

# AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>Internal Audit - 3rd Quarter, 2024/25, Audit Plan Update</b>
Meeting date	27 January 2025
Status	Public Report
Executive summary	<p>This report details progress made on delivery of the 2024/25 Audit Plan for the 3<sup>rd</sup> quarter (October to December 2024 inclusive). The report highlights that:</p> <ul style="list-style-type: none"> <li>• 14 audit assignments have been finalised, including 11 'Reasonable' and 3 'Partial' audit opinions;</li> <li>• 25 audit assignments are in progress, including 3 at draft report stage;</li> <li>• Progress against the audit plan is on track and will be materially delivered to support the Chief Internal Auditor's annual audit opinion;</li> <li>• Total additional council tax yield of £654,042 has resulted, to date, from the Single Person Discount pilot project;</li> <li>• 8 'High' priority audit recommendations have not been fully implemented by the original target date. Explanations from respective services have been provided and revised target dates have been agreed.</li> </ul>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>a) Note progress made and issues arising on the delivery of the 2024/25 Internal Audit Plan.</b></p> <p><b>b) Note the explanations provided (Appendix 1) and determine, in the case of the High Priority Recommendations highlighted, if further explanation and assurance from the Service / Corporate Director is required.</b></p>
Reason for recommendations	<p>To communicate progress on the delivery of the 2024/25 Internal Audit Plan.</p> <p>To ensure Audit &amp; Governance Committee are fully informed of the significant issues arising from the work of Internal Audit during the quarter.</p>
Portfolio Holder(s):	Cllr Mike Cox, Finance

Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide
Classification	For Information

## Background

1. This report details Internal Audit's progress against the 2024/25 Audit Plan for the period October to December 2024 inclusive ("Quarter 3") and reports the audit opinion of the assignments completed during this period.
2. The report also provides an update on significant issues arising and implementation of internal audit recommendations by management (as at January 2025).

### Delivery of 2024/25 Internal Audit Plan – Quarter 3

3. 14 audit assignments (including 2 joint reports) have been **finalised in this quarter** as outlined below:

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
1	Customer & Property	<b>Facilities Management (Corporate Assets) 2023/24/25</b> <ul style="list-style-type: none"> <li>➤ Review of arrangements for high priority compliance areas (asbestos, gas safety, electrical safety, water hygiene, lifts) relating to corporate (non-HRA) buildings including: <ul style="list-style-type: none"> <li>• Roles, responsibilities, qualifications and training</li> <li>• Policies and procedures</li> <li>• Planning and resource allocation</li> <li>• Record keeping</li> <li>• Oversight, reporting and scrutiny</li> </ul> </li> </ul>	Partial	3	10	0
2	Children's Services	<b>Workforce Development – Training</b> <ul style="list-style-type: none"> <li>➤ Induction - the arrangement for ensuring corporate and service induction processes are completed by all new staff, both directly employed and those engaged via agencies.</li> <li>➤ Mandatory Training - the arrangements for ensuring all staff complete the expected mandatory training, including the monitoring and oversight of completion, and the methods of performance management to address areas of concern.</li> <li>➤ Professional Qualifications and Continuous Professional Development (CPD) - the arrangements for ensuring that all necessary professional qualifications for staff and their upkeep via CPD are subject to effective recording and monitoring.</li> </ul>	Reasonable	0	5	1
3	Finance	<b>Cash Income (All Services) –</b> to ensure that: <ul style="list-style-type: none"> <li>➤ income is adequately recorded at the point of collection.</li> <li>➤ expected income records are reconciled to income banked.</li> <li>➤ that income is securely stored and banked promptly</li> </ul> for Libraries, Russell Cotes, Upton Country Park Tea Rooms, and Council Tax kiosks	Reasonable	0	5	3
4	Schools	<b>Christchurch Learning Centre</b> <ul style="list-style-type: none"> <li>➤ Review arrangements to ensure effective internal controls are in place over: Governance, Budgeting, Purchasing, Income &amp; Banking, Payroll, Asset Management, and Insurance.</li> </ul>	Partial – Deficit Position  Reasonable – Overall Control Framework	0	4	4
5	Environment	<b>Environment - KAF Information Governance (CCTV, Body Cams &amp; ANPR)</b> <ul style="list-style-type: none"> <li>➤ Policies and procedures including legal and regulatory compliance</li> </ul>	Reasonable	0	4	2

