AUDIT AND GOVERNANCE COMMITTEE

BCP Council

Report subject	**Internal Audit - Quarterly Audit Plan Update**
Meeting date	15 January 2026
Status	Public Report
Executive summary	This report details progress made on delivery of the 2025/26 Audit Plan for the 3rd quarter (October to December 2025 inclusive). The report highlights that: 17 audit assignments have been finalised, including 15 'Reasonable' and two 'Partial' audit opinions; 25 audit assignments are in progress, including 8 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; - There is one medium priority recommendation still outstanding from 2023 together with four high and seven medium priority recommendations from 2024. Detailed explanation has been received from the relevant Directors as to why these have not been completed; - Seven 'High' priority audit recommendations have not been fully implemented by the original target date in addition to those outstanding from 2024. Explanations from respective services have been provided and revised target dates have been agreed. The Revenues Compliance Team continue to identify and recover Single Person Discount errors and have so far achieved an additional council tax yield of £233,230 since December 2024 (for 2023/24 NFI matches). The current score of the assessment of the Council's arrangements on managing the risk of fraud and corruption using a CIPFA tool is 94%. The reasons for the 6% not achieved are identified along with actions to improve.
Recommendations	**It is RECOMMENDED that Audit & Governance Committee:** a) **Note progress made and issues arising on the delivery of the 2025/26 Internal Audit Plan.** 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, particularly those from 2023 and 2024.**

	c) **Note that the SPD project now operates as 'business as usual' and that it will no longer be included in this quarterly update as standard.**
	d) **Note the explanations and actions in relation to achievement of the CIPFA tool for managing the risk of fraud and corruption.**
Reason for recommendations	To communicate progress on the delivery of the 2025/26 Internal Audit Plan.
	To ensure Audit & Governance Committee are fully informed of the significant issues arising from the work of Internal Audit during the quarter.
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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 October to December 2025 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 31 December 2025.

Delivery of Internal Audit Plan –Quarter 3 2025/26

3. 17 audit assignments have been **finalised** as outlined below (including 2 combined reports):

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
	2025/26 Audit Plan					
1	Investment & Development	**Business Continuity (Service KAF)** ➢ Compliance with corporate policies and procedures ➢ Adequacy of business resilience plan	Reasonable	0	1	0
2	People & Culture	**Business Continuity (Service KAF)** ➢ Compliance with corporate policies and procedures ➢ Adequacy of business resilience plan	Reasonable	0	0	1
3	Planning & Transport	**Business Planning & Performance Management and Risk Management (Service KAFs)** Compliance with corporate policies and procedures including: ➢ service planning and performance monitoring ➢ review and update of risk register and robustness of mitigating actions	Reasonable	0	2	1

4	Commercial Operations	**Cash Income - Seafront Arcade (Counter Fraud)**
		➢ Unannounced cash-up of cash office
		➢ Procedures for confirming amounts taken from arcade machines
		➢ Income recording including:
		    o procedures are established and staff are trained
		    o process to ensure all cash income is recorded
		    o income record amendments are authorised
		➢ Income storage & banking including:
		    o process to ensure prompt and regular banking of cash and other income
		    o ensure cash is securely stored
		    o ensure cash is promptly and regularly reconciled to actual bank records.
		    o procedures and training are available to all staff
		➢ Reconciliation of income including:
		    o Adequate procedures and training
		    o Income records are reconciled to actual cash collected prior to being banked
		    o Reconciliations are overseen by management and variations are investigated
			Reasonable	0	5	2

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
5	Finance, Estates and Benefits	**Contract Payments (All Services) (Counter Fraud)** ➢ Review a sample of contracts to ensure the payments have been made legitimately, accurately & in compliance with Council corporate payment processes	Reasonable	0	1	0
6	Adult Social Care	**Deprivation of Liberty Safeguards (DoLS)** Review of: ➢ training and guidance arrangements in place to ensure that staff operate effectively and consistently ➢ arrangements for assessing, recording and authorising both new and ongoing DoLS applications to ensure they meet with regulatory requirements ➢ performance reporting and management information for DoLS to ensure it is of adequate quality and regularity to inform decision making and is being submitted centrally where required	Partial	2	2	0

