



BOURNEMOUTH CHARTER TRUSTEES 2024/25

Internal Audit

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A. Executive Summary

The control framework is the system of risk management, internal control and governance put in place by management to ensure that objectives are achieved, waste and inefficiency is minimised and to prevent and detect fraud and corruption.

The objectives of the audit were to provide assurance that the control framework is appropriate and that the controls and processes are operating effectively in the Bournemouth Charter Trustees as outlined in the Annual Governance & Accountability Return (AGAR) 2024/25 for the internal control objectives detailed on the following page.

For the avoidance of doubt, reference in this paper to Charter Trustee is to be interpreted as reference to the Charter Trustee body.

Nine recommendations were made in the 2023/24 audit report, the current status of these recommendations is shown in the table below:

	High	Medium	Low	Total
Implemented	0	0	2	2
Not Implemented	0	2	2	4*
Superseded	3	0	0	3
Total	3	2	4	9

**These recommendations have been reiterated/updated in this report as appropriate.*

Where weaknesses in the control framework are identified, recommendations have been made for improvement and are detailed in Section B of this report.

We undertake our work on a risk and sample basis in line with Public Sector Internal Audit Standards and as such we do not test all internal controls nor identify all areas of control weakness, fraud or irregularity, however, any issues identified during the course of our work are reported to management.

Audit Opinions:	
Substantial Assurance	Controls were in place for the full financial year and were operating consistently and effectively. There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
Reasonable Assurance	Controls were in place for the full financial year and were generally operating effectively. Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
Partial Assurance	Controls were only operating effectively for part of the financial year. There are weaknesses in the control framework which are putting service objectives at risk.
Minimal Assurance	Controls were not operating during the financial year. The control framework is generally poor as such service objectives are at significant risk.

AGAR Internal Control Objective	2024/25 Internal Audit Opinion on the operation of the control framework throughout the financial year	2024/25 AGAR opinion	2024/25 recommendations made
A) Appropriate accounting records have been properly kept throughout the financial year.	Substantial	Yes	None
B) This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Reasonable	Yes	3 Medium
C) This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Reasonable	Yes	1 Medium
D) The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Reasonable	Yes	1 Medium, 1 Low
E) Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Substantial	Yes	None
F) Petty Cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for	N/A	N/a	N/A
G) Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied	Substantial	Yes	None
H) Asset and investment registers were complete and accurate and properly maintained.	Reasonable	Yes	1 Medium, 1 Low
I) Periodic bank account reconciliations were properly carried out during the year.	Substantial	Yes	None
J) Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	N/A	N/a	N/A
K) If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt.	N/A	N/a	N/A
L) The authority published the required information on a website / webpage up to date at the time of the internal audit in accordance with the relevant legislation	Reasonable	Yes	1 Low
M) In the year covered by this AGAR, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	Substantial	Yes	None
N) The authority complied with the publication requirements for the 2023/24 AGAR.	Substantial	Yes	None
O) Trust funds (including charitable) - the Council met its responsibilities as a trustee.	N/A	N/a	N/A
Internal Control Objectives outside the AGAR requirements			
Other issues – Consideration of Service Level Agreement			1 Low
Total recommendations			10 (6 Medium, 4 Low)

Summary of Findings:	
High Priority	
None identified	
Medium Priority	
<p><u>Value for Money:</u> Financial Regulations do not detail how to evaluate estimates or quotes, additionally the £100 limit to obtain three quotes should be reviewed (R1)</p> <p><u>Purchase order:</u> Unable to verify if purchase orders have been authorised. (R2)</p> <p><u>Invoice Details:</u> Unable to reclaim VAT where incorrect recipient name and address details do not match the legal entity, in this case Bournemouth Charter Trustees (R3)</p> <p><u>Insurance:</u> Recharges have not been reviewed since 2019. (R4)</p> <p><u>Reserves:</u> There are high levels of reserves (R6)</p> <p><u>Asset Register:</u> Erroneous changes to the asset register have been carried out (R7)</p>	
Low Priority	
<p><u>Budget Overspend:</u> Authorisation not being sought prior to overspend on budget (R5)</p> <p><u>Asset Valuation Schedule:</u> There is no asset valuation schedule in place (R8)</p> <p><u>Publication Scheme:</u> Decision not to publish certain items has not been formalised. R9)</p> <p><u>Service Level Agreement:</u> Not in place (R10)</p>	

