ltd activities.
- 5.4 Were any declarations of interests made regarding personal friendships and business associations in respect of the recruitment of staff to BCP FuturePlaces Ltd.
- 5.5 In respect of BCP FuturePlaces Ltd rent of offices in Exeter Road, why was council space not utilised, and should any existing or former councillors have made any declarations.
- 5.6 Why did BCP FuturePlaces Ltd appoint solicitors to support them on the accounts closure process.
- 5.7 Did the Board provide adequate oversight of the company and its activities, at all stages.
- 5.8 Any other specific items that may be revealed as a result of the investigation.

## **6. Council oversight of BCP FuturePlaces Ltd**

- 6.1 Were a shareholder's agreement, support service agreement, commissioning contract, working capital loan agreement, and lease/licence to occupy any council premises put in place and agreed.
- 6.2 Review the role of the shareholder representative on the BCP FuturePlaces Ltd Board.
- 6.3 Was the shareholders agreement adhered to are there any examples of where it was breached or information not provided.
- 6.4 Consider the adequacy of the role of the Council's internal audit team\*.
- 6.5 If in section 4 evidence is established that BCP FuturePlaces Ltd were acting outside of their terms of reference, was the Council aware, and what action if any was taken.

## **7. Decision to close BCP Future Places Ltd – Cabinet 27 September 2023.**

- 7.1 Consider if the report to Cabinet adequately sets out the options, financial implications and risks associated with the decision to close BCP FuturePlaces Ltd.
- 7.2 Review the robustness of the process for determining what work was to be paid for and what work was not paid for as part of the final settlement\*.
- 7.3 Set out the detail of the work paid for and not paid for.

## **8. Lesson Learnt Update**

- 8.1 Review of the previous lessons learnt, actions implemented and those outstanding and including any additions as a result of this investigation.

*\*6.4 will form part of the final report but will be conducted by the Monitoring Officer to avoid direct conflict*

**AUDIT AND GOVERNANCE COMMITTEE**

Report subject	<b>Internal Audit – Audit Plan 2025/26 Response to Queries</b>
Meeting date	29 May 2025
Status	Public Report
Executive summary	<p>At the Audit &amp; Governance Committee meeting on 20 March 2025, the approval of the 2025/26 Internal Audit Plan was deferred to the next meeting on 29 May 2025. The Committee requested clarification on nine points derived from the Institute of Internal Auditor's (IIA) Supplementary Guidance (non-mandatory) document "Developing a Risk Based Internal Audit Plan".</p> <p>This report responds to each point and clarifies the process followed by the BCP Internal Audit Function in determining its Internal Audit Plan and demonstrating conformance to the IIA's mandatory requirements of the International Professional Practices Framework 2024 (IPPF).</p> <p>The Chief Internal Auditor is satisfied that the Internal Audit team comply with all the mandatory elements of the IPPF (including the Global Internal Audit Standards and relevant application notes) and previously verified by external assessment.</p> <p>Internal Audit planning takes into account the non-mandatory guidance elements of the IPPF.</p> <p>Ensuring the Committee is equipped with all relevant, sufficiently detailed, information, to enable them to meaningfully consider and agree the Plan has continually evolved over time and requires judgement on what level of detail is helpful to the Committee. As a trial, further information has been included in the Internal Audit – Audit Plan 2025/26 report which is being brought separately to this Committee.</p>
Recommendations	<p><b>It is RECOMMENDED that Audit &amp; Governance Committee:</b></p> <p><b>a) Note the responses to the audit planning queries raised at the Audit &amp; Governance Committee on 20 March 2025</b></p>
Reason for recommendations	To comply with the mandated Global Internal Audit Standards and Application Note: Global Internal Audit Standards in the UK public sector.

Portfolio Holder(s):	Cllr Mike Cox, Deputy Leader of the Council, Vice-Chair of Cabinet and Cabinet Member for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a> Ruth Hodges Deputy Chief Internal Auditor
Wards	Council-wide
Classification	For Information

## Background

1. At the Audit & Governance Committee meeting on 20 March 2025, the approval of the 2025/26 Internal Audit Plan was deferred to the next meeting on 29 May 2025. The Committee requested clarification on several points surrounding the internal audit planning process.
2. This report sets out to respond to each point raised by the Committee and to clarify the process followed by the BCP Internal Audit Function in determining its Internal Audit Plan and demonstrating conformance to the requirements of the Institute of Internal Auditor's International Professional Practices Framework 2024 (IPPF).
3. The IPPF guides the professional practice of internal auditing. It comprises of three components, the Global Internal Audit Standards (GIAS), Topical Requirements, and Global Guidance.



Mandatory	<p><b>Global Internal Audit Standards</b> guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the Standards are 15 guiding principles that enable effective internal auditing. Each principle is supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance. Together, these elements help internal auditors achieve the principles and fulfill the Purpose of Internal Auditing.</p> <p><b>Topical Requirements</b> are designed to enhance the consistency and quality of internal audit services related to specific audit subjects and to support internal auditors performing engagements in those risk areas. Internal auditors must conform with the relevant requirements when the scope of an engagement includes one of the identified topics.</p> <p>Topical Requirements strengthen the ongoing relevance of internal auditing in addressing the evolving risk landscape across industries and sectors.</p>
Supplemental	<p><b>Global Guidance</b> supports the Standards by providing nonmandatory information, advice, and best practices for performing internal audit services. It is endorsed by The IIA through formal review and approval processes.</p> <p>Global Practice Guides provide detailed approaches, step-by-step processes, and examples on subjects including:</p> <ul style="list-style-type: none"> <li>• Assurance and advisory services.</li> <li>• Engagement planning, performance, and communication.</li> <li>• Financial services.</li> <li>• Fraud and other pervasive risks.</li> <li>• Strategy and management of the internal audit function.</li> <li>• Public sector.</li> <li>• Sustainability.</li> </ul> <p>Global Technology Audit Guides (GTAG®) provide auditors with the knowledge to perform assurance or consulting services related to an organization's information technology and information security risks and controls.</p>

*Extract from the "Global Internal Audit Standards" – published by the Institute of Internal Auditors (January 2024)*

- The diagram above shows the GIAS and Topical Requirements form the mandatory components of the IPPF, whilst the Global Guidance offers additional information, advice, and best practice for conducting internal audit services, and is a supplementary (non-mandatory) component.
- For the UK public sector, it has been mandated that the GIAS consists of both the GIAS and the Application Note: Global Internal Audit Standards in the UK Public Sector which interprets the GIAS requirements for the sector.

6. In addition, local authorities are expected to comply with CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government.
7. One of the independent members on the A&G committee raised a number of queries citing the "Developing a Risk Based Internal Audit Plan Supplemental Guidance - May 2020" document. This forms part of the wide suite of supplemental global guidance (part 3 in the diagram above) which is non-mandatory and parts of which are currently being updated to reflect the new standards (GIAS).
8. So, whilst this particular piece of supplementary guidance exists there are more relevant and focused UK public sector mandatory requirements as set out above.
9. In recent years, the Internal Audit profession has changed to a more dynamic Internal Audit Planning approach. Recent articles issued by professional journals include headlines such as "It's Time to Ditch the Annual Audit Plan" (April 2024 – Internal Audit 360) in which the author reflects:
 

*"Sadly, though, many internal audit departments still undertake the annual process of conducting a once-a-year risk assessment in the fourth quarter and using it as the basis for the annual audit plan, which they follow, unwavering, for the next twelve months. Some CAEs (chief audit executives i.e. chief internal auditor) are even held accountable as part of their performance metrics to complete that annual plan, regardless of how circumstances and risks have changed through the year."*

Colleagues in our professional networking groups are increasingly planning flexibly, with this reported in the IIA's Audit & Risk Magazine in May 2024 quoting *"Flexibility is key. When I started my career a three-year audit plan was normal. Then we moved to one-year and then to rolling plans"*
10. For context, the Developing a Risk Based Internal Audit Plan supplementary guidance states: "While the annual risk assessment is the minimum requirement articulated in the Standards, today's rapidly changing risk landscape demands that internal auditors assess risks frequently, even continuously. Risk-based internal audit plans should be dynamic and nimble. To achieve those qualities, some CAEs update their internal audit plan quarterly (or a similar periodic schedule), and others consider their plans to be rolling, subject to minor changes at any time".
11. The mandatory GIAS requirements regarding the Internal Audit Plan can be found at Appendix 1. BCP Council Internal Audit have undertaken a self-assessment against these standards and 'generally conforms' with them with an action plan in place to work towards full conformance (as reported to Audit & Governance Committee on 20 March 2025). The detailed extract from the GIAS, section 9.4 'Internal Audit Plan' is also included for information in Appendix 2.
12. The BCP Internal Audit function was externally assessed by an independent assessor (CIPFA) against the then Public Sector Internal Audit Standards (now superseded by the GIAS from April 2025) in June 2021 as reported to the committee on 28 October 2021. The external assessment concluded that the BCP Internal Audit function fully conformed with the PSIAS.
13. The external assessment process is required every five years, BCP Internal Audit's next external assessment, against the GIAS, will be in June 2026.