7	Finance, Estates and Benefits	**Main Accounting (KFS) and Financial Management (Core KAF)** *combined report*
		➢ Main Accounting – confirm that:
		   o reconciliations carried out on a regular basis & reviewed by management
		   o journals are appropriately authorised
		   o bank reconciliations are carried out on a regular basis
		   o feeder systems are regularly reconciled to the general ledger
		   o suspense accounts are regularly reviewed & transactions reallocated
		   o capital accounting is regularly reviewed and monitored
		   o user permissions are correctly set up and regularly reviewed
		   o assets are correctly valued and depreciated
		➢ Financial Management – confirm that:
		   o rigorous processes in place for budget setting
		   o regular reporting of financial information takes place
		   o processes in place to ensure that the MTFP is being achieved
		   o there is adequate awareness of grants and external funding
		   o arrangements in place for authorising grants and external funding bids
			Reasonable	0	6	0

8	IT & Programmes	**Guest WIFI Networks** ➢ Review of security & network segregation, including segmentation process and security processes ➢ Review of access arrangements, including how users access the network, session timeouts, and terms of use and privacy notices / policies ➢ Review of monitoring and incident response	Reasonable	0	3	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
9	People & Culture	**Payroll (KFS & Data Analytics)** *combined report* ➢ Starters Process 　○ review process for onboarding new employees 　○ assess timeliness and accuracy of data entry ➢ Leavers Process 　○ review procedure & processes followed when an employee leaves 　○ assess the accuracy and timeliness of removing leavers from the system ➢ Amendments to pay 　○ review contract amendments to ensure in line with policy and authorised 　○ ensure amendments to pay accurately reflected in the payroll system ➢ Deductions 　○ ensure that tax, pensions, schemes and national insurance correctly deducted 　○ ensure that all deductions have been authorised by the appropriate manager ➢ Payments – review BACS run to ensure: 　○ there is a sign off process in place 　○ controls in place to make sure the run is completed on time ➢ Reconciliations 　○ review of reconciliations between Payroll system and financial system 　○ review of reconciliations of expected payroll outgoings against real payroll out ➢ Access to data - ensure only authorised & active users have access to payroll system ➢ Data analysis – including: duplicate employees, duplicate payments, employees sharing bank details with suppliers and emergency tax codes	Reasonable	0	1	0
10	IT & Programmes	**ICT (Core KAF)** ➢ Governance - Review of the strategy, action plan and oversight arrangements in place for the delivery of directorate objectives ➢ Risk Management - Review of risk identification, assessment and management arrangements ➢ Policy & Procedures - Review of the updating, content and availability of ICT policies and procedures and their effective communication to officers ➢ Training - Review of provision and management of any ICT-led training programmes	Reasonable	0	0	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
11	Customer & Property	**In House Team Operating Model – Housing Revenue Account Charges** ➤ Confirm policy/procedure for ensuring that charges made to HRA are appropriate ➤ Review process for charging salaries, materials and overheads from BBML to HRA ➤ Review sample of invoices from BBML to HRA to confirm costs are appropriate	Reasonable	0	2	1

12	Corporate	**Moveable Assets (Counter Fraud)**
		➤ Review of arrangements across the Council to ensure that Moveable Assets are:
		  o Recorded in local inventories maintained by service units
		  o Held securely
		  o Used solely for Council business (unless explicitly authorised otherwise)
		  o Disposed of appropriately in accordance with Financial Regulations & the Schedule of Financial Delegations
			Reasonable	0	2	0

13	Children's Commissioning, Resource & Quality	**Out of Borough Placements**
		➤ Strategy - relating to children in care residing in out of borough Children's Homes
		➤ Home finding process, decision making & allocation
		  o Compliance with procedures, internal policies, legislation & regulations including decision making & authorisation process.
		  o Use of non-framework providers for all home finding options relating to out of borough provision including emergency provision and retainer payments.
		  o Supporting documentation to provide a clear audit trail
		➤ Monitoring
		  o On going due diligence monitoring to ensure providers are compliant with Financial Regulations & that Children are safe
		  o Statistics used for reporting relating to out of borough placements
			Partial	1	4	1

14	Adult Social Care	**Direct Payments (Counter Fraud)**
		➤ Direct Payment Policies, Procedures and Agreements are in place which mitigate the risk of fraud
		➤ Set up of Direct Payment accounts
		  o set up in line with BCP Council Direct Payments Policies & Procedures
		  o checks are carried out to verify recipient and carer identities
		  o checks are carried out to ensure PA employment compliance
		  o approval for employing household members are documented and authorised
		  o assessments have been carried out for authorised and nominated persons
		➤ Payment of Direct Payment Monies
		  o confirm payments made are accurate, authorised and supported by care plans
			Reasonable	0	0	4

