

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Internal Audit - Quarterly Audit Plan Update
Meeting date	24 July 2025
Status	Public Report
Executive summary	<p>This report details progress made on delivery of the 2025/26 Audit Plan for the 1st quarter (April to June 2025 inclusive). It also includes March 2025, which due to Committee dates, was unable to be included in the March 2025 quarterly update. The report highlights that:</p> <ul style="list-style-type: none"> • 28 audit assignments have been finalised, including 19 'Reasonable' and 5 'Partial' audit opinions, 1 consultancy assignment and 3 follow ups; • 26 audit assignments are in progress, including 3 at draft report stage; • Progress against the audit plan is on track and will be materially delivered to support the Chief Internal Auditor's annual audit opinion; • 13 'High' priority audit recommendations have not been fully implemented by the original target date and 6 'Medium' priority recommendations have (or will) not be implemented within 18 months of the original target date. Explanations from respective services have been provided and revised target dates have been agreed. <p>The Revenues Compliance Team continue to identify and recover Single Person Discount errors and have so far achieved an additional council tax yield of £135,144 since December 2024.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>a) Note progress made and issues arising on the delivery of the 2025/26 Internal Audit Plan.</p> <p>b) Note the explanations provided for non-implemented recommendations (Appendix 1) and determine if further explanation and assurance from the Service / Corporate Director is required.</p>
Reason for recommendations	<p>To communicate progress on the delivery of the 2025/26 Internal Audit Plan.</p> <p>To ensure Audit & 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	Not applicable
Classification	For Information

Background

1. This report details Internal Audit's progress against the 2025/26 Audit Plan for the period April to June 2025 inclusive ("Quarter 1") and reports the audit opinion of the assignments completed during this period. Due to previous reporting deadlines and Committee dates, it also reports on progress against the 2024/25 from March 2025.
2. The report also provides an update on significant issues arising and implementation of internal audit recommendations by management (as at 30 June 2025).

Delivery of Internal Audit Plan – March 2024/25 and Quarter 1 (April – June) 2025/26

3. 28 audit assignments (including one joint report) have been **finalised between March and June 2025** as outlined below:

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
	2024/25 Audit Plan					
1	Finance	Business Continuity (Service KAF) ➤ Review of Finance Business Continuity Plan ➤ Review of Finance Business Impact Assessment ➤ Compliance with Corporate Guidance ➤ Staff awareness and local testing of the plan	Reasonable	0	1	1
2	Finance	Business Continuity (Core KAF) ➤ Review of corporate business continuity planning guidance ➤ Review of testing arrangements and corporate monitoring ➤ Review of Business Impact Assessments including returns, content and monitoring	Reasonable	0	0	2
3	Marketing, Comms & Policy	Business Planning & Performance Management (Core KAF) ➤ Review of the corporate strategy including: - Consultation and Approval arrangements - Links to the corporate risk register - Links to the Medium-Term Financial Plan ➤ Ensure corporate expectations for Business Plans have clearly defined objectives, strategies, and link with the MTFP and legislation ➤ Review of the corporate performance management, reporting and monitoring arrangements ➤ Review of quarterly performance reports and if they have been used to inform corporate strategy ➤ Following up of previous recommendations (2023/24)	Reasonable	0	2	1
4	Marketing, Comms & Policy	Business Planning & Performance Management (Service KAF) ➤ Review of the business planning to ensure that the following are in place and sufficient: - Service Plan - Agreement of Service Business Plan	Reasonable	0	1	1

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		<ul style="list-style-type: none"> - Defined Roles & Responsibilities - Service Level Agreements ➤ Review of the performance management in place to ensure that the following is in place and sufficient: <ul style="list-style-type: none"> - KPIs measuring quality and productivity - Performance Reporting - Monitoring of performance data 				
5	Quality, Improvement, Governance & Commissioning	Children's Fire, Health and Safety (Service KAF) <ul style="list-style-type: none"> ➤ Fire Safety Management ➤ Health & Safety Governance ➤ Training & Competency ➤ Incident Reporting & Compliance ➤ Workplace Safety & Inspections 	Partial	4	0	1
6	Planning & Transport	CIL - Management of Spend <ul style="list-style-type: none"> ➤ Reviewed accounting and record-keeping arrangements in place to support compilation of the 2022/23 Infrastructure Funding Statement 	Consultancy	0	0	0
7	Children's Commissioning	Commissioning Delivery <ul style="list-style-type: none"> ➤ Supplier sufficiency & quality assurance ➤ Identification of need & requesting, placement matching and monitoring ➤ Gateway decision making 	Partial	2	6	1
8	Customer & Property	Council Companies Governance Follow-Up <ul style="list-style-type: none"> ➤ Follow up of status of governance arrangements & self-assessment status 	Follow Up	0	0	0
9	Finance	Creditors (KFS) and Mandate Fraud (Counter Fraud) <ul style="list-style-type: none"> ➤ Governance Arrangements ➤ Orders ➤ Invoices ➤ Payments ➤ Suppliers ➤ Feeder Systems ➤ System Access 	Reasonable	0	8	2