Recommendation Priority Ratings:	
High Priority	<p>High Priority recommendations have actual / potential critical implications for the achievement of the Charter Trustee's objectives and/or a major effect on delivery. Agreed actions should be urgently implemented by the Charter Trustee and the associated risk(s) added to the Charter Trustee Risk Register. Recommendations will be followed-up by Internal Audit as part of the next audit review.</p>
Medium Priority	<p>Medium Priority recommendations have actual / potential significant implications for the achievement of the Charter Trustee's objectives and/or a significant effect on delivery. Agreed actions should be implemented by the Charter Trustee and formal consideration should be given to adding the associated risk(s) to the Charter Trustee Risk Register. Recommendations will be followed-up by Internal Audit as part of the next audit review.</p>
Low Priority	<p>Low Priority recommendations have actual / potential minor implications for achievement of the Charter Trustee's objectives and/or a minor effect on delivery. Recommendations will be followed-up by Internal Audit as part of the next audit review.</p>

B. Findings & Recommendations

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
A.	Appropriate accounting records have been properly kept throughout the financial year				Substantial	
The Charter Trustees use a separate ledger on the BCP Council's financial management system, Dynamics – Finance & Operations. Balances have been rolled forward correctly.						
B.	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for				Reasonable	
R1	<p>Value for money</p> <p>Issue: The Charter Trustees' Financial Regulations state that all expenditure above £100 should have three quotes or estimates. However, there is no process detailed for which estimate or quote should be selected to demonstrate best value for money.</p> <p>It was noted in previous audits (2021/22, 2022/23 & 2023/24) that in some cases, three quotes or estimates had not been obtained and explanations for this were not documented and agreed at the time.</p> <p>Testing in 24/25 highlighted that evidence is not being held in a central location to support expenditure.</p> <p>Risk: The Charter Trustees are not obtaining value for money.</p>	<p><i>The previous 2021/22, 2022/23 and 2023/24 recommendations have been revised and reiterated as follows:</i></p> <p>Charter Trustees should review whether the current £100 limit, to obtain three quotes, is appropriate. It may be more proportionate and efficient to have a higher limit where three quotes are sought and to have a different best value arrangement for lower level spend.</p> <p>Financial Regulations should be amended or supplemented to include a process to evaluate quotes or estimates in order to demonstrate that the best value for money is obtained, including the process for approving where quotations are not obtained. Financial Regulations should state that</p>	Medium	<p>Where possible, the Civic Team procure at least three quotes for all expenditure above £100, in line with the Financial Regulations.</p> <p>Successful bids are then selected based on value for money, quality, and reliability. The successful quote therefore may not be the lowest.</p> <p>However, specialist services within niche fields (such as maintenance of civic chains of office) may not allow for three quotes to be procured due to a limited supplier base.</p>	Assistant Chief Financial Officer (RFO) and Deputy Head of Democratic Services	June 2025

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
		evidence should be held to support this.		<p>Advice has been sought from the Responsible Financial Officer on whether the Financial Regulations can be amended to raise the £100 limit to allow greater flexibility and reduce administrative time for officers. The RFO has agreed that the Financial Regulations can be increased to £500 and CT approval for this will be sought as part of their Financial Outturn report.</p> <p>The team will consider how to formally record the quote evaluation process and how this data should be stored.</p>		
R2	Purchase Orders Issue: A new recording process for purchase orders is now operational in SharePoint. A folder for each purchase order is created. However, a copy of purchase order is not always retained, nor evidence that the purchase order has been approved.	Ensure purchase orders are being authorised, and evidence of this authorised purchase order are held within the new filing system.	Medium	<p>The team are reviewing how to better use the Cloud for the filing of documents. The team will consider how to use the new filing system to create and</p>	Deputy Head of Democratic Services	December 2025