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		○ changes to direct payments amounts are supported by a revised care plan ○ ensure no duplicates made nor payments to deceased or ineligible individuals ○ DP payments for hospital stays exceeding 4 weeks are suspended ➢ Direct Payments returns ○ processes to monitor expenditure and balances of direct payments accounts ○ expenditure is used as per the care plan in place ○ processes are in place to raise and investigate any financial irregularities concerns in Direct Payment Accounts ○ any organised fraud indicators ➢ EML Accounts ○ ensure missed or delayed payments were tracked and reconciled ○ ensure all monies paid to EML accounts can be identified, tracked & reconciled ○ process to address any financial hardship caused by the outage ○ emergency payment methods available and activated				
15	Children's Social Care	**Parenting Assessment Team** ➢ Review internal policies/procedure to ensure they adhere to the Department of Health's framework for Children in Need and Their Families ➢ Assess whether roles and responsibilities are clearly defined ➢ Review of training requirements and arrangements ➢ Review of performance management arrangements ➢ Assess compliance with the Department of Health's framework for Children in Need and Their Families and internal policies throughout the assessment process	Reasonable	0	3	0
16	Law & Governance	**Officer Decision Records (ODRs)** ➢ Review of ODR process guidance including where recorded, format of template & legislative requirements ➢ Review of ODR authorisation & financial thresholds for decisions ➢ Review of how ODRs are reported and published	Reasonable	0	3	0
17	Education & Skills (Schools)	**St Edwards RC/CE VA School** ➢ Review arrangements to ensure effective internal controls are in place over: Governance, Budgeting, Purchasing, Income & Banking, Payroll, Asset Management, and Insurance	Reasonable	0	10	5
Total Recommendations				3	45	15

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 2 'Partial' assurance audit reports issued during the quarter as follows:

Adult Social Care – Deprivation of Liberty Safeguards (DoLS) – two high and two medium priority recommendations were made to address the following issues:

High Priority	
Applications and Assessments	There is a significant waiting list of Deprivation of Liberty Safeguards assessments awaiting allocation, the majority of which are outstanding in excess of legislative timeframes.
Applications and Assessments	The capacity and effective deployment of different types of Best Interest Assessors requires improvement.
Medium Priority	
Applications and Assessments	Assessments that have been awaiting allocation for the longest period have not been prioritised for review.
Performance Reporting	The Mosaic system allows for only limited performance reporting, improvements to which could drive service improvements.

Children's Commissioning, Resource & Quality – Out of Borough Placements – one high, four medium and one low priority recommendations were made to address the following issues:

High Priority	
Out of Borough notifications	It cannot be confirmed that there are Out of Borough notifications for all 2025/26 Out of Borough provision.
Medium Priority	
Out of Borough Notifications	No evidence of the Out of Borough notifications being sent to the host authority has been retained.
Processes & Procedures	Procedures are outdated and have not undergone review for an extended period.
Document Retention	Testing identified provisions where documentation had not been retained.
Authorisation	Testing identified provisions which had not been appropriately authorised.
Low Priority	
Sufficiency Strategy	The version of the Sufficiency Strategy currently published on the Council's website is outdated.

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

6. There were no "Risks Accepted" formally accepted during the quarter.

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

	Service Area	Audit	Progress
1	Investment & Development	Procurement - Investment and Development	Draft
2	Education & Skills (Schools)	The Priory CE VA Primary School	Draft

3	Law & Governance	Risk Management (Service KAF)	Draft
4	Finance, Estates and Benefits	Council Tax	Draft
5	Finance, Estates and Benefits	Non-Domestic Rates (NNDR)	Draft
6	Finance, Estates and Benefits	Treasury Management	Draft
7	Customer & Property	Business Continuity (Service KAF)	Draft
8	Environment	Passenger Transport Operations (KAF)	Draft
9	Public Health & Communities	Public Health Grant	Fieldwork
10	Adult Social Care	Extra Care Housing	Fieldwork
11	Children's Social Care	Pathway Plans	Fieldwork
12	Education & Skills	Adult Learning	Fieldwork
13	Housing & Public Protection	Procurement & Contract Management (KAF)	Fieldwork
14	IT & Programmes	Application Development	Fieldwork
15	IT & Programmes	Project & Programme Management (Core)	Fieldwork
16	Education & Skills (Schools)	Highcliffe St Mark Primary School	Fieldwork
17	Education & Skills	Capital Programme	Fieldwork
18	Customer & Property	Blue Badges (Counter Fraud)	Scoping
19	Adult Social Care	Better Care Fund	Scoping
20	Customer & Property	Fire Safety - Corporate Buildings (KAF)	Scoping
21	Finance, Estates and Benefits	Risk Management (Core)	Scoping
22	Children's Commissioning, Resource & Quality	Safeguarding - BCP Safeguarding Partnership	Scoping
23	Finance, Estates and Benefits	Creditors	Scoping
24	Marketing, Comms & Policy	Service Planning & Performance (Core KAF)	Scoping
25	Adult Social Care	Safeguarding (Core KAF)	Scoping