14. Internal Audit is confident that it complies with mandatory guidance and considers professional best practice when producing the Internal Audit plan.

### **Response to Audit & Governance Committee Queries**

15. An Independent member sought clarification on nine points derived from the IIA Supplementary Guidance (non-mandatory) – Developing a Risk Based Internal Audit Plan.
16. Ensuring the Committee is equipped with all relevant, sufficiently detailed, information, to enable them to meaningfully consider and agree the Plan, has continually evolved over time.
17. The level of detail reported to Committee is not pre-defined by the standards, inevitably this requires judgement on what level of detail is helpful to the Committee to make informed decisions versus what would be excessive, both in terms of the requirements of the Committee and in terms of resource required to produce.
18. More detail to support the Plan is produced but not all is reported to Audit & Governance Committee. Internal Audit is able to provide more information either on an ad-hoc or on-going basis if required.
19. The table below shows in the first column, the independent member's opinion/statement and in the second column Internal Audit's responses:

Column 1 - Independent member's comments – Note these are taken directly from the Developing a Risk Based Internal Audit Plan Supplementary guidance.	Column 2 - Internal Audit Response
The following is suggested to be included in the Internal Audit plan report to the Audit Committee:	
<p>Risk assessment summary</p> <ul style="list-style-type: none"> <li>Organizational strategy, key areas of focus, key risks, and associated assurance strategies in the audit plan.</li> <li>Summary of risks.</li> <li>Analyses (or summary) of inherent and/or residual risk levels of auditable units.</li> <li>Risk scores/ratings for auditable units.</li> <li>Heat map for entire audit universe indicating priorities, inclusions, and exclusions.</li> </ul> <p><i>Independent member's Opinion/Statement – The auditable areas are listed on page 265 of the agenda pack; however these areas are not linked to risks. According to the International Auditing Standards an Internal audit plan should be risk based. There is no clear correlation between auditable units and risk.</i></p>	<p>Please note that the guidance document “<i>Risk assessment summary – A description of the risk assessment process and results enhances the board’s understanding of internal audit’s priorities. Information may include...</i>”</p> <p><b>Risk Based Approach</b></p> <p>Internal Audit’s Risk Assessment Process was reported to the Audit &amp; Governance Committee on 27 January 2025, paragraph 15. This includes risk assessments against organisational strategy and key risks.</p> <p>Whilst risks for individual engagements are not reported to the Committee, risk assessments are carried out and documented within the Audit Management System including a risk rating for all audits within audit universe.</p> <p>The information, including risk ratings, within the Audit Management System is used to produce the plan.</p> <p>As a trial, the Quarterly Plan, which is being brought separately to this Committee, will include the Internal Audit Risk Score, Reason for Inclusion, Link to Corporate / Service Risk and Link to Corporate Strategy (as well as date last audited). In that report, the Committee will be asked to consider whether the additional information is helpful and wish to continue to receive it at future committees.</p>

Column 1 - Independent member's comments – Note these are taken directly from the Developing a Risk Based Internal Audit Plan Supplementary guidance.	Column 2 - Internal Audit Response
<p>A list of proposed audit engagements (and specification regarding whether the engagements are assurance or consulting in nature).</p> <p><i>Independent member's Opinion/Statement – the Internal Audit plan list the proposed audit engagements, however, does not indicate whether the engagements are assurance or consulting in nature.</i></p>	<p>Internal Audit carry out non-assurance (advisory services<sup>1</sup>) work, under the headings of “Investigations, advice, financial regulation compliance” on the Internal Audit Plan, which is reported to Committee.</p> <p>The audits detailed within the proposed Internal Audit Plan are all deemed to be “Assurance” engagements in nature unless otherwise stated.</p> <p>There are rare occasions where a proposed assurance review changes to an advisory/consultancy review during the detailed scoping. Such instances will be clearly highlighted, with an explanation, within the quarterly report to each committee.</p>
<p>Tentative scopes and objectives of audit engagements.</p> <p><i>Independent member's Opinion/Statement – the Internal Audit plan list the proposed audit engagements as headings only. Tentative scopes and objectives of audit engagements not documented.</i></p>	<p>The risk assessment and annual planning process, including discussions with senior management, helps to determine the likely coverage of the audit. However, detailed scoping is carried out immediately prior to commencement of the audit to take account of the current risks facing the service. This is also an efficient use of Audit resource, so time is not spent scoping an audit which may not be undertaken or where changes result in amendments to the scope.</p> <p>Note the new Reason for Inclusion column on the Quarterly Plan will include some information regarding the scope.</p> <p>In conclusion, scoping of audit engagement is carried out prior to the commencement of the audit to reflect that Internal Audit operate a rolling audit plan and for purposes of operational efficiency. (note paragraph 9 above).</p>
Tentative timing and duration (timeline showing the quarter during which the	Internal Audit has an operational plan that is not reported to

<sup>1</sup> **Advisory Services** – Services through which internal auditors provide advice to the Council without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders. “Advisory services” are also known as “consulting services.”

Column 1 - Independent member's comments – Note these are taken directly from the Developing a Risk Based Internal Audit Plan Supplementary guidance.	Column 2 - Internal Audit Response
<p>engagement will be performed and how long it will take to complete).</p> <p><i>Independent member's Opinion/Statement – the Internal Audit plan includes anticipated days, but not the quarter the audits are to be performed.</i></p>	<p>committee, this is a management tool that broadly identifies, by quarter, when audits may be performed. This is subject to significant change to take account of competing priorities/risk/resources.</p> <p>Detailed audit planning is undertaken on a quarterly basis and the Committee is provided with the proposed audits for the next quarter.</p> <p>Paragraph 9 described the audit profession is moving away from the production of detailed annual plans.</p>
<p>Assurance coverage and exclusions – This section may include an assurance map, summary, or other tool to communicate assurance coverage over significant risk areas. Exclusions acknowledge auditable units or risk areas that are not addressed, and if any high-risk areas are not covered (e.g., due to resource limitations), then this section may include recommendations to the board for obtaining assurance, such as via co-sourcing or outsourcing.</p> <p><i>Independent member's Opinion/Statement – see point 1 above, as risks are not linked to proposed auditable area, reasons cannot be given if high risk areas are not covered.</i></p>	<p>As part of the audit planning process, Internal Audit consider all of the Council's high-risk area as identified in the Corporate Risk register. In addition, the audit planning process includes assurance mapping, which was reported to Committee in Appendix A of the Internal Audit – Audit Plan 2025/26 report.</p> <p>Internal Audit report exclusions from the approved operational Internal Audit Plan in the quarterly updates to Committee as required.</p>
<p>Rationale for inclusions and exclusions – This explanation is important, especially if risk ratings or frequency determinations are overridden. Reasons may include change in risk rating, length of time since last audit, change in management, and more.</p> <p><i>Independent member's Opinion/Statement – Rationale for inclusions and exclusions of proposed auditable areas not provided.</i></p>	<p>The rationale for inclusions on the Internal Audit Plan is based on the Internal Audit Risk Assessment process which includes the date of the previous audit review. Reason for inclusion and date last audited will be included on the proposed Quarterly Plan as a trial as stated above.</p> <p>Reasons for excluding audits from the initial operational audit plan are due to risk scores, date last audited, ensuring assurance is obtained across the organisation, availability of other reliable</p>