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
10	Housing & Public Protection	Housing - Temporary Accommodation and B&B Financial Management <ul style="list-style-type: none"> ➤ Review of management arrangements to ensure: <ul style="list-style-type: none"> -Reasonable budgets are set -Expenditure is monitored against agreed budgets ➤ Review of governance and decision-making framework including: <ul style="list-style-type: none"> -Roles and responsibilities -Resource planning, allocation and capacity -Performance management arrangements including reporting to senior managers and councillors and associated actions / follow-up ➤ Review of management arrangements to ensure timely and cost-effective debt recovery from current and former temporary accommodation / B&B tenants 	Partial	2	3	0
11	Law & Governance	Information Governance <ul style="list-style-type: none"> ➤ High level review of previously implemented recommendations to ensure risks continue to be mitigated. <ul style="list-style-type: none"> -Review of arrangements for breach reporting, escalation and mitigation -Review of arrangements for compliance checks and ensure self-assessment tool is in place -Review of arrangements for training performance monitoring -Review of Information Governance Board Terms of Reference to determine accountability and escalation of Information Governance issues -Review of action plans resulting from IGB meetings -Review Information Governance Risk Register ➤ Review monitoring, escalation and mitigation arrangements for SARs and FOIs 	Reasonable	0	2	0
12	Investment & Development	Investment & Development - KAFs Overview <ul style="list-style-type: none"> ➤ Health & Safety ➤ Information Governance ➤ Business Continuity ➤ Business Planning & Performance Management ➤ Human Resources ➤ Safeguarding 	Reasonable	0	0	4

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		<ul style="list-style-type: none"> ➤ Risk Management ➤ Partnerships ➤ ICT <p><i>Note – KAF areas of Fire Safety, Procurement, Programme & Project Management & Financial Management were not included in this audit. The latter were included as part of the Housing Acquisitions Programme Review.</i></p>				
13	Marketing, Comms & Policy	Partnerships <ul style="list-style-type: none"> ➤ To ascertain the status of corporate Partnership arrangements and the implementation of recommendations raised in the 2023/24 audit 	Follow Up	0	1	0
14	Finance	Risk Management (Core) <ul style="list-style-type: none"> ➤ Risk Management Strategy & Policy ➤ Oversight & Accountability ➤ Training & Communication ➤ Corporate/Service Risk Registers ➤ Compliance and Review ➤ Risk Management App ➤ Previous Recommendations 	Reasonable	0	0	1
15	Adult Social Care	Corporate Safeguarding (KAF) <p>Review corporate safeguarding arrangements including:</p> <ul style="list-style-type: none"> ➤ Council strategy and governance/ framework arrangements (including roles, responsibilities, and procedures for identifying and responding to safeguarding concerns) ➤ Safeguarding risks are considered and included as part of the corporate risk management framework and within corporate and service risk registers ➤ Safeguarding mandatory training for all employees ➤ Recruitment process safeguarding arrangements including DBS checks ➤ Ensure DBS checks and Safeguarding mandatory training is carried out for Councillors ➤ Safeguarding champions are in place for all directorates and attend network meetings 	Reasonable	0	4	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
16	Adults Commissioning	Supplier Assurance <ul style="list-style-type: none"> ➤ Procurement Strategy ➤ Roles and Responsibilities ➤ Accountability ➤ Mechanisms of Contract Management and Commissioning Oversight ➤ Policies and Procedures ➤ Regulated and unregulated suppliers ➤ Reporting mechanism ➤ Impact of new Procurement legislation 	Partial	4	1	1
17	IT & Programmes	Third Party Access <ul style="list-style-type: none"> ➤ User Management - Management of remote third-party users ➤ Remote Access - Management of third-party remote access ➤ Automated Controls - Infrastructure/Automated Controls ➤ Contracts - Vendor contracts <i>Note – this audit was delivered by specialist IT contractor</i>	Reasonable	0	6	1
18	Finance	Treasury Management (KFS) <ul style="list-style-type: none"> ➤ Confirmation that borrowing has been completed in line with approved strategy ➤ Review of outstanding borrowing 23/24 ➤ Regular reconciliations are carried out ➤ Review of Strategy to ensure it is in line with statutory guidance and reviewed regularly ➤ Access to cashflow systems ➤ Follow up on three recommendations made in 2023/24 Audit 	Reasonable	0	1	2
19	Adults Commissioning	Tricuro Financial Controls <ul style="list-style-type: none"> ➤ Financial Management ➤ Review & Verification ➤ Delegated Authority 	Reasonable	0	1	0
20	Finance	Procurement (KAF) <ul style="list-style-type: none"> ➤ Review of the project management arrangements for the implementation of the Procurement Act 2023 to ensure effective compliance with legislative requirements ➤ Review of the terms of reference, membership and supporting documentation to 	Reasonable	0	9	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		<p>ensure effective oversight arrangements are in place</p> <ul style="list-style-type: none"> ➤ Review of the arrangements in place to ensure assurance provided by service contract managers is effective and meets with the reporting requirements of Procurement Act 2023 ➤ Review of the arrangements in place to ensure the completion, recording and reporting of procurement decision records is effective 				
21	Finance	<p>Debtors (KFS)</p> <ul style="list-style-type: none"> ➤ Policies & Procedures ➤ Invoicing ➤ Debt Collection & Recovery ➤ Write Offs ➤ Reconciliation & Reporting ➤ Access Controls 	Reasonable	0	2	1
22	IT & Programmes	<p>Project & Programme Management</p> <ul style="list-style-type: none"> ➤ PPM Framework/ Strategy Review ➤ Policy & Procedure Documents ➤ Documentation of Project Information ➤ Reporting on Project status & Progress ➤ Oversight by relevant groups / committees ➤ Sample of those undertaken and how lessons are learnt 	Reasonable	0	2	0
23	Planning & Transport	<p>Highways Register</p> <ul style="list-style-type: none"> ➤ Data Integrity ➤ Roles/ Responsibilities ➤ Systems (Including Access Controls) ➤ Information Sharing and Reporting ➤ Compliance with Legislation 	Reasonable	0	1	1
24	Customer & Property	<p>Fire Safety (KAF) Follow Up</p> <ul style="list-style-type: none"> ➤ Follow up of recommendation made in 2023/24 	Follow Up	No new recommendations made – 5 medium recs outstanding		