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>There is no separate log to recording the running commitment totals of purchase orders raised.</p> <p>The purchase order template has the wrong reference number PR-BCT should be PO-BCT.</p> <p>Bournemouth Charter Trustees are unable to use the BCP Council system to raise purchase orders.</p> <p>Risk: Purchases may not be authorised prior to commitment to expenditure and there may be no record of agreed terms and conditions (including price) or committed expenditure.</p>	<p>Log to show commitments to be created.</p> <p>Investigate if an automated purchase order system could be implemented.</p>		<p>record an evidence log of approved purchase orders.</p> <p>The RFO is to investigate if use of the Council system s an option.</p>	Assistant Chief Financial Officer (RFO)	December 2025
R3	<p>Invoice Details</p> <p>Issue: The Charter Trustees name and address is required to be on invoices to enable VAT to be reclaimed. During the last reclaim application £493 could not be reclaimed as the invoices were addressed to BCP Council not the Charter Trustees. Sample testing of invoices received in 2024/25 found four out of ten invoices had been incorrectly addressed to BCP Council.</p> <p>Risk: Loss of income to the Charter Trustee. Not adhering to HMRC invoicing rules.</p>	<p>Ensure the correct name and address is detailed on all invoices received by the Charter Trustees prior to authorisation.</p>	Medium	<p>The Civic Team and Management will ensure the correct name and address is detailed on all invoices received by the Charter Trustees prior to payment authorisation.</p>	Deputy Head of Democratic Services	With immediate effect
C.	The Trustee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these				Reasonable	
R4	<p>Insurance</p> <p>Issue:</p> <p>i) Recharges have not been reviewed since start of charter trustees in 2019. Currently discussions are taking place between insurance and Charter Trustees to determine appropriate recharges within the SLA. (See R10)</p>	<p>Ensure that the insurance recharges cover all areas of insurance, including officer time, and this is included in the Service Level Agreement.</p>	Medium	<p>i) Recharges – Senior Insurance Officer and Insurance Risk Manager to meet to design a recharge model for Charter</p>	Deputy Head of Democratic Services and Senior Insurance Officer	31 st March 2026 (operational 26/27)

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	<p>ii) Research is being undertaken to identify if additional insurance is required.</p> <p>Risk: The Charter Trustees may not have appropriate insurance cover, which could cost the charter trustees.</p> <p>BCP Council Risk: <i>The Council may be subsidising the insurance costs of the Charter Trustees.</i></p>	Review insurance cover and premiums in conjunction with the Insurance team to ensure that it meets the needs of the Charter Trustees.		<p>Trustees. This needs to link to the SLA which is currently work in progress. (reliant on SLA being in place).</p> <p>ii) Senior Insurance Officer to contact Charter Trustees again to discuss insurance requirements.</p>		
D.	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate				Reasonable	
R5	<p>Budget Overspend approval.</p> <p>Issue: In accordance with the handbook, any budget overspend should be approved prior to the spend being incurred. Although the two budget signatories responsible for approving overspend sit on the Budget Working Group, no evidence of this could be provided. Furthermore, this overspend has not been reported to subsequent the Charter Trustee committees.</p> <p>The following overspends during 2024/25 were noted:</p> <ul style="list-style-type: none"> War Commemorations - D Day - £5000 budget, actual £5774 = £774 overspend. Printing & Photocopying - £100 budget, actual £166 = £66 overspend. Uniform & Clothing - £200 budget actual £249 = £49 overspend <p>Risk: Potential unapproved overspend on budgets.</p>	Ensure appropriate approval, in line with handbook requirements, is obtained and documented prior to spend.	Low	<p>Where possible, all necessary expenditure over budget is identified in advance, and is put to the budget signatories for approval.</p> <p>There will be occasions when actual expenditure exceeds that forecasted, but such occasions are rare. Such overspends are then communicated to Charter Trustees through the</p>	Deputy Head of Democratic Services	With immediate effect.