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		<ul style="list-style-type: none"> <li>Review of arrangements for compliance with corporate policies and procedures and relevant specialist legislation and regulations including GDPR</li> <li>Review of staff training arrangements covering data use, handling, storage and breaches</li> </ul> <p>➤ Unauthorised access to data - Review of system access controls, data sharing arrangements with partners, and audit trails including management reviews and follow-ups</p> <p>➤ Data quality - Review of arrangements to identify and resolve data issues including system logs, error reports and complaints</p>				
6	IT & Programmes	<p><b>Artificial Intelligence (AI)</b></p> <p>➤ Governance of AI - Review of Governance arrangements associated with the use of AI including oversight and policy</p> <p>➤ Data Security - Review of Data Security including;</p> <ul style="list-style-type: none"> <li>Information Governance</li> <li>Interrogation of Systems</li> <li>Data Integrity</li> <li>Security of Sensitive data</li> </ul> <p>➤ AI Project - Review of the rollout of AI across the organisation including project management, risks, costs, benefits.</p>	Partial	3	2	0
7	Schools	<p><b>Winchelsea School</b></p> <p>➤ Review arrangements to ensure effective internal controls are in place over: Governance, Budgeting, Purchasing, Income &amp; Banking, Payroll, Asset Management, and Insurance.</p>	Reasonable	0	3	2
8	Finance	<p><b>Main Accounting &amp; Financial Management (KFS) – Joint Report</b></p> <p>➤ Follow Up - Ensure that all recommendations from previous years are either implemented or on course to be implemented by their target dates.</p> <p>➤ Direct Debits - Review the process for setting Direct Debits and standing orders up on Council bank accounts.</p> <p>➤ Credit card refunds - Review the process for dealing with refund requests from WorldPay or other credit card companies</p>	Reasonable	0	2	1

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
9	Finance	<b>Council Tax and Non Domestic Rates (KFS) – Joint Report</b> <ul style="list-style-type: none"> <li>➤ New Properties &amp; Businesses and Valuations - Review of processes used to identify new and amended properties &amp; Businesses</li> <li>➤ Refunds: <ul style="list-style-type: none"> <li>• Review of methods and controls used to process refunds</li> <li>• Management oversight of refunds</li> </ul> </li> <li>➤ Debt and Write-Offs: <ul style="list-style-type: none"> <li>• Review of debt collection process and recovery actions</li> <li>• Review of aged debt</li> <li>• Review of recently completed write-offs</li> </ul> </li> <li>➤ Performance Metrics: <ul style="list-style-type: none"> <li>• Review of currently used performance metrics</li> <li>• Understanding of any changes to captured performance metrics with new system roll out</li> </ul> </li> </ul>	Reasonable	1	1	0
10	IT & Programmes	<b>Application Rationalisation</b> <ul style="list-style-type: none"> <li>➤ Governance Framework - Evaluate the governance structure overseeing application rationalisation, to ensure the process is aligned with business and corporate objectives maintains transparency and involves all stakeholders</li> <li>➤ Application Inventory <ul style="list-style-type: none"> <li>• There is a comprehensive application inventory in place to manage applications, uses, licensing and crossover across the organisation</li> <li>• Controls around the addition and deletion of applications from the inventory</li> </ul> </li> <li>➤ Contractual Review and Cost Analysis - All systems have been reviewed and contracts considered to identify if there is any crossover in use</li> </ul>	Reasonable	0	1	0
11	IT & Programmes	<b>ICT KAF (Core)</b> <ul style="list-style-type: none"> <li>➤ Security of IT Assets - review the following areas; <ul style="list-style-type: none"> <li>• How assets are received from suppliers</li> <li>• Asset storage prior to issues to staff/ technicians</li> <li>• Stock control of assets</li> <li>• Assigning of assets</li> </ul> </li> </ul>	Reasonable	0	1	0
12	Finance	<b>Housing Benefit &amp; Council Tax Reduction Scheme (KFS)</b> <ul style="list-style-type: none"> <li>➤ New Claims - Review of the arrangements and controls in place for new HB &amp; CTRS claims to confirm that for both passported and non-passported claims: <ul style="list-style-type: none"> <li>• Verification checks of new claims are being undertaken to ensure validity.</li> </ul> </li> </ul>	Reasonable	0	0	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		<ul style="list-style-type: none"> <li>Regular reviews of new claims are undertaken to detect anomalies.</li> <li>➤ Changes of Circumstance - Review of the arrangements and controls in place for identifying and responding to changes in circumstances for both HB &amp; CTRS claimants, including: <ul style="list-style-type: none"> <li>How changes of circumstances are notified to the council.</li> <li>The timeframes for responding to notification.</li> <li>The verification processes undertaken in support of the change requested.</li> </ul> </li> <li>➤ Performance Management -Review of the performance management and oversight arrangements in place to confirm: <ul style="list-style-type: none"> <li>The regularity, completeness and reporting structure for current performance measures.</li> <li>Planning and review processes in place for the development of future performance measures.</li> </ul> </li> </ul>				
13	People & Culture	<b>Payroll (KFS)</b> <ul style="list-style-type: none"> <li>➤ High level review of key controls, process changes, legislation impacts &amp; recommendation follow up</li> </ul>	Reasonable	0	0	0
14	Finance	<b>Social Services Financial Assessments (KFS)</b> <ul style="list-style-type: none"> <li>➤ Social Services Financial Assessments - Review of Financial Assessments process to identify and consider any changes / updates</li> <li>➤ Deferred Payments - Review of financial data within Deferred Payment process, comparisons and analytical work.</li> <li>➤ Follow Up - three recommendations made in 2023/24 Audit.</li> </ul>	Reasonable	0	0	0
<b>Total Recommendations</b>				<b>7</b>	<b>38</b>	<b>13</b>