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
25	Planning & Transport	Planning Applications (Counter Fraud) <ul style="list-style-type: none"> ➤ False or misleading information provided by applicants ➤ Unfair / inappropriate influence on Planning decisions ➤ Manipulation / waivers of fees and charges ➤ Misuse of privileged Planning information 	Reasonable	0	7	0
26	Commercial Operations	Flood and Coastal Erosion Risk Management (FCERM) <ul style="list-style-type: none"> ➤ Commercial Operations ➤ Procurement Activity ➤ Team Resilience 	Reasonable	0	0	1
27	Finance	Asset Management (Estates) (KAF) <ul style="list-style-type: none"> ➤ Corporate Governance ➤ Asset Ownership ➤ Asset Valuation ➤ Asset Leasing ➤ Asset Acquisition ➤ Asset Disposal ➤ Follow-up of Prior Recommendations 	Partial	1	6	1
2025/26 Audit Plan						
28	IT & Programmes	Licensing <ul style="list-style-type: none"> ➤ License Management ➤ Leavers ➤ Budget Management 	Reasonable	0	3	0
Total Recommendations				13	67	22

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

Partial Assurance Audit Opinions

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

2024/25 Children's Services – Fire, Health & Safety – four high and one low priority recommendations were made to address the following issues:

High Priority	
Fire Safety	Differences were identified between the Children's Services records of fire responsible buildings and the Corporate Fire Safety Team's records of buildings.
Fire Safety	Most Children's Services responsible buildings have not been allocated an adequately trained Local Fire Safety Co-ordinator.
Fire Safety	Fire safety checks had not been carried out in line with their required schedule.
Fire Safety	Fire Risk Assessments had not been completed for two buildings.
Medium Priority	
No medium priority findings identified.	
Low Priority	
Health & Safety	Children's Services Fire, Health & Safety Risk Register could be improved by the inclusion of Lone Working arrangements.

2024/25 Children's Services – Commissioning Delivery – two high, six medium and one low priority recommendations were made to address the following issues:

High Priority	
Identification of need & requesting, placement matching & monitoring	Placement approval forms were not all approved in line with the service scheme of delegation.
Gateway decision making	The Gateway board process has fundamental issues, such as one of the boards not operating at all, poor attendance, and no specified quorums.
Medium Priority	
Supplier sufficiency & Quality Assurance	Evidence could not be provided for all providers sampled that they had been accredited and that those accreditations remained current. The Sufficiency Strategy Action Plan is not regularly updated and currently has no oversight. There is no reporting over demand or sufficiency to senior management. Information is still being stored on mapped servers instead of on a cloud based system such as SharePoint.
Identification of need & requesting, placement matching & monitoring	Placement referral forms could not be located for all placements reviewed.
Gateway decision making	There is currently no process in place for reconciling the number of young people in a placement and the number of placements in use.
Low Priority	
Supplier sufficiency & Quality Assurance	The sufficiency data set can be refined and developed to provide additional information.

2024/25 – Housing – Temporary Accommodation and Bed & Breakfast Financial Management – two high and three medium priority recommendations were made to address the following issues:

High Priority	
Budget Setting and Expenditure Coding	Income and expenditure budgets are in need of comprehensive review and re-basing to ensure they are sufficient, aligned to service demand / experience and that contingency arrangements are in place in case of reduction in grant funding. Misalignment of financial system budget and expenditure codes and inconsistent cost allocation practices inhibit financial oversight and decision-making.
Arrears	Timely recovery action has not been taken in respect of many Temporary Accommodation (TA) rent arrears accounts (both former and current tenants) and policies and procedures are outdated and not formally aligned with the Corporate Debt Management Policy. Current B&B arrears monitoring and management arrangements do not facilitate timely recovery action and have resulted in accumulation of statute-barred debts. Debtor checks on housing applicants and current tenants cause delays in processing write-offs.
Medium Priority	
Asset Management	Lack of TA Strategic Asset Management Plan and minimal ongoing investment places reliance on reactive maintenance leading to increased need for repairs, longer void periods and higher B&B costs.
Bad Debt Provision	There is no specific bad debt provision for TA and B&Bs, limiting management's ability to monitor, assess and take appropriate and timely action to minimise losses. TA debts recorded on Northgate are not included in the Council's overall bad debt provision.
Performance Monitoring	Lack of regular formal and comprehensive performance reporting compromises timely senior management assurance and oversight.