Column 1 - Independent member's comments – Note these are taken directly from the Developing a Risk Based Internal Audit Plan Supplementary guidance.	Column 2 - Internal Audit Response
	<p>sources of assurance, and total resource available to the Internal Audit team. With over 500 audits in the audit universe, the Chief Internal Auditor does not consider that it would be meaningful to report individually on reasons for exclusions from the operational audit plan, nor an appropriate use of Internal Audit resource to produce such a report. As noted above, where audits are excluded from the operational audit plan, these are reported to Committee.</p> <p>Note that given the move towards dynamic audit planning, frequency is no longer predetermined for many auditable areas in the audit universe, instead, coverage is determined as part of the risk assessment process. However, the Key Assurance Functions and Key Financial Systems are reviewed annually and Maintained Schools every three years. Any deviation from this would be reported to the Committee.</p>
<p>Resource plan – This section identifies the type and quantity of resources that will be needed to execute the plan. The description may include the number of staff required to complete the audit plan (capacity), the number of support staff needed, a summary of the results of the skills assessment, and a plan of action to address skill gaps.</p> <p><i>Independent member's Opinion/Statement - Paragraph 15 on page 260 of the audit pack states: 'The allocated budget resource for 2025/26 is considered adequate to deliver the Internal Audit Charter 2025 and 2025/26 Audit Plan. Audit &amp; Governance Committee are asked to note the budget for the Internal Audit service which has been previously approved by Council as part of the 2025/26 Budget setting and Medium Term Financial Plan update in February 2025.</i></p> <p><i>The internal audit plan confirms that the capacity of the IA unit is sufficient, however does not address the results of the skills assessment or has a plan</i></p>	<p>The Chief Internal Auditor considers that this is undertaken and appropriately reported to Committee. The Chief Internal Auditor's annual report, annual audit plan reports and quarterly reports state the staff resource available together with a statement that the Chief Internal Auditor considers this sufficient.</p> <p>The known specialist ICT audit in-house skills gap has been proactively addressed through external sourcing (circa 10 days) for a number of years, as per the Audit Charter. When staff resources are not considered sufficient, the resultant action plan is reported to Committee, for example, the recruitment of apprentices to address recruitment issues in the Quarterly Report in July 2023.</p>

Column 1 - Independent member's comments – Note these are taken directly from the Developing a Risk Based Internal Audit Plan Supplementary guidance.	Column 2 - Internal Audit Response
<p><i>of action to address skill gaps.</i></p>	
<p>Financial budget requirements – The plan includes a financial budget to cover payroll of internal audit staff, as well as the cost of cosourced and/or outsourced services, tools (i.e., technology), training, and other expenses.</p> <p><u><i>Independent member's Opinion/Statement</i></u> - The plan includes the anticipated staff audit days and a total amount for the IA financial payroll as budgeted. The plan does not make mention of cosourced and/or outsourced services, tools (i.e., technology), training, and other expenses.</p>	<p>The Chief Internal Auditor considers that reporting to Committee for financial budget area is adequate. The latest report states “The BCP Internal Audit Team budgeted cost for 2025/26 is £776,000. This budget is inclusive of all direct costs including supplies and services but does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise).” For clarity, this includes staffing costs (internal and external), ICT and other expenses.</p> <p>Training budgets are managed as part of the Financial Services wide budget and allocated following consideration of business cases.</p> <p>As per the Audit Charter, the Chief Internal Auditor is required to report any resource concerns that may impact upon the delivery of the annual audit opinion to the Chief Financial Officer and to this Committee.</p>
<p>Approval sign-off area – Senior management and the board must approve the plan.</p> <p><u><i>Independent member's Opinion/Statement</i></u> - The plan should be physically signed off by the relevant parties.</p>	<p>Senior Management on a directorate level agree the Internal Audit Plan. The Committee formally approve the Internal Audit Plan through the democratic process annually. There is no requirement for a physical sign-off of the Internal Audit Plan within the GIAS or supplementary guidance.</p> <p>The plan is approved as per the requirements of the GIAS.</p>

## **Options Appraisal**

20. Not required as part of this report.

## **Summary of financial implications**

21. Financial implications of the Internal Audit Plan are reported in a separate report to Committee.

## **Summary of legal implications**

22. Where the Internal Audit Plan is not approved by the Audit & Governance Committee, this risks the Council failing to adhere to Regulation 5 of the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance”.

## **Summary of human resources implications**

23. Human resources implications of the Internal Audit Plan are reported in a separate report to Committee.

## **Summary of sustainability impact**

24. There are no direct sustainability impact implications from this report.

## **Summary of public health implications**

25. There are no public health implications from this report.

## **Summary of equality implications**

26. There are no direct equality implications from this report.

## **Summary of risk assessment**

27. This report ensures compliance with the Global Internal Audit Standards and Application Note for the public sector.

## **Background papers**

Global Internal Audit Standards

CIPFA Application note: Global Internal Audit Standards in the UK Public Sector

IIA IPPF Supplemental Guidance – Developing A Risk Based Internal Audit Plan

## **Appendices**

Appendix 1 – Compliance with GIAS – relevant to audit planning

Appendix 2 – Extract from the Global Internal Audit Standards

## Compliance with GIAS – relevant to audit planning

GIAS Requirements	How BCP Internal Audit Comply
<b>Note – the Internal Audit Charter (as agreed by Audit &amp; Governance Committee) outlines how all the requirements of the GIAS are complied with</b>	
<b>Standard 8.1 Board Interaction</b>	
<b>Requirements</b>	
<p>The chief audit executive must report to the board and senior management:</p> <ul style="list-style-type: none"> <li>• The internal audit plan and budget and subsequent significant revisions to them.</li> </ul>	<p>The Internal Audit Plan is reported to Audit &amp; Governance Committee, annually in January and March/April, and an update, showing all revisions, is taken quarterly.</p>
<b>Essential Conditions</b>	
<b>Board</b>	
<ul style="list-style-type: none"> <li>• Communicate the board's perspective on the organization's strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.</li> </ul>	<p>Consultation with the Audit &amp; Governance Committee is undertaken annually as part of the audit planning process. A&amp;G Committee can, and do, communicate concerns, in response to both Internal Audit reports, regular update reports from other functions or as a result of special reports.</p>
<b>Senior Management</b>	
<ul style="list-style-type: none"> <li>• Communicate senior management's perspective on the organization's strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.</li> </ul>	<p>Senior management are consulted as part of the annual audit planning process.</p>
<b>Standard 9.4 Internal Audit Plan</b>	
<b>Requirements</b>	
<p>The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives.</p>	<p>The Internal Audit Plan is produced annually and updated during the year in response to changing risks. It is based on risks identified from a range of sources* including the Council's Corporate Strategy which articulates the Council's vision and</p>



	<p>ambitions (objectives) and corporate and service risk registers.</p> <p><small>** These can be found in the Audit Charter Appendix E</small></p>
<p>The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.</p>	<p>The annual Internal Audit Planning process considers the Council's strategies, objectives and risks and the audit team's understanding of the governance, risk management and control processes (as shown in Appendix E of the Charter), and is informed by input from senior management and Audit &amp; Governance Committee.</p>
<p>The internal audit plan must:</p> <ul style="list-style-type: none"> <li>• Consider the internal audit mandate and the full range of agreed-to internal audit services.</li> <li>• Specify internal audit services that support the evaluation and improvement of the organization's governance, risk management, and control processes.</li> <li>• Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas.</li> <li>• Identify the necessary human, financial, and technological resources necessary to complete the plan.</li> <li>• Be dynamic and updated timely in response to changes in the organization's business, risks operations, programs, systems, controls, and organizational culture.</li> </ul>	<p>The Internal Audit Plan reflects the mandate agreed as part of the Internal Audit Charter. It includes consideration of the areas identified, however, we have an action to ensure that ethics is more specifically identified as part of the process. Resources required are identified. The plan is updated throughout the year and the resultant changes reported to Audit &amp; Governance Committee quarterly.</p>
<p>The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:</p> <ul style="list-style-type: none"> <li>• The impact of any resource limitations on internal audit coverage.</li> <li>• The rationale for not including an assurance</li> </ul>	<p>Audit plan is reviewed and revised throughout the year and reported to Audit &amp; Governance in the quarterly reports. All points would be included if relevant.</p>

<p>engagement in a high-risk area or activity in the plan.</p> <ul style="list-style-type: none"> <li>• Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.</li> <li>• Limitations on scope or restrictions on access to information.</li> </ul>	
<p>The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board.</p>	<p>All changes to the Internal Audit Plan are agreed with the relevant senior management and reported to Audit &amp; Governance Committee quarterly.</p>

**Extract from the Global Internal Audit Standards - *published by the Institute of Internal Auditors (January 2024)***

## Standard 9.4 Internal Audit Plan

### Requirements

The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives.