Key:

- **Substantial Assurance** - There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
- **Reasonable Assurance** - Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
- **Partial Assurance** -There are weaknesses in the control framework which are putting service objectives at risk.
- **Minimal Assurance** - The control framework is generally poor and as such service objectives are at significant risk.
- **KFS** – Key Financial System
- **KAF** – Key Assurance Function

4. There were no formal recommendations made for the last three audits on the table. The 'Reasonable' audit opinion is determined by the reduced scope of these reviews. These are all annual, key financial system reviews, of established systems where controls and risks have previously been audited. Both the Payroll and Social Services Financial Assessments audits were high level reviews of key controls only, to provide assurance that established controls remain in place and that no significant changes, such as to systems and legislation. The

scope of the Housing Benefit & Council Tax Reduction Scheme audit was also a high level review of key controls only as the system is changing during 2025, so a more detailed audit will be carried out during 2025/26 on the implementation of the new system.

## Partial Assurance Audit Opinions

5. There were 3 'Partial' assurance audit reports issued during the quarter as follows:

**IT & Programmes – Artificial Intelligence (AI)** – three high and two medium priority recommendations were made to address the following issues:

High Priority	
Ownership	Identified that there is currently no defined SRO in place and collective responsibility has not been established.
Oversight	There is a lack of adequate oversight and governance arrangements around the use of AI tools.
Use of Third-Party AI Tools	There is no control of use of non-approved AI tools.
Medium Priority	
Information Governance	Information Governance team has not been involved in the rollout of AI tools.
Rollout of AI	There is no formal project in place for the rollout of AI.

**Schools – Christchurch Learning Centre** – Two audit opinions were issued for this audit.

The overall control framework at the school was given a reasonable assurance opinion.

However, due to the size of the deficit (end of year deficit of £452k projected at the time of the audit) and the risk this poses to the school, a partial audit opinion was given for this aspect of the school's audit, as the deficit position is unsustainable and may impact the effective operation of the school if it is not addressed. No formal recommendations were made to the school as the school is working with BCP Council Schools' Finance Team and Children's Services to ensure that appropriate actions are taken to address this issue. In addition, a Schools Finance audit is planned for Quarter 4 to review how BCP Council is managing the risks of increasing deficits in schools.

**Customer & Property – Facilities Management Health & Safety Compliance (Corporate Assets) 2023/24/25** – three high and 10 medium priority recommendations were made to address the following issues:

High Priority	
Oversight, Reporting & Scrutiny	Compliance inspections are not routinely reported to or reviewed by senior management with unclear escalation arrangements for outstanding or delayed compliance issues.
Systems & Record Keeping	TechnologyForge asset records lack clarity on ownership and compliance responsibilities with compliance data inconsistently recorded and multiple supporting spreadsheets.
	Formal contracts and/or Procurement Decision Records are lacking for areas of significant contractor expenditure and some arrangements require retender.
Medium Priority	
Systems & Record Keeping	The Asbestos Register is out of date with no dedicated resources or project plan for its update and the current review process is ad hoc and inefficient.