2024/25 – Wellbeing – Supplier Assurance – four high, one medium and one low priority recommendations were made to address the following issues:

High Priority	
Procedure	There is no procedure for supplier assurance.
Contracts	Contracts are not always in place.
Insurance	Evidence of valid insurance was not in place for all expected contracts.
Contract Monitoring	Contract monitoring was not in place in all cases, was inconsistent and not evidenced.
Medium Priority	
Document Filing	No clear filing system for documentation.
Low Priority	
Procurement and Contract Management Strategy	The procurement and contract management strategy does not include ASC supplier assurance.

2024/25 Finance - Asset Management (Estates) KAF – one high, six medium and one low priority recommendations were made to address the following issues:

High Priority	
Corporate Governance	Data on Civica TechForge is incomplete and not reconciled to Dynamics.
Medium Priority	
Corporate Governance	Data on Civica TechForge is inconsistently recorded. Corporate Property Groups are not given any data insights from Civica TechForge. There is no up to date action plan for the Corporate Asset Management Plan.
Asset valuation	Assets on Civica TechForge are missing valuations or have out of date valuations.
Asset Leasing	Reviews of lease rent reviews, break periods and endings are not carried out in a timely manner.
Asset Acquisition & Disposal	There are no Council-wide asset acquisition or disposal policies.
Low Priority	
Corporate Governance	The terms of reference of the corporate property groups have not been reviewed.

- There were no 'Minimal' assurance audit reports issued during the quarter.
- There were no "Risks Accepted" formally accepted during the quarter.
- The status of **audits in progress** at the end of the quarter are outlined below (note – these are 2025/26 audits unless otherwise stated):

	Service Area	Audit	Progress
1	Commercial Operations	Car Parking & Enforcement Income Management (2024/25)	Draft Report
2	Investment & Development	Housing Acquisitions Programme Review (2024/25/26)	Draft Report
3	IT & Programmes	BACS Bureau	Draft Report
4	Education & Skills	Schools Finance (2024/25/26)	Fieldwork
5	Commercial Operations	Seafront - Arrangements for Compliance with Planning (2024/25/26)	Fieldwork
6	Housing & Public Protection	Housing Rents (2024/25/26)	Fieldwork
7	Environment	Coroner & Mortuary Service (2024/25/26)	Fieldwork
8	Adults Commissioning	Children's Complaints	Fieldwork
9	Finance	Contract Payments (All Services)	Fieldwork
10	Customer & Property	Customer - Corporate Complaints	Fieldwork
11	Finance	Moveable Assets	Fieldwork
12	Housing & Public Protection	Leaseholder Charges	Fieldwork
13	Adult Social Care	Deprivation of Liberty Safeguards	Fieldwork

14	Finance	Housing Benefit & Council Tax Reduction Scheme	Fieldwork
15	Finance	Financial Assessments	Fieldwork
16	Marketing, Comms & Policy	Social Media Management	Fieldwork
17	Schools	St Joseph's Catholic VA Primary School	Fieldwork
18	Housing & Public Protection	Food Safety Regulatory Compliance	Scoping
19	Planning & Transport	Concessionary Travel	Scoping
20	Children's Social Care	Parenting Assessment Team	Scoping
21	Public Health & Communities	Public Health Grant	Scoping
22	People & Culture	Business Continuity (Service)	Scoping
23	People & Culture	Business Planning & Performance (Service)	Scoping
24	IT & Programmes	Application Development	Scoping
25	IT & Programmes	Guest WIFI Networks	Scoping
26	Adults Commissioning	Out of Borough Placements	Scoping

8. The 2024/25 and 2025/26 Audit Plans have been kept under review to ensure that any changes to risks, including emerging high risks, are considered along with available resource. The table below shows the changes which have been made to the 2024/25 Audit Plan in March and the 2025/26 Audit Plan during quarter 1.
9. A temporary vacancy (explained further in paragraph 33 below) has resulted in two medium priority audits being deleted from the plan. The two audits were selected as they were of a medium (rather than high) internal audit risk; there are other audits on the 2025/26 audit plan in the directorate, and audits with a similar scope have been undertaken recently. A further high priority audit has been removed from the plan, this was done in conjunction with Children's Services senior management as assurance has been provided by Ofsted in recent months and this would represent a duplication of assurance and resource.

Table showing amendments to the 2024/25 and 2025/26 Internal Audit Plan

Service Area	Audit	Added / Removed	Internal Audit Risk Score	Rationale
Quarter 4 2024/25 (March 2025 only)				
Investment & Development	Housing Acquisitions Programme Review	Added	High	Concerns were highlighted in respect of potential overspend on the Housing Acquisitions programme and inadequate programme management. Given the potential size of the overspend, this was added to the 2024/25 Internal Audit Plan as a 2024/25/26 audit. A draft report has been issued and will be reported to the next Committee meeting.
Customer & Property	Corporate Complaints	Slipped to Qtr1 2025/26	Medium	Due to resource pressures, this is now being carried out as part of the 2025/26 Audit Plan and a draft report is due shortly.
Quarter 1 2025/26				
Commissioning Resources & Quality	Quality Assurance (Business Planning & Performance Management)	Removed	High	<p>This was removed from the plan in agreement with the Children's Services management team. This had been covered by the Ofsted Inspection in December 2024. It was included in "The impact of leaders on social work practice with children and families" which was judged as "good" and specifically reported that "Quality assurance (QA) arrangements are now effective.</p> <p>A comprehensive, holistic and learning approach to QA is well established. Regular practice learning reviews with social workers are now embedded, helping to improve outcomes for children and support practice improvement for individual social workers. Thematic practice learning weeks are much valued by workers in helping to improve their learning and enhance their practice."</p> <p>Given how recently this area was reviewed by Ofsted, who</p>