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				Responsible Financial Officer's budget reports. The team will ensure all material overspend is flagged to the budget signatories to ensure approval is in place.		
R6	Reserves Issue: As previously reported, the Charter Trustees have a high level of reserves, significantly higher than the 20% recommended by the Responsible Finance Officer. Whilst there were efforts to reduce reserves during 2024/25, following advice from King's Counsel budgeted events required removal as they did not meet the remit of Bournemouth Charter Trustees. This has resulted in reserves remaining high. Risk: The Charter Trustees may be levying a higher precept than required.	<i>The previous 2021/22, 2022/23 and 2023/24 recommendation is reiterated:</i> A reserves strategy, including links to precept, should be put in place to manage reserves whilst staying in line with the purpose and scope of the Charter Trustees.	Medium	This area is to be discussed at Civic working group.	Assistant Chief Financial Officer (RFO)	December 2025
E.	Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for				Substantial	
The only income received by the Charter Trustees during 2024/25 has been the annual precept other than miscellaneous low-value refunds/reimbursements						

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F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for				N/A	
The Trustees themselves do not have petty cash floats nor do any of the staff appointed by the Council to work on the Trustees. The Council staff have access to payment cards which are included in the expenditure section above.						
G.	Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied				Substantial	
Trustees do not receive allowances for their role on the Charter Trustees. BCP Council’s payroll system is subject to periodic review by Internal Audit.						
H.	Asset and investments registers were complete and accurate and properly maintained				Reasonable	
R7	<p>Asset Register</p> <p>Issue:</p> <p>The Asset register was found to have been erroneously amended during the year resulting in amendments to some values and unique asset numbers. This resulted in the total value of assets being increased when no revaluation, additions or deletions had been carried out. This resulted in a discrepancy between the following key documents:</p> <p>i) Asset Register - £652,363</p> <p>ii) Insurance schedule for fine art – £652,363</p> <p>iii) AGAR - £646,065</p> <p>There was no audit trail to support who and why additional items had been added or deleted to the asset register. The current spreadsheet system does not restrict access to make amendments to the asset register.</p>	<p>Ensure asset register cannot be erroneously amended and that access is restricted as appropriate.</p> <p>Investigate and resolve the current discrepancies.</p> <p>Ensure asset values reconcile to enable the correct figure is used on the AGAR.</p> <p>Ensure documented evidence is held to support confirmation from the person(s) completing the checks.</p>	Medium	<p>The Civic team has reviewed its processes governing the maintenance of asset register documents and can confirm that restrictions to the register(s) are now in place to prevent unauthorised amendment. All authorised changes will be reviewable via a document audit log.</p> <p>Valuation discrepancies are being resolved and the team is</p>	Deputy Head of Democratic Services	June 2025

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>Although an asset verification check was completed for Mayoral Assets, no verification has for items on loan (£40,600) has taken place since January 2023.</p> <p>Whilst it was clear most items were verified during asset verification process due to anomalies in the spreadsheet Internal Audit were unable to confirm this for all cases.</p> <p>It was noted that although the initials of the Charter Trustees undertaking the checks are recorded in a spreadsheet, there is no confirmation (such as via signature or email) to confirm the named person(s) completed the task and agrees the outcome.</p> <p>Risk: Lack of an accurate record being maintained of the assets and valuations.</p> <p>Missing items not identified in a timely manner. Potential theft going undiscovered with no corrective action being completed to investigate.</p>			<p>confident that the AGAR figure is correct.</p> <p>The Senior Insurance Officer responsible for the Charter Trustee's insurance has confirmed that the minor over-insurance is reflective of items/assets subsequently added since the 2019 valuation and reflects market value.</p>		
R8	<p>Asset Valuation Schedule</p> <p>Issue: The last valuation of Bournemouth Charter Trustee assets took place in 2019 and there is currently no schedule/plan in place for this moving forward.</p> <p>Risk: Assets are valued at the incorrect amount which may impact insurance claims.</p>	<p><i>The previous 2023/24 recommendation has been reiterated as follows:</i></p> <p>An appropriate asset valuation schedule should be determined.</p>	Low	<p>An Asset Valuation is to be scheduled before end 2025, currently forecast to be held in August 2025.</p> <p>A budget for the valuation was agreed at the January 2025 CT meeting.</p>	Deputy Head of Democratic Services	December 2025
I.	Periodic bank account reconciliations were properly carried out during the year				Substantial	
Bank reconciliations were properly carried out during the year and approved as required.						