	There are gaps and inaccuracies in Gas Safety and Lifts compliance records (2 recommendations).
	There are shortcomings in service delivery of Water Hygiene services and gaps in record-keeping.
<b>Roles, Responsibilities, Qualifications &amp; Training</b>	Roles and responsibilities for key compliance areas are unclear, lacking formal documentation with outdated policies and no clear inclusion in job descriptions and structure charts.
	Corporate H&S Policy lacks clarity on Service Directorate responsibilities for compliance inspections and monitoring with no formal procedures to support and verify checks undertaken.
	Lease agreements lack clear compliance terms raising potential liability risks for the Council.
	Required proof of professional body memberships is not consistently obtained from contractors in a timely manner.
<b>Policies &amp; Procedures</b>	Key compliance policies are out of date or missing, lack clarity on inspection frequencies and responsibilities and compliance arrangements following Community Asset Transfers are unclear.
<b>Planning &amp; Resource Allocation</b>	Comprehensive and up-to-date forward plans are lacking for lifts and gas safety inspections to support effective resource planning and allocation.

6. There were no 'Minimal' assurance audit reports issued during the quarter.

7. The status of **audits in progress** during the quarter are outlined below:

	<b>Service Area</b>	<b>Audit</b>	<b>Progress</b>
1	Adult Social Care	Homecare & Residential Payments	Draft Report
2	Housing & Communities	Temporary Accommodation & Bed & Breakfast Financial Management	Draft Report
3	Finance	Health & Safety (Core KAF)	Draft Report
4	Planning & Transport	CIL – Management of Spend	Fieldwork
5	Law & Governance	Business Continuity (Service KAF)	Fieldwork
6	Commissioning	Supplier Assurance	Fieldwork
7	Commissioning	Tricuro	Fieldwork
8	Finance	Treasury Management (KFS)	Fieldwork
9	IT & Programmes	Third Party Access	Fieldwork
10	Finance	Creditors	Fieldwork
11	Finance	Mandate Fraud (Counter Fraud)	Fieldwork
12	Adult Social Care	Safeguarding (Core KAF)	Fieldwork
13	Commercial Operations	Car Parking & Enforcement Income Management	Fieldwork
14	Children's	Commissioning Delivery including Quality Assurance	Fieldwork
15	Planning	Planning Applications (Counter Fraud)	Fieldwork

16	Children's	Fire, Health & Safety (Service KAF)	Fieldwork
17	Finance	Business Continuity (Service KAF)	Scoping
18	Finance	Business Continuity (Core KAF)	Scoping
19	Investment & Development	KAF Overview	Scoping
20	Finance	Debtors	Scoping
21	Finance	Asset Management (Estate Management)	Scoping
22	Finance	Procurement	Scoping
23	Marketing, Comms & Policy	Sustainable Environment	Scoping
24	Finance	Risk Management (Core KAF)	Scoping
25	Housing & Community	Housing Rents	Scoping

8. The 2024/25 Audit Plan was kept under review to ensure that any changes to risks, including emerging high risks, are considered along with available resource. The **following changes have been made to the 2024/25 audit plan** since the previous report to A&G Committee in October:

	Service Area	Audit	Added / Removed	Comment/rationale
1	Housing	Housing Quality including New Social Housing Regulations Compliance	Removed	The timing of this is dependent on the outcome of the Housing Quality Network external assessment into the readiness for the new Regulator of Social Housing Rules. This is now not expected until February, so the audit has been postponed until Quarter 1 in 2025/26.
2	Housing	Housing Assets Health & Safety Compliance Follow Up	Removed	Incorporated into a more detailed/extensive crossover year audit (2023/24/25) of Housing Assets Health & Safety Compliance, the results of which were reported to the previous Audit & Governance Committee. An audit is planned for 2025/26 which will include follow up of the recommendations made.
3	Education & Skills	Capital Programme	Removed	The team has recently recruited Project Managers who will be addressing known

				issues as highlighted in previous Capital Programme audit. The audit was agreed to be postponed until early 2025/26 to review actual arrangements.
4	Customer & Property	Asset Management (Facilities Management)	Removed	Incorporated into a more detailed/extensive crossover year audit (2023/24/25) of Customer & Property – Facilities Management Health & Safety Compliance (Corporate Assets), the results of which are reported above. An audit is planned for 2025/26 which will include follow up of the recommendations made.
5	Council wide	Continuous Auditing: - Expenses - P Card payments - Purchases under £250	Added	These were added to the plan as a result of progress made on the Internal Audit Data Analytics Strategy.