				are the subject matter experts, this assurance was considered suitable, and that additional assurance in this area was not required at this time. The audit will be considered as part of the 2026/27 audit plan.
Environment	Mortuary Digitisation	Removed	Medium	Due to resource pressures caused by the Audit Manager vacancy, IA identified the need to remove some time from the IA plan. This was selected as IA had assessed this as medium risk and a Coroners & Mortuary Audit was undertaken in 2024/25/26 and will be reported to the next Committee.
Operations	Health & Safety (Service KAF)	Removed	Medium	Due to resource pressures caused by the Audit Manager vacancy, IA identified the need to remove some time from the IA plan. This was selected as IA had assessed this as medium risk and core Health & Safety audit will be undertaken during 2025/26.

10. Quarter 2 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.

2025/26 Audits Planned for Quarter 2 – Provisional

Unless otherwise stated, all audits are 'assurance'

	Service Area	Audit	IA Risk Score	Provisional Scope – to be agreed with Management
1	Customer & Property	Fire Safety - Corporate Buildings (Core 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.
2	Finance	Financial Management (Core KAF)	High	Annual KAF to ensure robust financial controls in operation. Significant financial challenge increasing risk of this audit.
3	Finance	Main Accounting (KFS)	High	Annual Key Financial System Review. Significant financial impact if main account system not effectively controlled.
4	Environment	Passenger Transport Operations (Service KAF)	High	Reviewing Financial Management, governance arrangements and links with other Service Directorates. Previous breach of Financial Regulations (c.£10m).
5	Housing & Public Protection	Housing Quality - Social Housing Regulations Compliance	High	Ensure that Council has arrangements in place to ensure compliance with the Social Housing Regulations
6	People & Culture	HR / Payroll Data Analytics	Medium	To be completed with Payroll KFS audit. Specific analytical work to be undertaken on Payroll data to ascertain anomalies or errors.
7	People & Culture	Payroll (KFS)	Medium	Key Financial System audit to review main expenditure of Council funds. Potential high risk area due to spend on staffing.
8	Adult Social Care	Extra Care Housing	High	To review allocation & monitoring of extra care housing.
9	Adult Social Care	Follow-Up on ASC Commissioning Recommendations	High	Partial audit opinion – extended follow up to ensure high (& other recs) implemented & embedded.
10	Housing & Public Protection	Procurement & Contract Management (KAF)	High	Service has had a number of high value breaches of Financial Regulations in recently years. To review compliance with corporate requirements to ensure future breaches will not arise.
11	Housing & Public Protection	Right to Buy (Counter Fraud)	High	Part of Council's commitment to deterrence, prevention & detection of fraud.
12	IT & Programmes	ICT (Core KAF)	Medium	Annual Key Assurance Function on the core provision of IT. This review may include reviewing organisational wide policies, security, assets and so forth. The scope will be informed by discussions with the service closers to

				commencement of the audit.
13	Law & Governance	Officer Decision Records	High	To review how decisions are documented and if this is in line with Council policy. Potential significant decisions which are made should have sufficient supporting evidence to confirm why decisions made
14	Customer & Property	Blue Badges (Counter Fraud)	Medium	Part of Council's commitment to deterrence, prevention & detection of fraud.
15	Planning & Transport	Bus Subsidy Arrangements	Medium	To assess changes to bus subsidy arrangements to meet Council overall finance pressures.
16	Planning & Transport	Business Planning & Performance Management and Risk Management (Service KAF)	Medium	To review new service plan for 2025/26 and associated performance and risk arrangements
17	Commercial Operations	Cash Income - Seafront Arcade (Counter Fraud)	High	Part of Council's commitment to deterrence, prevention & detection of fraud.
18	Education & Skills	Adult Learning	Medium	Examine the effectiveness of adult learning programmes, ensuring they meet the needs of the community, provide value for money, comply with statutory requirements and address any skill gaps.
19	Adult Social Care	ASC Contact Centre	Medium	To review effectiveness of the ASC contact centre.
20	Law & Governance	ICT (Service KAF)	Medium	To review key IT systems within Law & Governance due to replacement of key system for management of legal cases.

11. Based on the progress against the plan to date, as shown in the paragraphs above, the plan is on track to be materially delivered in time to support the Chief Internal Auditor's annual audit opinion.