The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.

The internal audit plan must:

- Consider the internal audit mandate and the full range of agreed-to internal audit services.
- Specify internal audit services that support the evaluation and improvement of the organization's governance, risk management, and control processes.
- Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas.
- Identify the necessary human, financial, and technological resources necessary to complete the plan.
- Be dynamic and updated timely in response to changes in the organization's business, risks operations, programs, systems, controls, and organizational culture.

The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:

- The impact of any resource limitations on internal audit coverage.
- The rationale for not including an assurance engagement in a high-risk area or activity in the plan.
- Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.
- Limitations on scope or restrictions on access to information.

The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board.

## Considerations for Implementation

This standard requires an organizationwide risk assessment to be completed at least annually as the basis for the plan. However, the chief audit executive should keep continuously apprised of risk information, updating the risk assessment and internal audit plan accordingly. If the organization's environment is dynamic, the internal audit plan may need to be updated as frequently as every six months, quarterly, or even monthly. The size, complexity, and type of changes occurring in the organization relative to the maturity of the organization's governance, risk management, and control processes should be considered when determining the appropriate level of effort to update the risk assessment.

One approach to preparing the internal audit plan is to organize potentially auditable units within the organization into an audit universe to facilitate the identification and assessment of risks. An audit universe is most useful when it is based on an understanding of the organization's objectives and strategic initiatives and aligned with the organization's structure or risk framework. Auditable units may include business units, processes, programs, and systems. The chief audit executive can link those organizational units to key risks in preparation for a comprehensive risk assessment and the identification of assurance coverage throughout the organization. This process enables the chief audit executive to prioritize the risks to be evaluated further during internal audit engagements.

To strive to ensure that the audit universe and risk assessment cover the organization's key risks, the internal audit function should independently review and validate the key risks that were identified within the organization's risk management system. The internal audit function should only rely on management's information about risks if it has concluded that the organization's risk management processes are effective.

To complete the organizationwide risk assessment, the chief audit executive should consider objectives and strategies not just at the broad organizational level but also at the level of specific auditable units. Additionally, the chief audit executive should give due consideration to risks — such as those related to ethics, fraud, information technology, third-party relationships, and noncompliance with regulatory requirements — that may be tied to more than one business unit or process and may require more complex evaluation.

To support this risk assessment, the chief audit executive may gather information from recently completed internal audit engagements as well as discussions with members of the board and senior management. (See also Standards 9.1 Understanding Governance, Risk Management, and Control Processes and 11.3 Communicating Results.) The chief audit executive may implement a methodology for continuously assessing risks. Risks should be considered not only in terms of negative effects and barriers to achieving objectives but also in terms of opportunities that enhance the organization's ability to achieve its objectives.

The chief audit executive should develop a process to identify and assess significant, new, and emerging risks that should be considered for coverage in the audit plan. For example, resource limitations may make it impossible for the internal audit function to assess every risk in the audit universe annually. In such cases, the chief audit executive may need to increase reliance on sources of risk information such as management's risk assessments, meetings with the board and senior management, and the results of previous engagements and other audit work.

To create the internal audit plan, the chief audit executive considers the level of risk identified across each of the auditable units relative to the known level of control effectiveness. Also influencing the internal audit plan are requests made by the board and senior management, the assurance coverage expected throughout the organization, engagements required by laws or regulations, and the internal audit function's ability to rely on the work of other assurance providers. The chief audit executive should plan to reevaluate reliance periodically.

When developing the internal audit plan, the chief audit executive should consider the following:

- Engagements required by laws or regulations.
- Engagements critical to the organization's mission or strategy.
- Areas and activities with significant levels of risk.
- Whether all significant risks have sufficient coverage by assurance providers.
- Advisory and ad hoc requests.
- The time and resources required for each potential engagement.
- Each engagement's potential benefits to the organization, such as the engagement's potential to contribute to the improvement of the organization's governance, risk management, and control processes.

To schedule internal audit engagements, the chief audit executive should consider:

- The organization's operational priorities.
- Schedule of external audit engagements and regulatory reviews.
- Competencies and availability of internal auditors.
- Ability to access the activity under review.

The proposed internal audit plan should include:

- The resources and hours available for engagements compared to other administrative and nonaudit activities or initiatives focused on improving the internal audit function.
- The list of proposed engagements and related analysis, specifying the degree to which the engagements are:
  - Assurance or advisory.
  - Focused on certain departments, units, or objectives of the organization.
  - Predominately addressing financial, compliance, operational, cybersecurity, or other objectives.
- The rationale for selecting each proposed engagement; for example, significance of risk, organizational theme or trend (root cause), regulatory requirement, or time since last engagement.
- General purpose and preliminary scope of each proposed engagement.
- A percentage of hours to be reserved for contingencies and ad hoc requests.
- The next set of engagements that would have been performed if additional resources were available. Discussion regarding these engagements may help the board assess the adequacy of resources available to the internal audit function.

The chief audit executive, the board, and senior management should agree upon the criteria that define the significant changes that require a revision of the audit plan. The agreed-upon criteria and protocol should be incorporated into the internal audit function's methodologies. Examples of significant changes include canceling or postponing engagements related to significant risks or critical strategic objectives. If risks arise that necessitate revisions to the plan before a formal discussion with the board can be scheduled, the board should be informed of the changes immediately, and a formal approval should occur as soon as possible.

## Examples of Evidence of Conformance

- Approved internal audit plan.
- Documented risk assessment and prioritization, including the inputs upon which the plan is based.
- Minutes of meetings in which the chief audit executive discussed with the board and senior management the audit universe, organizationwide risk assessment, internal audit plan, and the criteria and protocol for handling significant changes to the plan.
- Notes documenting discussions to gather information to inform the organizationwide risk assessment and internal audit plan.
- Documented list of those to whom the internal audit plan was distributed.
- Documented methodologies for organizationwide risk assessment and protocol for handling significant changes.

## AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>Internal Audit - Audit Plan 2025/26</b>
Meeting date	29 May 2025
Status	Public Report
Executive summary	<p>This report was originally brought to Audit &amp; Governance Committee on 20 March 2025. Following queries raised at the Committee, a separate report has been brought to this Committee. The report below is an updated version of the March report.</p> <p>To comply with the Global Internal Audit Standards (GIAS), and the Application Note / CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, this report outlines the BCP Assurance Framework and the Internal Audit Plan for 2025/26.</p> <p>The final Internal Audit Plan for 2025/26 has been produced. Completion of the plan will enable the Head of Audit &amp; Management Assurance to provide an annual conclusion on the Councils' governance, risk management and control arrangements.</p> <p>The allocated budget resource for 2025/26 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2025/26.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"> <li>• <b>approve the Internal Audit Plan 2025/26 including the detailed breakdown of quarter 1 audits</b></li> <li>• <b>note the 2025/26 budget for the Internal Audit service, which was approved by Council as part of the 2025/26 Council Budget setting and Medium Term Financial Plan update in February 2025</b></li> </ul>
Reason for recommendations	<p>To comply with Global Internal Audit Standards and Application Note / CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government through the production and approval by the Audit &amp; Governance Committee of the Internal Audit Plan and BCP Assurance Framework.</p>



Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a>
Wards	Council-wide
Classification	For Decision and Information

## Background

1. Auditors working in the UK public sector must follow the requirements of the Global Internal Audit Standards (GIAS) subject to the interpretations and additional requirements set out in the Application Note which both came into effect from the 1 April 2025.
2. The standards include 'essential conditions' for the governance of internal audit which are provided in CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government which also came into effect from the 1 April 2025.
3. The GIAS and supporting guidance require Internal Audit to create and revise as necessary an Internal Audit Plan. The plan should also be approved by the Audit & Governance Committee and the Internal Audit service budget (as previously approved by Council) should be noted.
4. This report was originally brought to Audit & Governance Committee on 10 March 2025. Following queries raised at the Committee, a separate report has been brought to this Committee. This report is an updated version of the March report; the two key changes are reference to the Assurance Framework has been removed as this was agreed at the last Committee, and the Quarter 1 proposed audits (Appendix B) has been updated with additional information.