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
J.	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded				N/A	
Formal financial statements are only produced at year end, and these are considered by the external auditor as part of their annual audit process. Consideration was given to related issues in section 1, 4 and 9 in this report.						
K.	If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt				N/A	
The Trustees did not certify themselves as exempt from a limited assurance review and therefore is not applicable.						
L.	The authority published the required information website/webpage up to date at the time of the internal audit in accordance with the relevant legislation				Reasonable	
R9	<p>Publication Scheme</p> <p>Issue:</p> <p>The Trustees are largely compliant with the publication scheme requirements of the Freedom of Information Act; however, management have determined not to publish expenditure over £100 and regalia asset list have not been included due to resource (as permitted under the Act) and operational considerations.</p> <p>Risk: ICO expects you to provide in order to meet your commitments under the model publication scheme.</p>	<p>Consider formalising decision with Charter Trustees regarding the publication scheme</p>	<p>Low</p>	<p>The team has considered the recommendation in light of the ICO Freedom of Information Act guidance document which recommends as best practice a number of documents to be published publicly.</p> <p>Where appropriate, the Civic Team, ensures that those documents are published, including Standing Orders, budgets, minutes of</p>	<p>Deputy Head of Democratic Services</p>	<p>June 2025 (as part of audit report)</p>

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
				<p>meetings, AGARs, etc.</p> <p>However, given the monetary and historic value of many of the civic assets, the decision has been made to not publish any form of asset register to the public website. This is to ensure the safety of the assets and those officers or Civic heads who may be carrying/wearing such items in public.</p> <p>Additionally, the guidance lists a number of reasons for not publishing information, including when “it would be impractical or resource-intensive to prepare the material for routine release.”</p> <p>Given the current demands on staff resources in supporting the Charter Trustees and Chairman, it is felt</p>		

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date	
				that publishing all expenditure over £100 would be impractical and too resource intensive.			
M.	In the year covered by this AGAR, the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations					Substantial	
The Trustees have notices on the relevant section of the BCP Council website advertising the public's right to inspect the accounts for the 2022/23 accounting statements.							
N.	The authority complied with the publication requirements for the 2023/24 AGAR					Substantial	
All publication requirements have been complied with as published on the relevant parts of the BCP website.							
O.	Trust funds (including charitable) – The council met its responsibilities as a trustee					N/A	
BCP Council is not one of the Charter Trustees but supports the Trusts in several ways.							
Other Issues - Consideration of Service Level Agreement							
R10	<p>Service Level Agreement</p> <p>Issue: There is still no Service Level Agreement in place between the Charter Trustees and BCP Council. This recommendation was initially raised in 2020/21. This is included on the Charter Trustees risk register and work to draft Service Level Agreements has been undertaken.</p> <p>Risk: The Charter Trustees may not be receiving value for money on the services provided by BCP Council and could result in a loss of service. There is no clear separation between the Council and the Charter Trustees.</p>	<p><i>The previous 2021/22, 2022/23 & 2023/24 recommendation is reiterated:</i></p> <p>Service Level Agreements or equivalents will be put in place between the Council and the Trustees to formally define their relationship and to set out what is being provided by the Council.</p>	Low	The drafting of a Service Level Agreement detailing the provision of support from BCP Council to the Charter Trustees is progressing. The draft requires further amendment before being put to the Civic Working Group for its	Deputy Head of Democratic Services	December 2025	

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	BCP Council Risk: <i>The Council may be subsidising the Charter Trustees.</i>			endorsement to the wider CT body.		