Significant Issues Arising and Other Work

Single Person Discount

12. The Compliance Team have been undertaking the Council Tax Single Person Discount (SPD) reviews since December 2024.
13. The initial objective of the team was to complete the review of the 4,182 outstanding 2023/24 National Fraud Initiative (NFI) matches, passed back from Internal Audit, against current information/data.
14. As of 30 June 2025, the team have completed the review of all 4,182 matches and are in the process of sending letters out to 838 residents. This has so far resulted in 116 SPDs being identified as errors, raising additional council tax yield to £135,144, which includes financial penalties being issued for all 116 SPDs totalling £8,120.
15. The team are now focussing the review of the 24/25 NFI matches to further improve council tax yield. In addition the team are considering the process of automating reviews for all SPDs outside of NFI data matching process.

BCP FuturePlaces

16. As resolved at the 20 March meeting of this Committee, an investigation is currently being undertaken by the Chief Internal Auditor into FuturePlaces, the scope of which was agreed at the 29 May meeting.

17. A verbal update is being presented to today's Committee, with an interim report due in August and the final report in September 2025.

Other work

18. During March and Quarter 1, testing and verification was undertaken to certify grant schemes of over £2 million as required by the grant funding conditions. The grants include:
- Supporting Families
 - DEFRA Food Collection
 - Multiply Grant
19. Four Early Education Fund (EEF) audits were issued as final during March, bringing the total completed during 2024/25 to 30, as per the plan. An additional 7 EEF audits were issued during quarter 1. No significant issues were identified.
20. The audits of the Poole and the Bournemouth Charter Trustees were carried out during the quarter and reported to their respective committees.
21. Following the introduction of the Global Internal Audit Standards (GIAS) on 1 April 2025, work is continuing to ensure full compliance with the new Global Internal Audit Standards (GIAS).

Implementation of Internal Audit Recommendations

22. It is a requirement of the Audit Charter that all High Priority recommendations that have not been implemented by their first, second or subsequently agreed 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.
23. There were 13 high recommendations across 6 audits which met the criteria; they are shown in detail in Appendix 1.
24. 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.
25. The Audit Charter also requires any Medium Priority recommendations where the original target date has been exceeded (or will exceed) by over 18 months to be reported to Audit & Governance Committee.
26. As at the end of June, there were 6 recommendations across 3 audits which met this criteria.
27. 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

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

Summary of financial implications

29. The BCP Council Internal Audit Team budgeted cost for 2025/26 is £791,400; 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.

30. Following the vacancy of one of the Audit Manager positions for approximately three months, it is anticipated that there will be a budget underspend of approximately £9,000 for 2024/25.

Summary of legal implications

31. 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

32. The Internal Audit Team currently consists of 14.35 FTE inclusive of the Head of Audit & Management Assurance.
33. There is a current vacancy (lasting approximately three months) created by the departure of an Audit Manager. A replacement for the Audit Manager has been appointed who will commence in August on a part-time basis.
34. As previously reported the contracts of the three apprentices will end in October. Subject to following the Council's procedures, two of the three apprentices will be recruited to permanent auditor roles.
35. As in previous years, the Internal Audit team deliver most audits in-house but will also engage an experienced, specialist IT audit contractor from a neighbouring local authority. This year, they will deliver the Application Development audit which is currently being scoped.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

39. 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 was not met and Medium Priority recommendations outstanding for 18 months beyond the original target date

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) and Medium Priority recommendations outstanding for 18 months beyond the original target date

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
Linwood School (2023/24)				
<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>	<p>06/09/24; 31/12/24; 31/3/25</p>	<p>Explanation from the Headteacher - The Special School banding review is still ongoing. Expected implementation date has moved from September 2025 to April 2026. As it has been acknowledged by BCP Education Senior Leaders, BCP Finance team and the School Resource Management Advisor (SRMA), that this delay in the review of income is causing the increasing deficit. The school cannot make changes to expenditure while maintaining a balanced budget, and high-quality provision for SEND students. Therefore, the school continues to operate with an increasing deficit position. We are committed to good fiscal management and have welcomed a further SRMA review to seek further guidance and advice.</p> <p>Our Governors take their responsibility to set a balanced budget seriously and remain in communications with BCP colleagues to ensure this situation is not forgotten.</p> <p>BCP Director of Education chaired a funding review meeting in May which was attended by the Executive Headteacher and School Business Manager. The Director asked the school, while the review was experiencing a further delay, what could be done to support Linwood in the interim. School leaders and Governors have considered this and are writing with a series of suggestions for consideration.</p> <p><i>Note – Linwood's deficit at the end of 2024/25 stood at £2m, and the cumulative deficit by 2027/28 is currently projected to be £12m.</i></p>	<p>30/4/26</p>	<p>Yes, October 2024; December 2024</p>

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
Developer Contributions – Management of Spend (2024/25)				
<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; 30/6/25	<p>The new MasterGov system is now in place but there are still management capacity issues, including long term sickness and vacancy which restrict the ability to be able to address issues.</p> <p>The intention is to recruit a Planning Contributions Coordinator which is currently going through internal processes.</p> <p>Whilst MasterGov went live in March, the teams are still working on post-implementation challenges and the issues regarding developer contributions will be dealt with when the new post has been recruited to.</p>	30/9/25	Yes – Jan 25
<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> <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</p>				