9. Quarter 4 planned audits are shown below. As the audit plan is risk-based, it may be that the plan is amended, for example, following emergence of higher risk areas.

**2024/25 Audits Planned for Quarter 4 - Provisional**

	<b>Service Area</b>	<b>Audit</b>
1	Children's Services	Schools Finance audit
2	Commercial Operations	FCERM – Commercial Sharing & Cost Control / Recovery Approach
3	Commercial Operations	Council Companies Governance Follow Up
4	Planning	Highways Infrastructure Asset Review
5	Commercial Operations	Seafront – Arrangements for Compliance with Planning Regulations
6	Law & Governance	Information Governance
7	Marketing, Comms & Policy	Partnerships
8	Commissioning	Brokerage Contract Allocation Analysis
9	Adult Social Care	Liberty Safeguards
10	Marketing, Comms & Policy	Business Planning & Performance (Core KAF)

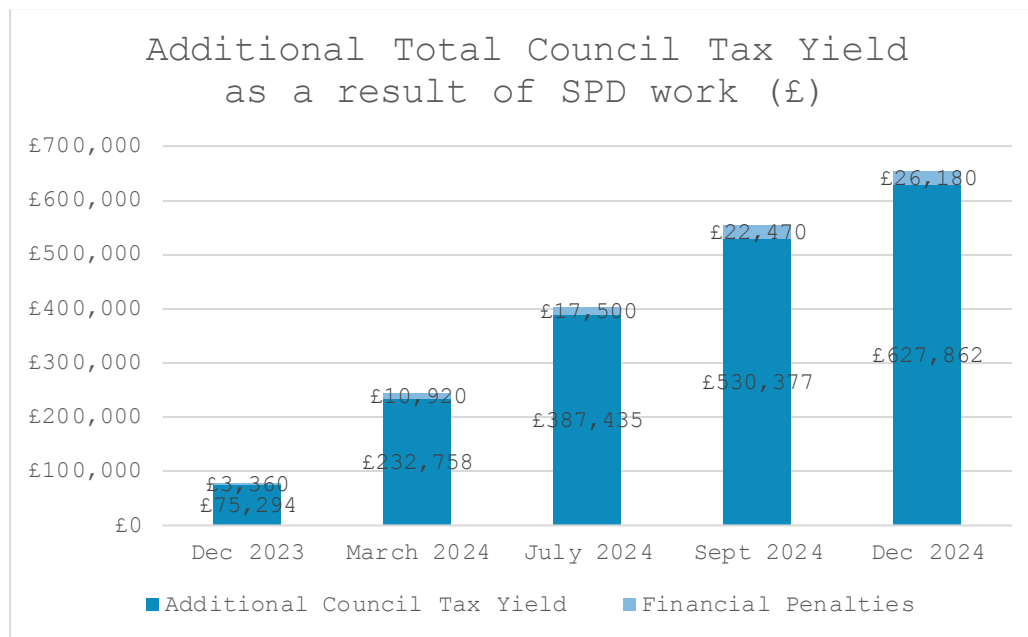
11	Marketing, Comms & Policy	Business Planning & Performance (Service KAF)
12	People & Culture	IR35 Compliance
13	IT & Programmes	Project & Programme Management
14	Customer & Property	Corporate Complaints
15	Environment	Coroner & Mortuary Service
16	Customer & Property	Fire Safety (Core KAF)
17	Partnerships & Strategy	KAF Overview

10. Based on the progress against the plan to date, as shown above in paragraphs 3 (final reports), 6 (audits in progress) and 8 (planned audits), the plan is on track to be materially delivered in time to support the Chief Internal Auditor's annual audit opinion.

## **11. Significant Issues Arising and Other Work**

### Single Person Discount

12. Further work has been carried out on the Single Person Discount (SPD) pilot project to increase Council Tax yield by systematically reviewing all National Fraud Initiative (NFI) data matches that may indicate fraud or error in relation to residents claiming SPD. Discounts are removed where fraud or error is found, and the national penalty charge (£70) is levied for failure to notify the Council of a change in circumstances.
13. An additional 89 SPDs were removed during Q3, bringing the total to 547 since the project began. The total additional council tax yield stands at £654,042 (including financial penalties), up from £552,847 at the end of Q2. The progress is shown in the table below.