## Internal Audit Plan 2025/26

5. The Internal Audit Plan 2025/26 (high level allocation of resource and delivery approach) is unchanged from that presented to the Audit & Governance Committee on the 27 January 2024 and reproduced below, with comparison to the 2024/25 Audit Plan:



AUDIT ACTIVITY	2024/25 PLAN DAYS	2025/26 PLAN DAYS	Difference (Days)	Difference (Reason)
<b>CORE AUDIT &amp; ASSURANCE WORK</b>				
HIGH LEVEL RISKS	740	860	+120	Additional resource from Council Tax SPD project transfer and reduction in apprentice training
KEY FINANCIAL SYSTEMS	160	160		
KEY ASSURANCE FUNCTIONS	195	195		
COUNTER FRAUD RISKS	160	180	+20	
SCHOOLS	50	50		
PLANNING, ADVICE, FOLLOW UP	270	270		
<b>TOTAL</b>	<b>1,575</b>	<b>1,715</b>	<b>+140</b>	
<b>OTHER AUDIT WORK</b>				
INVESTIGATIONS	100	100		No change
CONTINGENCY WORK	20	20		
GRANT CERTIFICATION WORK	45	45		
FINANCIAL REGULATIONS COMPLIANCE	20	20		
BCP TRANSFORMATION & EFFICIENCY	35	35		
<b>TOTAL</b>	<b>220</b>	<b>220</b>	<b>-</b>	
<b>CORPORATE ASSURANCE WORK</b>				
CORPORATE FRAUD	260	125	-135	Transfer of council tax single person discounts review project to revenues service
FREE EARLY EDUCATION FUNDING AUDITS	50	50		
OTHER CORPORATE ASSURANCE WORK	30	30		
<b>TOTAL</b>	<b>340</b>	<b>205</b>	<b>-135</b>	
<b>GOVERNANCE WORK</b>				
CORPORATE MANAGEMENT & LIAISON	70	70		No change
MEMBER LIAISON	65	65		
AGS (Annual Governance Statement)	75	75		
<b>TOTAL</b>	<b>210</b>	<b>210</b>	<b>-</b>	
<b>IA SERVICE MANAGEMENT WORK</b>				
MANAGEMENT & MEETINGS	285	280	-5	Staff FTE reduction during year
AUDIT DEVELOPMENT	80	80		
PERFORMANCE MANAGEMENT	45	45		
<b>TOTAL</b>	<b>410</b>	<b>405</b>	<b>-5</b>	
<b>NON-PRODUCTIVE TIME</b>				
LEAVE	535	520	-15	Less bank holidays & staff reduction during year.
SICK/DOWNTIME	55	55		
TRAINING & CPD	320	200	-120	Apprentice training completed during year.
<b>TOTAL</b>	<b>910</b>	<b>775</b>	<b>-135</b>	
<b>TOTAL DAYS</b>	<b>3,665</b>	<b>3,530</b>	<b>-135</b>	<b>Staff FTE reduction during year</b>

6. The 'Core Audit & Assurance Work' (1,715 days) is detailed further at Appendix A and shows all planned work across each individual Service Area.
7. A further breakdown of the audits that are planned to be carried out in quarter 1 of 2025/26 is shown at Appendix B. Following the queries raised at the March Committee, additional information has been included (IA Risk Score, Reason for Inclusion, Link to Corporate / Service Risks, Link to Corporate Strategy) have been included. Committee are asked to consider whether this information is of benefit to them.
8. Internal Audit have updated the Anti-Fraud & Corruption Work Plan (see Appendix C) which outlines planned work to prevent, detect and investigate fraud and corruption during 2025/26.
9. Consultation is being finalised with Corporate and Service Directors and External Audit on the Audit Plan.
10. The proposed work in the 2025/26 Audit Plan has been designed to enable the Head of Internal Audit to provide an annual conclusion on the Council's governance, risk management and control arrangements. The Audit Plan has been designed with flexibility in mind to accommodate any changes in BCP services that may occur throughout the organisation.
11. Monitoring of the Audit Plan completion and any changes will be brought to this committee on a quarterly basis. Audit & Governance Committee are asked to agree the proposed 2025/26 Audit Plan.

### **Options Appraisal**

12. An options appraisal is not applicable for this report.

### **Summary of financial implications**

13. The BCP Internal Audit Team budgeted cost for 2025/26 is £776,000. This budget is inclusive of all direct costs including supplies and services but does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). These numbers are also inclusive of the Head of Audit & Management Assurance who manages other teams.
14. The allocated budget resource for 2025/26 is considered adequate to deliver the Internal Audit Charter 2025 and 2025/26 Audit Plan. Audit & Governance Committee are asked to note the budget for the Internal Audit service which has been previously approved by Council as part of the 2025/26 Budget setting and Medium Term Financial Plan update in February 2025.

### **Summary of legal implications**

15. This report gives an opinion on the adequacy and effectiveness of the risk, control and governance systems in place.

### **Summary of human resources implications**

16. There are 13.8 full-time equivalent (FTE) Internal Audit staff members planned to be employed as part of the 2025/26 Audit Plan inclusive of the Head of Audit & Management Assurance. It is the opinion of the Chief Internal Auditor that these resources are sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.
17. This represents a decrease of 0.55 FTE from 2024/25 resulting from a planned minor restructure of the team resulting in a decrease in audit apprentice positions from three to two during the year, which will be offset by the addition of two new career auditor roles.
18. As previously reported, one of the Audit Managers left the Council during May. A recruitment process is underway to appoint a replacement. An update on this and any implications for the delivery of the audit plan will be brought to the July Committee.