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

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
are fully understood and implemented effectively.				
Housing Assets Health & Safety Follow Up (2023/24/25)				
<p>R1</p> <p>(a) Expedite development of the BCP Homes Compliance Management Plan to define roles and responsibilities for all aspects of facilities-related Health & Safety compliance for BCP Council Housing Assets and document arrangements for monitoring, reporting and enforcement of compliance requirements.</p> <p>In the meantime responsibility for Electrical Safety, Gas Safety and Lifts should be formally assigned.</p> <p>(b) Appoint a lead and deputy compliance officer in accordance with the Social Housing Regulation Act 2023.</p>	30/3/25	<p>(a) Draft management plans for all big six areas of compliance have been drafted and have been externally verified by independent specialists (eg. Corgi for the gas management plan). The comments from the independent specialists have been received, and once reviewed, the final versions will be issued.</p> <p>(b) A Job Description has been produced for a Compliance Manager and approval given by the Director of Housing & Public Protection. Recruitment for the role will be undertaken shortly.</p>	30/9/25	No
<p>R3</p> <p>(a) Develop a plan with milestones and progress reviewed to expedite development and consolidation of facilities-related H&S policies into unified documents, distinguishing between corporate and landlord responsibilities and supported by comprehensive risk assessments, inspection plans and appropriate allocation of resources.</p> <p>(b) Implement a regular review schedule to ensure policies reflect current standards with reporting on compliance status to BCP Homes, Corporate Property Group and Cabinet.</p> <p>(c) Ensure policies are approved, communicated and accessible including publication on the BCP Homes website.</p>	30/3/25	<p>a) Responsive Repairs Policy in place which references compliance areas and schedules of activity with more detail within draft management plans, which will be finalised following review of comments from external experts. Damp and Mould Policy in place in readiness for legislation and likely to be the seventh major compliance area. Corporately, all H&S policies are in place with the exception of gas safety, which is due to be produced shortly by the corporate Health & Safety Team. Risk assessments, inspection plans and allocation of resources are in place at operational level.</p> <p>b) Implemented – regular reports go to Corporate Property Group and Cabinet</p> <p>c) Implemented – whilst there is a longer term project to make improvements to the BCP Homes website, there is documentation all the relevant areas (gas, electrical, fire & asbestos) on the website for tenants to access – such as what to do in an emergency.</p>	31/12/25	No
R8	30/3/25	a) Draft management plan for Lift Safety Management has been	31/8/25	No

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<p>(a) Expedite the consolidation of lift safety policies and processes across BCP Homes including development of a centralised system for tracking inspections, maintenance records and remedial works.</p> <p>(b) Establish formal contracts with third party service providers to define data ownership and service standards including timely completion of checks and maintenance activities.</p> <p>(c) Regularly download and centrally store inspection reports ensuring access is available even during external provider portal maintenance.</p> <p>(d) Implement an automated monitoring system for all passenger lifts to promptly identify and report issues.</p> <p>(e) Work with Zurich Municipal and the Corporate Insurance Manager to improve coordination of lift safety inspections and works.</p>		<p>drafted and been verified by independent specialist lift consultant. The comments from the independent specialists have been received, and once reviewed, the final versions will issued.</p> <p>b) Implemented - Contracts are in place with lift providers and data sits within a single protected spreadsheet. Work is underway to consolidate the contracts.</p> <p>c) Implemented - Data sits within a single protected spreadsheet and inspection reports are readily accessible</p> <p>d & e) Implemented - The spreadsheet is monitored by one team, facilitated by Power BI reporting, which identifies when LOLER inspections dates are due / overdue, LOLER inspections are undertaken by the Councils insurer Zurich, although FM don't commission these services we are in contact with the Zurich engineers to ensure the inspections are undertaken within time allowing the team to take necessary action, including closing a lift if necessary.</p> <p>The intention is to use new functionality within the NES asset management system by the end of 2025/26.</p>		
<p>R9</p> <p>(a) Expedite the consolidation of fire safety policies and processes across BCP Homes ensuring consistent practices including inspection timeframes. Policies and tenancy agreements should include arrangements for Lithium-ion battery powered device storage and charging (eg. mobility scooters).</p> <p>(b) Establish and document procedures for periodic checks of fire doors, firefighting lifts, fire safety systems and other essential equipment as required by the Fire Safety (England) Regulations 2022.</p>	30/3/25	<p>a) Draft management plan for Fire Safety Management has been drafted and been verified by independent specialist lift consultant. Included within the plan is information about how FM manage mobility scooters and battery storage within premises. The comments from the independent specialists have been received, and once reviewed, the final versions will issued.</p> <p>b) Implemented – this is done through SafetyCulture system, which picks up all the inspections in the recommendation. In the longer term, the intention will be to incorporate this onto NES.</p>	31/8/25	No
Artificial Intelligence (2024/25)				