14. On average, each SPD removed results in approximately an additional £668 in billed underpayments and £1,148 of total additional council tax yield.
15. As previously reported, the highest individual case has resulted in an additional yield of £3,884.84 where an SPD going back to 2015 was removed.
16. Following the success of the pilot project, this activity has now been handed over to the Income Maximisation and Compliance team in the Revenues Service (as of Dec 24). Internal Audit will complete all the reviews that they commenced of which there are now only 15 remaining.

#### Other work

17. During the quarter, testing and verification was undertaken to certify grant schemes totalling approximately £4 million as required by the grant funding conditions. The grants include:
  - Supporting Families
  - Disabled Facilities Grant
18. Ten Early Education Fund audits were issued as final during the quarter. Issues regarding the funding claim were raised for one setting which the Early Education Funding Team have been made aware of.
19. Work is continuing to ensure compliance with the new Global Internal Audit Standards (GIAS), which Internal Audit teams are required to comply with from 1<sup>st</sup> April 2025. These new standards replace the existing Public Sector Internal Audit Standards. The new GIAS represents an evolution rather than any fundamental changes. Some key updates include explicit requirements for the board (i.e. Audit & Governance Committee) and senior management, consideration of root cause analysis, and the introduction of 'Topical Requirements' which will provide consistent methodology when assessing effectiveness of governance, risk and controls in key areas such as Cybersecurity.

20. Following an initial assessment against the new standards which showed we were well positioned to comply with the GIAS, work is underway against the action plan to ensure we are compliant. Audit & Governance Committee will receive a more detailed report at the 20/3/2025 meeting providing an overview of the GIAS and actions planned to ensure full compliance.

### **Implementation of Internal Audit Recommendations**

21. It is a requirement of the Audit Charter that all High Priority recommendations that have not been implemented by the initially agreed target date (or the agreed revised target date) will be reported to the Audit & Governance Committee (where the revised target date has not previously reported). This is to ensure the Committee is fully appraised of the speed of implementation to resolve, by priority, the most significant weaknesses in systems and controls identified.
22. There were 8 high recommendations across 4 audits which met the criteria; they are shown in detail in Appendix 1.
23. All remaining High Priority recommendations followed up during the period (in line with the agreed action plan) were found to have been satisfactorily implemented by management.
24. The Audit Charter also requires any management proposed revisions to the implementation dates of Medium Priority recommendations to be agreed by the Chief Internal Auditor, who will report to Audit & Governance Committee any such requests considered unreasonable.
25. As at the end of December, there were not considered to be any recommendations which met this criteria.
26. Audit & Governance Committee are asked to review Appendix 1, along with the explanations and the revised timescales. Relevant Directors can be asked for further explanations as required; explanations can be in written or verbal form, as the Committee deems appropriate for each individual circumstance.

### **Options Appraisal**

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

### **Summary of financial implications**

28. The BCP Council Internal Audit Team budgeted cost for 2024/25 is £752,000; this figure is inclusive of all direct costs, including supplies & services, but it does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). The budget figure also includes the Head of Audit & Management Assurance who manages other teams.
29. The BCP Council Internal Audit Team is currently at full establishment, having successfully recruited an Audit Manager to replace the departing Audit Manager. Consequently, there is projected to be a budget overspend for 2024/25 of approximately £30,000 because of required budget vacancy factor savings will not be realised.

**Summary of legal implications**

30. This report gives a source of assurance on the adequacy and effectiveness of the risk, control, and governance systems in place.

**Summary of human resources implications**

31. The Internal Audit Team currently consists of 14.35 FTE 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.

**Summary of sustainability impact**

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

**Summary of public health implications**

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

**Summary of equality implications**

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

**Summary of risk assessment**

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

**Background papers**

None

**Appendices**

Appendix 1 - High Priority recommendations – original target date for implementation not met

**Appendix 1 - Table showing High Priority recommendations where the original target date for implementation was not met (where revised target date has not previously been reported to A&G or the previously reported revised date has passed)**