### **Summary of sustainability impact**

19. There are no direct sustainability impact implications from this report.

**Summary of public health implications**

20. There are no direct public health implications from this report.

**Summary of equality implications**

21. There are no direct equality implications from this report.

**Summary of risk assessment**

22. The risk implications are set out in the content of this report.

**Background papers**

None

**Appendices**

Appendix A- Core Audit Plan 2025/26

Appendix B - Audits Planned for Quarter 1

Appendix C - Anti-Fraud & Corruption Work Plan 2025/26

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2025/26 BCP Core Audit Plan																					
Audit		(Lead) Area	Wellbeing				Children's Services			Operations					Resources					2024/25 Total Days	2025/26 Total Days
			Adult Social Care	Adult Social Care Commissioning	Housing & Public Protection	Public Health & Communities	Safeguarding, Early Help & Corporate Parenting	Quality, Improvement, Governance & Commissioning	Education & Skills	Planning & Transport	Commercial Operations	Customer & Property Operations	Investment & Development	Environment	IT & Programmes	People & Culture	Finance	Law & Governance	Marketing, Comms & Policy		
Key Assurance Functions (core functions)	Asset Management (Estate Management)	Finance															10			20	10
	Asset Management (Facilities Management)	Customer & Property Ops									20									20	20
	Business Continuity	Finance															15			10	15
	Business Planning & Performance Management	Marketing, Comms & Policy																10		10	10
	Financial Management	Finance															10			10	10
	Health & Safety	Finance															15			10	15
	Fire Safety	Customer & Property Ops									20									5	20
	Human Resources	People & Culture														10				10	10
	ICT	IT & Programmes													10					10	10
	Information Governance	Law & Governance																10		10	10
	Procurement	Finance															15			20	15
	Project & Programme Management	IT & Programmes													10					10	10
	Risk Management	Finance															10			10	10
	Safeguarding	Adult Social Care	10																	10	10
	Sustainable Environment	Marketing, Comms & Policy																	10	20	10
	Partnerships	Marketing, Comms & Policy																	10	10	10
Total			10	0	0	0	0	0	0	0	0	40	0	0	20	10	75	10	30	195	195
Key Financial Systems (CGL)	Council Tax	Finance															10			15	10
	NDR	Finance															10			15	10
	Housing Benefit & Council Tax Reduction Scheme	Finance															10			15	10
	Debtors	Finance															25			30	25
	Main Accounting System	Finance															25			10	25
	Social Services Financial Assessments	Finance															20			10	20
	Creditors	Finance															5			20	5
	Payroll	People & Culture															35			10	35
	Treasury Management	Finance															15			10	15
	Housing Rents	Housing & Public Protection			5															25	5
	Total			0	0	5	0	0	0	0	0	0	0	0	0	0	155	0	0	160	160
High Level Risks	Corporate\Service Risk Register & other risks	-	60	60	50	35	45	60	25	35	40	35	35	35	55	0	0	25	15	555	610
	Key Assurance Functions (service compliance reviews)	-	15	15	15	15	10	10	10	15	15	15	15	15	30	20	10	15	10	185	250
	Total			75	75	65	50	55	70	35	50	55	50	50	50	85	20	10	40	25	740
Schools	Schools	Education & Skills							50											50	50
Counter Fraud	Corporate Work (inc. NFI)	Finance															60				60
	Contract Payments	All Services	0	4	2	0	0	4	0	2	2	1	1	2	2	1	2	1	1		25
	Direct Payments	Adult Social Care	15																		15
	Right to Buy	Housing & Public Protection			15																15
	Blue Badges	Cust & Prop / Plan & Trans								5		10									15
	Concessionary Travel	Planning & Transport								15											15
	Moveable Assets	All Services	1	1	1	1	2	2	1	4	1	1	1	4	1	1	1	1	1		25
	Cash Income	Commercial Operations									10										10
	Total			16	5	18	1	2	6	1	26	13	12	2	6	3	2	63	2	2	160
Other	Planning, Advice, Follow Ups	-	20	20	15	10	15	15	15	10	20	20	15	20	25	10	25	10	5	270	270
Total	Total Days 2024/25		122	111	119	25	95	88	85	80	65	84	54	82	88	57	311	47	62	1575	
	Total Days 2025/26		121	100	103	61	72	91	101	86	88	122	67	76	133	42	328	62	62		1715
	Overall Total Days 2025/26		385				264			439					627						

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## 2025/26 BCP INTERNAL AUDIT PLAN

### QUARTER 1 AUDITS PLANNED (provisional)

Service Area	Audit	IA Risk Score	Reason for Inclusion	Date last audited	Link to Risk Register/s Corporate (CRR) / Service Risk/s (SRR) / Fraud (FRR)	Link to Corporate Strategy
WELLBEING						
Adult Social Care	Deprivation of Liberty Safeguards	High	Ensuring safeguarding of individuals, compliance with legislation.	Legacy Council (Bournemouth 2018)	SRR - Unable to meet statutory obligations and deliver good outcomes for people due to long waiting times for assessments and reviews (H)  SRR - Failure to ensure the quality standard of adult social care provision (H)	<b>Our people and communities</b>  <u>Ambition:</u> High quality of life for all, where people can be active, healthy and independent.  <u>Focus Area:</u> Support people to live independent, fulfilled lives, staying healthier for longer.
Housing & Public Protection	Leaseholder Charges	High	Recent Tribunal ruling effecting Leaseholder Charges, financial risks.	Legacy Council (Bournemouth 2016)	SR - Failure to collect cost from Leaseholders (M)	<b>Our people and communities</b>  <u>Ambition:</u> Good quality homes are accessible, sustainable and affordable for all. <u>Focus Area:</u> More high quality, affordable and sustainable homes to meet residents' needs.
Housing & Public Protection	Food Safety Regulatory Compliance	High	Ensuring public safety and compliance of Food Safety Standards.	2020/21	SR - Reduction in Food Safety resource (M)	<b>Our people and communities</b> <u>Ambition:</u> High quality of life for all, where people can be active, healthy and independent. <u>Focus Area:</u> Work with partners to improve residents' health and wellbeing outcomes and reduce health inequalities.
CHILDREN'S SERVICES						
Education & Skills	The Priory Primary School	Medium	To ensure adequate financial Management at maintained schools.	2022/23	CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate	<b>Our people and communities</b> <u>Ambition:</u> Skills are continually developed, and people can access lifelong learning.

## APPENDIX B

Service Area	Audit	IA Risk Score	Reason for Inclusion	Date last audited	Link to Risk Register/s Corporate (CRR) / Service Risk/s (SRR) / Fraud (FRR)	Link to Corporate Strategy
					safeguarding (H)	<u>Focus Area</u> : All children and young people have access to education, skills and employment opportunities.
Education & Skills	St Joseph's Primary School	Medium	To ensure adequate financial Management at maintained schools.	2022/23	CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding (H)	<b>Our people and communities</b> <u>Ambition</u> : Skills are continually developed, and people can access lifelong learning. <u>Focus Area</u> : All children and young people have access to education, skills and employment opportunities.
Quality, Improvement, Governance & Commissioning	Quality Assurance Framework	High	To ensure robust governance framework in place – to maintain and support continued improvement in Children's Services.	2022/23	CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding (H)	<b>Our people and communities</b> <u>Ambition</u> : Those who need support receive it when and where they need it. <u>Focus Area</u> : All children and young people have the best opportunities in life and are supported to flourish and grow.
OPERATIONS						
Customer & Property Operations	Corporate Buildings Fire Safety (KAF)	High	Annual KAF. Recent amalgamation of arrangements for corporate & HRA buildings. Audit to include new governance arrangements and statutory compliance. Partial audit report for Fire Safety in Children's Services has potential wider implications.	2024/25 (follow up)	SRR - Potential failure in the health and safety and fire safety arrangements protecting staff, councillors and the public/visitors/contractors. (M)  H&S/Fire RR – various, including: Lack of appointed and trained Local Fire Safety Coordinator (M); Failure to secure vacant properties to prevent trespass or fire risk (H); Lithium-ion batteries & electric-powered vehicles (H), Support & advice available to schools where BCP Council is the employer of management of building hazards	Underpins delivery of Corporate Strategy.



## APPENDIX B

Service Area	Audit	IA Risk Score	Reason for Inclusion	Date last audited	Link to Risk Register/s Corporate (CRR) / Service Risk/s (SRR) / Fraud (FRR)	Link to Corporate Strategy
Customer & Property Operations	Blue Badges (Counter Fraud)	Medium	Part of Council's commitment to deterrence, prevention & detection of fraud.	2021/22	Fraud RR - Use of a counterfeit / stolen / deceased / fraudulently obtained Blue Badge (M)	<b>Our place and environment</b> <u>Ambition:</u> People and places are connected by sustainable and modern infrastructure. <u>Focus Area:</u> Provide a safe, accessible, sustainable and convenient transport network that meets the needs of all residents.
Planning & Transport	Concessionary Travel (Counter Fraud)	Medium	Part of Council's commitment to deterrence, prevention & detection of fraud. New combined travel pass process. Cases of fraudulent use identified.	2020/21	Fraud RR - Gaining access to Concessionary travel using false or omitted information / fraudulent use of permit	<b>Our place and environment</b> <u>Ambition:</u> People and places are connected by sustainable and modern infrastructure. <u>Focus Area:</u> Provide a safe, accessible, sustainable and convenient transport network that meets the needs of all residents
Environment	Passenger Transport Operations	High	Reviewing Financial Management, governance arrangements and links with other Service Directorates. Previous breach of Financial Regulations (c.£10m).	2022/23	SR - Home to School Transport. This service is inherently risky in that the Council has a duty of care to ensure that young people with a statutory entitlement (including those with additional vulnerability due to SEND) are transported to and from school safely and ready to learn (H), Home to Day Opportunities / Social Care Transport. This service is inherently risky because the Council has a duty of care to transport members of society vulnerable due to age, disability mental or physical, financial or other reasons on socially necessary journeys (H), The future of and equitable access to Community Transport in BCP. A service review is necessary to ensure a consistent offer is retained across BCP (H), Delay to the project to replace Passenger Transport KL2 software (H)	<b>Our people and communities</b> <u>Ambition:</u> Those who need support receive it when and where they need it. <u>Focus Area:</u> Enhance social care and support arrangements, increasing understanding and reducing inequalities for those receiving care.