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<p>1. Appoint a Senior Responsible Officer for AI: Designate a senior leader to oversee AI initiatives, providing clear leadership and strategic direction.</p> <p>2. Develop a Comprehensive AI Strategy: Create a unified AI strategy that outlines the goals, initiatives and use cases for AI across the Council. This strategy should emphasise the collective responsibility of all services including the potential use of cross-departmental workshops and collaborative projects.</p>	29/4/25	<p>Significant progress has been made against this risk with an ongoing focus on our approach to AI within BCP. We have appointed a Senior Responsible Officer coupled with the IT & Programmes Director, whom are driving our governance and strategic direction. <i>(Part 1 of recommendation implemented)</i></p> <p>Through our Data & Innovation Programme we have two key workstreams focused in this respect; this is in first stage discovery phase and the output of this phase will be reported in October 25 through the BCP Corporate Strategy Board. Additionally, we have published internal guidance, including the BCP "Responsible Use of Generative AI" in BCP and the '7 rules'.</p>	31/10/25	No
Children's Services – Health & Safety & Fire Safety (2024/25)				
A complete and accurate record of all buildings and sites under the responsibility of Children's Services should be in place, regularly updated and agreed between with the Corporate Fire Safety Team, Children's Service and the Asset Management Team.	30/6/25	Asset numbers have now been added to the Children's Fire Records to enable easier identification of buildings. The Children's Business Manager is in the process of contacting the Corporate Fire Safety and Asset Management Teams to ensure a complete list is obtained.	31/8/25	No
All fire safety checks at Children's Services buildings must be completed according to their required schedule. Furthermore, ensure that there is adequate cover to undertake fire safety checks when a Fire Warden is unavailable.	31/5/25	All current Local Fire Safety Co-ordinators (LFSC) in Children's services are now booked onto the relevant training and have been assigned responsibilities. Once the complete list of Children's buildings has been confirmed, it will enable the identification of any gaps in LFSC coverage required to carry out the necessary safety checks.	31/8/25	No
ASC - Supplier Assurance (2024/25)				
<p>A supplier assurance procedure to be established for ASC placements which covers:</p> <ul style="list-style-type: none"> • Roles and responsibilities • What supplier assurance/due diligence checks are required prior to placement • Record keeping requirements. • Ongoing contract monitoring requirements 	30/6/25	The recommendation has been 'substantially' completed. ASC Commissioning have created a 'Roles and Responsibilities document' that is waiting for full SMT ratification and will be agreed by 1/9/25.	1/9/25	No
Medium Priority Recommendations – outstanding 18 months beyond the original target date				
Environment – Commercial Waste Audit (2021/22)				

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<p>It is recommended that arrangements are put in place for proportionate and regular (at least quarterly) formal monitoring and management reporting including, but not limited to:</p> <p>(a) Actual vs. expected distance travelled</p> <p>(b) Actual vs. expected routes followed</p> <p>(c) Actual vs. expected waste tonnage</p> <p>(d) Complaints and customer queries</p> <p>It is further recommended that any variances are investigated in a timely manner and outcomes documented with escalation to senior management as appropriate.</p>	30/3/23	<p>Full implementation of this recommendation is contingent on the implementation of commercial waste specific software and integration with the CRM which is expected to be in place during 2025/26.</p> <p>In the meantime, the tonnages are recorded by the Strategy Team from the weights recorded on the weighbridges.</p> <p>Complaints are recorded and reported separately and fed into the overall figures for Environment.</p>	30/9/25	No
Finance – Risk Management (2022/23)				
<p>An updated version of the BCP Council Risk Management Policy is produced in line with the stated timeframes, to include:</p> <ul style="list-style-type: none"> The purpose and role of Key Assurance Management Boards with specific definition and reference to Key Assurance Risk Registers Roles and responsibilities for compliance monitoring within the organisation Reporting lines for risk management for all levels of the organisation, to include specific reference to escalation to both CMB and the Audit and Governance Committee. 	31/12/23; 31/8/25	<p>The work to progress this has been delayed by other pressing priorities.</p> <p>Work is now on-going to refresh the risk categories in line with the instruction from CMB. Once this is completed, drawing on relevant professional guidance, a new set of definitions for risk appetite will be drafted and presented to CMB again. As part of the options presented, this will include not having a defined risk appetite in the policy. The draft policy will be presented for approval at the same time with an intention of taking forward to the Audit and Governance Committee for the October meeting.</p>	16/10/25	No
Planning Contributions (2023/24)				
Planning contributions rates should be reviewed and standardised across the BCP area where possible.	31/3/25	<p>This update is reliant on a new BCP CIL Charging Schedule which was linked to the draft BCP Local Plan. The draft Local Plan and draft CIL Charging have had to be withdrawn. See Council decision 3 June 2025.</p> <p>Work is starting on a new Local Plan. This will not be adopted until 2028. Existing schedules remain in place.</p>	31/12/28	No
Arrangements should be put in place to undertake regular	31/3/25	As above - draft BCP Local Plan has been withdrawn which	31/12/28	No

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
formal reviews of each element of developer contributions to ensure that they remain relevant and charging rates are appropriate and up-to-date.		impacts on this ability to harmonise.		
Arrangements should be put in place to ensure that developer contribution administrative overheads are reviewed and updated on a regular (at least annual) basis, and that these are factored into subsequent calculations to ensure that costs are recovered to the fullest extent possible.	31/3/24	Management capacity issues mean that these issues have yet to be addressed.	31/12/25	No
Regular (at least monthly) reports should be obtained from the Building Control system and reviewed to ensure that all trigger points are identified and invoiced in a timely manner.	31/3/24	MasterGov system is now in place but management capacity issues mean that these issues have yet to be addressed.	31/12/25	No