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?	Internal Audit Comments
<b>2023/24 Children's Services - Agency Staffing</b>					
That a process for determining and approving pay rates for agency staff is established and is also used as the basis for ongoing evaluation of whether the agreed rate continues to represent value for money.	01/09/24; 31/12/24	<p>Current pay rates are set for agency workers using sector intelligence provided by our partners Commensura to ensure that we are offering an attractive proposition to interim workers, whilst at the same time ensuring we are achieving value for money in a market where demand far outweighs supply.</p> <p>Our population of off contract costly agency workers has significantly reduced - see narrative below within this table.</p> <p>Following the recent DfE guidance in relation to Children's agency workers' pay rates, the HR Team &amp; Children's team are continuing to work towards setting pay rate cap for social workers with other councils in our region, which will take effect in October 25. It is hoped that this work will result in further value for money.</p>	31/10/25	Yes – October 2024	Progress is well underway and the risk associated with pay rates has significantly reduced as a result.
<p>That the corporate Recruitment and Selection Policy and guidance on the use of agency workers is updated to include expected processes for those agency workers engaged via "off contract" agencies, with specific reference to the following:</p> <ul style="list-style-type: none"> <li>the method by which service and corporate directors should evidence authorisation of agency staff usage.</li> <li>the defined responsibility for checking and retaining recruitment records, including references, right to work, visas,</li> </ul>	31/10/24	<p>Considerable progress has been made to reduce our off contract agency workers and we are now engaging just one worker within children's services off contract. There has not been any new off contract bookings within the past year in any council department.</p> <p>Our current guidance does not allow engagement of off contract workers and this will be reviewed in light of the audit recommendations. We are actively seeking to terminate off contract workers</p>	30/5/25	No	Progress is well underway and the risk associated with pay rates has significantly reduced as a result.



Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?	Internal Audit Comments
<p>DBS checks, qualifications etc.</p> <ul style="list-style-type: none"> <li>the method of how payments will be made and timesheets managed for agency staff and how these will be monitored.</li> </ul> <p>In addition, that the corporate Recruitment Policy and guidance on the use of all agency workers is reviewed to consider what arrangements should be in place for the following:</p> <ul style="list-style-type: none"> <li>the authorisation requirements by senior management for the use of agency staff placements for prolonged periods (e.g. for six months, a year, longer).</li> <li>the authorisation and business case requirements for using agencies outside of the Comensura corporate contract.</li> <li>how these arrangements will be monitored to ensure compliance.</li> </ul>		<p>and replace with Commensura agency workers or direct hires, wherever possible.</p> <p>Services are provided with regular updates in relation to long standing agency workers through business partner updates. Given our high dependency on agency workers within Children's Services, it is not operationally viable to end all long term agency workers at this time, without significantly impacting service delivery.</p>			
<b>Linwood School</b>					
<p>That an action plan is developed in liaison with BCP Children's Services and School's Finance to establish an agreed recovery strategy for the deficit.</p> <p>That the cause of the deficit is investigated and agreed to ensure the risk of additional future deficits of this kind is limited.</p>	06/09/24; 31/12/24	<p>The school has completed work with a DfE School Resource Management Advisor (SRMA). The SRMA provided a follow up to the early review and focused visit to provide further advice on utilisation of resources. The original report was issued to BCP in July 2024. The recommendations include items previously identified by BCP such as the funding of health and therapy provision, alongside internal areas of expenditure for the school to review. There is also identification of the issues associated with lack of funding inflation.</p> <p>A meeting between the School's Executive Headteacher, Schools' Finance Team and Education Team was held in July 2024 to identify</p>	31/3/25	Yes, October 2024	<p>Whilst work is underway by both the school and BCP Council which has helped identify the cause/s of the deficit, a recovery strategy is not yet in place. Therefore, this recommendation will be kept open and reviewed again in the light of the 2025/26</p>