# APPENDIX B

Service Area	Audit	IA Risk Score	Reason for Inclusion	Date last audited	Link to Risk Register/s Corporate (CRR) / Service Risk/s (SRR) / Fraud (FRR)	Link to Corporate Strategy
RESOURCES						
Finance	Financial Assessment (KFS)	High	Annual KAF to ensure robust financial controls in operation.  Significant risk due to high level of costs associated with Social Care.	2024/25	SRR – Failure to prevent, detect and recover fraud / error (M)  SRR – Financial Services Systems Failures (M)  SRR - Weakness in Key Financial Systems (Failure of the CFO to understand weaknesses in Key Financial Systems) (M)	Underpins delivery of Corporate Strategy.
Finance	Housing Benefit & Council Tax Reduction (KFS)	High	Annual KAF to ensure robust financial controls in operation.  New system in operation.	2024/25	SRR – Failure to prevent, detect and recover fraud / error (M)  SRR – Financial Services Systems Failures (M)  SRR - Weakness in Key Financial Systems (Failure of the CFO to understand weaknesses in Key Financial Systems) (M)	Underpins delivery of Corporate Strategy.
Finance\IT and Programmes	BACS Bureau	High	Key system for processing payments which has not been reviewed for some time.  Potential to cause significant financial losses if not operating effectively.	Legacy Council	CR09 – Failure to maintain a balanced budget FRR – Access to key systems, theft and fraudulent payments SRR – Cyber Crime...illegal activities conducted using computers or networks...	<b>Our Approach</b> Using data, insights and feedback to shape services and solutions.
IT and Programmes	Licensing	High	Significant cost of licensing in key systems, management of access to key systems through granting of licenses.	Legacy Council	CR09 – Failure to maintain a balanced budget FRR – Theft, access to key systems SRR – Cyber Security risks of licenses not correctly allocated.	<b>Our Approach</b> Using data, insights and feedback to shape services and solutions.
IT and Programmes	IT Equipment Asset Management	High	Significant cost of IT equipment and	2022/23	CR09 – Failure to maintain a balanced budget	<b>Our Approach</b> Using data, insights and

## APPENDIX B

Service Area	Audit	IA Risk Score	Reason for Inclusion	Date last audited	Link to Risk Register/s Corporate (CRR) / Service Risk/s (SRR) / Fraud (FRR)	Link to Corporate Strategy
	(KAF)		management of valuable assets that have been subject to theft in the past. Previous 'partial' audit opinion.		FRR – Theft of portable and valuable equipment. SRR – Cyber Crime (including theft of assets)...illegal activities...encompassing theft of BCP owned IT (inc. laptops)	feedback to shape services and solutions.
Marketing, Comms & Policy	Social Media Management	High	Key communication platform for the Council which, if not used correctly, can bring significant reputational damage to the Council.	New audit area	CR04 – Risk of Cyber attack  SRR – Cyber Security risk if access was to be gained to social media systems which the Council has active. Significant potential reputational damage.	<b>Our Approach</b> Using data, insights and feedback to shape services and solutions.

**Key:** KAF – Key Assurance Function, KFS – Key Financial System

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INTERNAL AUDIT  
**ANTI-FRAUD & CORRUPTION AUDIT PLAN**  
2025/26

Author: Simon Milne, Audit Manager Deputy CIA  
Version: March 2025 v2025  
Review Date: Annual, next due March 2026

## **Background**

The Council's overall arrangements for preventing, detecting and investigating fraud and corruption are regularly reviewed and assessed by Internal Audit. The Council's approach for countering fraud and corruption is set out in the Anti-Fraud and Corruption Policy which also highlights relevant legislation, details roles and responsibilities of officers & councillors and also provides detailed guidance for officers and managers.

In addition, the following relevant key policies are in place within the Council: Whistle-Blowing Policy; Declarations of Interests, Gifts and Hospitality Policy; Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy; Financial Regulations; Employee/Member Codes of Conduct.

## **Introduction**

Managing the risk of fraud and corruption is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Nevertheless, Internal Audit has a key role to play in the prevention, detection, and investigation of fraud and corruption.

Internal Audit maintains the Council's Corporate Fraud Risk Register and ensures any high scoring risks are considered for inclusion in individual service risk registers.

The Corporate Fraud Risk Register is used to identify key Council fraud and corruption risks and to allow Internal Audit to allocate its resource and regularly review these key risks as part of the annual audit plan.

This Anti-Fraud and Corruption Audit Plan provides the allocation of Internal Audit resource for tackling fraud and corruption against the Council. It covers the activities of the Council that are considered to be the most likely to be subjected to fraud in some form, either from within the organisation or from external sources.

## **2025/26 Annual Fraud Risk Assessment**

The audit of fraud and corruption is an important feature of the Audit Plan and comprises of three main elements:

- An assessment of all or part of the Council's overall arrangements for preventing and detecting fraud and corruption;
- Ensuring counter-fraud and corruption work is incorporated within planned audits across directorates (e.g. payroll, creditors);
- Reviewing and testing specific risk areas that are not covered by planned audits.

Time has been allocated in the 2025-26 Audit Plan to carry out proactive prevention and detection work on fraud and corruption, including the specific risk areas not covered by planned audits. This time also includes work on the co-ordination of the National Fraud Initiative (NFI) data matching exercise.

The 2025-26 Audit Plan has also allocated days to undertake investigative work to be carried out if fraud or corruption is suspected or detected.

## **Corporate Fraud Work**

Fraud checks on Council housing services (Right to Buy) will be carried out by the Corporate Fraud Specialist within Internal Audit, as well as providing specialist support for Blue Badge and housing tenancy fraud.

<b>ANTI-FRAUD AND CORRUPTION WORK PLAN 2025/26</b>				
REF	PLANNED ACTIVITY	Core Audit DAYS	Investigation DAYS	Corporate Fraud DAYS
	<b>STRATEGIC</b>			
1.1	<b>Review of Best Practice</b> – against CIPFA & other guidance	1		5
1.2	<b>Corporate Fraud Risk Assessment</b> – review and update	2		
1.3	<b>Counter Fraud Case Management System</b> – review system	5		
	<b>CULTURE &amp; DETERRENCE</b>			
2.1	<b>Issue fraud alerts</b> - review types of frauds occurring & inform officers\managers	3		
2.2	<b>E-learning</b> - review completion of fraud awareness e-learning module	1		
2.3	<b>Counter Fraud Policies</b> - annual review	2		
2.4	<b>Staff Declarations of Interests, Gifts &amp; Hospitality</b> – review system	5		
2.5	<b>Staff Training</b> – carry out targeted fraud awareness training	2		10
	<b>PREVENTION &amp; DETECTION</b>			
4.1	<b>Proactive analytical fraud detective work</b>			
4.2	Contract Payments (all services)	25		
4.3	Direct Payments (Adults)	15		
4.4	Right to Buy (Housing)	15		
4.5	Blue Badges (Customer & Property Ops, Planning & Transport)	15		
4.6	Concessionary Travel (Planning & Transport)	15		
4.7	Moveable Assets (all services)	25		
4.8	Cash income (Commercial Services)	10		
4.9	Data-matching and investigation (including NFI)	35		25
4.10	Corporate Fraud Work - Housing Allocation\Tenancy\Right to Buy\ Blue Badges. (includes pro-active work)			50
	<b>INVESTIGATION</b>			
5.1	Counter Fraud Work - responding to suspected irregularities		100	30
	<b>SANCTION/REDRESS</b>			
6.1	<b>Regular review</b> of internal audit investigation log to confirm that sanctions applied are consistent and in accordance with policy	1		
6.2	<b>Prosecution\Penalties</b> for external fraud e.g. Housing Tenancy			5
	<b>DEFINING SUCCESS</b>			
7.1	<b>2026-27 Counter Fraud Plan</b> – prepare and complete	2		
7.2	<b>Annual Report to Audit &amp; Governance Committee</b> – production	1		
	TOTAL ALLOCATED DAYS 2025/26	180	100	125
	<b>GRAND TOTAL ANTI-FRAUD &amp; CORRUPTION DAYS</b>	<b>405</b>		

## KEY FRAUD RISK AREAS (FROM CORPORATE FRAUD RISK REGISTER)

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 25/26
<b>Cybercrime</b> Illegal activities conducted using computers or networks, encompassing hacking, fraud, identity theft, and other malicious actions online	12	<ul style="list-style-type: none"> <li>- BCP cyber security audit review 2021/22</li> <li>- Network security audit review 2023/24</li> <li>- 3<sup>rd</sup> Party access audit review 2024/25</li> </ul>	-
<b>Mandate Fraud</b> Fraudulent attempt to change bank account details for a supplier	12	<ul style="list-style-type: none"> <li>- Annual Creditors audits</li> <li>- Bank mandate specific audit review 2024/25</li> </ul>	-
<b>Contract Fraud</b> Unfair award of contract to a supplier / incorrect payment made to suppliers	12	<ul style="list-style-type: none"> <li>- BCP contract award audit review 2023/24 and 2024/25</li> </ul>	Review & test contract payments to suppliers
<b>Income</b> Money due to the Council is intercepted	9	<ul style="list-style-type: none"> <li>- 2024/25 BCP cash income checks carried out</li> </ul>	Review cash income collection processes in Commercial Services
<b>Council Tax Discount Fraud</b> Council Tax Discount claimed despite not being eligible thus undermining Council Tax income and budget situation	9	<ul style="list-style-type: none"> <li>- Annual Council Tax audits</li> <li>- NFI Council Tax Single Persons Discount annual review</li> </ul>	-
<b>Financial Assessments</b> Financial circumstances are not accurately disclosed, resulting in incorrect contribution calculation	9	<ul style="list-style-type: none"> <li>- Annual Key Financial System reviews</li> </ul>	Corporate Fraud work on fraud referrals
<b>Residential Care / Homecare Payments</b> Residential care payments made when either the client does not exist, or no notification was made of deceased resident	9	<ul style="list-style-type: none"> <li>- Annual Key Financial System reviews</li> <li>- Reviewed payments to residential and homecare clients 2024/25</li> </ul>	-
<b>Direct Payments (Adult &amp; Children)</b> Direct payments are not spent as per care plan activities	9	<ul style="list-style-type: none"> <li>- Adults audit review 2021/22/23</li> <li>- Children's audit review 2024/25</li> </ul>	Review direct payment expenditure controls for Adults
<b>Housing Tenancy</b> Incorrect declaration of circumstances leading to Council property being obtained / Council property is illegally sub-let / Council property is not lived in by tenant	9	<ul style="list-style-type: none"> <li>- BCP audit review 2023/24</li> </ul>	Corporate Fraud support work NFI data matching work
<b>Planning Applications</b> Incorrect information given in order to wrongfully obtain planning permission	9	<ul style="list-style-type: none"> <li>- BCP audit review 2024/25</li> </ul>	-
<b>Housing Right to Buy</b> Obtaining discount and property by providing false records of circumstances	9	<ul style="list-style-type: none"> <li>- BCP audit review 2022/23</li> </ul>	Review Right to Buy new combined process Corporate Fraud work on applications
<b>Recruitment</b> Individual wrongfully obtaining employment using false information	9	<ul style="list-style-type: none"> <li>- BCP audit review 2024/25</li> </ul>	-
<b>Creditor Payments</b> Creditor payments made to incorrect supplier	8	<ul style="list-style-type: none"> <li>- Annual Creditors audits</li> <li>- 21/22 duplicate payments review carried out</li> <li>- NFI biennial exercise (last Jan 2025)</li> </ul>	-



Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 25/26
<b>Treasury Management Payments</b> Fraudulent bank transfer payments made disguised as genuine treasury management transactions	8	- BCP audit review 2023/24	-
<b>Schools</b> Creditor payments, expense payments, funding payments and payroll	6	- Ongoing school audits	-
<b>Council Tax Reduction Scheme (CTRS)</b> Submitting false information in order to wrongfully gain CTRS	6	- Annual Housing Benefit audit - NOTE BCP Revs responsibility	-
<b>Business Rates</b> Incorrect declaration of circumstances leading to incorrect rates being charged	6	- Annual NDR Key Financial System audits - Small Business Relief data matching work 2019/20 - NOTE BCP Revs responsibility	-
<b>Blue Badge</b> Use of a counterfeit / stolen / deceased / fraudulently obtained Blue Badge	6	- BCP audit review 2021/22	Review arrangements in place Corporate Fraud support work
<b>Theft of Assets</b> Assets and / or data stolen / used for personal use	6	- Asset Management Key Assurance Function service reviews	Review moveable asset fraud risks & controls across BCP Council
<b>Procurement Cards</b> Fraudulent use of procurement card such as personal use	4	- BCP Counter Fraud Review 2020/21 - BCP audit review 2024/25	-
<b>Concessionary Travel</b> Gaining access to Concessionary travel using false or omitted information / fraudulent use of permit	4	- BCP audit review 2020/21 - NFI biennial match to deceased process	Review new travel pass combined process Corporate Fraud support work
<b>Grant Award</b> False payment of grants to private individuals, companies, charities / misuse of grant funding	4	- Includes COVID grant awards – Internal Audit assurance work carried out 2020/21/22 - BCP Grant Award audit review 2022/23	-
<b>Employee False Claims</b> Inappropriate employee claims for expenses and / or time	4	- BCP Counter Fraud Review 2020/21 & 2023/24 (expenses only) - Payroll Key Financial System audits	-
<b>Licences</b> Obtaining licence through provision of false information	4	- Covered with Identity Fraud audit review 2022/23	-
<b>Debt Collection</b> Debts written off / reduced incorrectly (intentional)	4	- Annual Debtors audit	-
<b>Serious and Organised Crime</b> Council fails to prevent serious and organised crime	4	- BCP audit review 2021/22	-
<b>False Applications/Identity Fraud</b> Somebody uses someone else's identification / personal data to gain services / funds to which they would not otherwise be entitled	4	- BCP audit review 2022/23	-
<b>False Insurance Claims</b> Fraudulent insurance claim paid by the Council	3	- BCP Insurance audit review 2020/21	-
<b>Payroll Fraud</b> Payments made when the employee does not exist	2	- Annual payroll audits	-

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 25/26
<b>Schools Allocations</b> Submission of false information to gain a place at a preferred school	2	- School Admission arrangements reviewed 2023/24	-
<b>Recourse to Public Funds</b> Persons gaining access to services/funds to which they are not entitled through false or omitted information	2	- BCP audit review 2020/21	-
<b>Local Welfare Assistance Fund</b> Falsely claiming entitlement to crisis payment financial assistance	2	- BCP audit review 2020/21	-
<b>Sham Marriages</b> Council allows a marriage to proceed without carrying out adequate checks	2	- BCP audit review 2021/22	-
<b>Policy Compliance</b>			
<b>Criminal Finances Act</b>	4	- BCP audit review 2022/23	-
<b>Anti-Money Laundering</b>	4	- BCP audit review 2022/23	-
<b>Anti-Bribery &amp; Corruption</b>	4	- BCP audit review 2023/24	-
<b>Regulation of Investigatory Powers Act and Investigatory Powers Act</b>	4	- BCP audit review 2023/24	-
<b>Employee Declaration of Interests</b>	4	- BCP audit review 2020/21 - Annual review of senior officer form completion	Review of corporate system
<b>Councillor Declaration of Interests</b>	4	- BCP audit review 2022/23	-