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?	Internal Audit Comments
		<p>issues including static income levels.</p> <p>The BCP Council banding review is on-going (first communicated in 2019). A further meeting has been organised for late January to further discuss the school's funding.</p> <p>The Schools' Finance Team will provide support to the school ensure the latest budget forecast is reflected in the Q3 return. The school is currently forecasting an in year deficit which will increase its cumulative deficit position. The school's Governors have expressed concern over the last three years about their inability to meet their statutory duty to set a balanced budget.</p> <p>The school is currently preparing the 25/26 budget based on existing funding levels.</p>			<p>budget.</p> <p>Internal Audit propose to review Schools' Financing in Q4.</p>
<b>Main Accounting</b>					
<p>A formal training program should be put in place to ensure that all Council officers who use Dynamics have the skills and knowledge to be able to use it efficiently and effectively.</p> <p>Training could be grouped by the requirements of the following user groups:</p> <ul style="list-style-type: none"> <li>FMS Team</li> <li>Accountancy</li> <li>All other officers</li> </ul>	<p>30/9/24; 31/12/24</p>	<p>Training on Dynamics and PowerBI was delivered to Finance during a team meeting.</p> <p>Training for the FMS Team is more challenging to provide and the one of the Financial Management Team Manager's objectives for the year is to consider the best way to delivery training to the FMS Team.</p> <p>For the wider Council, both general and Dynamics/PowerBI specific training is planned, They are trying to identify an external training provider to do this. The idea is to start with Directors Strategy Group, then Senior Leadership Network before wider dissemination, and hopefully a link to Skillgate. Timescales are dependent on</p>	<p>29/4/25</p>	<p>Yes; October 2024</p>	<p>Although taking longer than expected, work is underway to address the recommendation and a wider roll out is planned. Given the direction of travel, the risk associated with this is decreasing.</p>

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?	Internal Audit Comments
		finding the right provider.			
<b>Developer Contributions – Management of Spend</b>					
<p>R1. In liaison with the MasterGov system project team, Management should:</p> <p>(a) Carry out a comprehensive review of all existing Planning Obligations systems and policies and develop a unified policy framework to ensure consistency and reduce errors.</p> <p>(b) Clearly define and document any specific requirements for the Planning Obligations module within the MasterGov system. Ensure that the system is integrated with the General Ledger and includes a robust tracking system to link specific developer contributions to their associated expenditures.</p> <p>(c) Develop a detailed formal plan for the collation, review, cleansing and transfer of data to the new system including timescales, responsibilities and allocation of suitable and sufficient resource.</p> <p>(d) In consultation with Finance, ensure that interface arrangements with the Council's financial systems are formally defined, agreed and incorporated into the MasterGov project plan.</p> <p>(e) Establish clear operational responsibilities and resourcing arrangements to take effect following implementation to include regular reviews and updates of data to ensure integrity and accuracy is maintained.</p>	31/12/24	The need to address these actions has not been forgotten. These have been impacted by the delay in implementing the MasterGov system. This is now due to be implemented in the first week of March. The revised date of 30/6/25 recognises that MasterGov will require a range of new flows and processes to be put in place and this is across a number of teams. Management are looking to recruit additional resource into the Planning Contributions Team to assist with coordination going forward.	30/6/25	No	It is understood that resource pressures and the delay in the implementation of the MasterGov system have delayed the implementation of the recommendations. Management remain committed to implementing these by the revised date.
<p>R2. In liaison with Legal and Planning colleagues, Management should:</p> <p>(a) Conduct a thorough search for all missing s.106 documentation.</p>					

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<p>(b) Establish a centralised, secure repository for documentation to ensure ease of access and protection from loss, giving explicit consideration to digitisation of new and existing s.106 agreements for ease of access and resilience.</p> <p>(c) Review existing Planning Obligation records to ensure all records are complete, accurate and up-to-date with a focus on filling gaps in critical information such as expiry dates.</p>					
<p>R3. In liaison with Accountancy, Management should:</p> <p>(a) Introduce robust arrangements to accurately track and link specific developer contributions to their associated expenditures. This should include detailed records that demonstrate compliance with each s.106 agreement.</p> <p>(b) Establish regular reporting mechanisms to monitor compliance with s.106 agreements and spending of contributions.</p> <p>(c) Carry out periodic sample compliance checks to ensure that developer contributions are accurately and comprehensively logged, allocated and spent appropriately within agreed timescales.</p>					
<p>R4. In liaison with relevant Service Directorates, Management should:</p> <p>(a) Improve resilience and minimise errors by developing formal procedure notes relating to processing of Planning Obligations and associated records management covering all legacy areas, systems and Service Directorates.</p> <p>This should include the agreement and implementation of clear communication channels and protocols for information sharing between Service Directorates, Planning and Accountancy. Standardised reports should be developed for provision of information to Service Directorates when funds are transferred to them and for Service Directorates to</p>					

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?	Internal Audit Comments
provide timely updates on how and when developer contributions have been spent.  (b) Provide comprehensive training for all relevant staff to ensure that Planning Obligations procedures and processes are fully understood and implemented effectively.					