8. The 2025/26 Audit Plan has 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 Audit Plan during quarter 3.

Table showing amendments to the 2025/26 Internal Audit Plan (during Quarter 3)

Service Area	Audit	Added / Removed (Days)	Internal Audit Risk Score	Rationale
Customer & Property	Libraries Strategy Implementation Governance Arrangements	Removed (- 20)	Medium	Libraries Strategy has not progressed beyond an outline approach, so the audit has been deferred for consideration in 2026/27.
Customer & Property	Business Continuity (KAF)	Added (+10)	High	This audit was carried out in place of the Libraries Strategy audit, as it was identified as a high-risk area that had not previously been reviewed.
Adult Social Care Commissioning	Better Care Fund (BCF)	Added (+ 20)	High	A joint audit with the NHS and Dorset Council has been agreed. Previous joint audits at other local authorities have been viewed positively.
Adult Social Care Commissioning	Care Technology	Removed (-15)	Medium	This was removed from the plan to accommodate the BCF audit, following discussion with the relevant director who advised that there no known areas of concern in the service following its recent review (audit risk assessed as medium).
Adult Social Care	Contact Centre	Removed (-20)*	Medium	As reported in the October Quarterly update, Adult Social Care audits, anticipated to be in the region of 40 days, would be removed from the Audit Plan, due to the Care Quality Commission (CQC) inspection. Once the CQC report have been released, it may be that further amendments to the ASC plan are required, dependent on scope and findings.
	Carers Service	Removed (-20)*	Medium	Whilst this time has already been reported, this confirms the audits which were selected. Both of the audits selected were 'medium' priority and will be considered for inclusion in future audit plans as part of the normal audit planning process.
Total		Reduction of 5 days*		
				Note – Excludes reduction in days for the two ASC audits already reported in Oct '25

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.

2025/26 Audits Planned for Quarter 4 – Provisional

Unless otherwise stated, all audits are 'assurance'

	Service Area	Audit	IA Risk Score	Provisional Scope – to be agreed with Management
1	People & Culture	HR (Core KFS)	Medium	Annual KAF on provision of core HR services, such as key policies, training, sickness management.
2	Housing & Public Protection	Right to Buy (Counter Fraud)	High	Review arrangements to prevent and detect fraud within the right to buy process.
3	Marketing, Comms & Policy	Business Planning & Performance (Core KAF)	Medium	Annual KAF to review corporate guidance and process for Service Planning and performance monitoring arrangements and guidance.
4	Commercial Operations	Asset Management (FM) BCP Leisure Health & Safety Compliance (KAF)	High	Review compliance arrangements following leisure centres being brought back in-house.
5	Commercial Operations	Business Continuity (Service KAF)	Medium	Review compliance with corporate requirements.
6	Planning & Transport	Strategic CIL Governance & Operational Planning Contributions Arrangements	High	Assess implementation of Cabinet agreed new strategic CIL approach. Review operational arrangements for the collection and spend of planning contributions.
7	Marketing, Comms & Policy	Sustainable Environment (Core KAF)	High	Annual KAF to review progress made on the corporate objective of reducing the impact the Council has on the environment.
8	Public Health & Communities	Public Health (KAF Overview)	High	New service directorate 1/4/25 - review to ensure key assurance / governance processes are in place.
9	Adult Social Care	Safeguarding (Core KAF)	High	Annual KAF review of corporate safeguarding arrangements
10	Housing & Public Protection	Temporary Accommodation and B&B Financial Management - Follow Ups	High	Follow up to ensure high (& other recs) implemented & embedded following previous partial audit opinion.
11	Finance, Estates and Benefits	Health & Safety (Core KAF)	Medium	Annual KAF on the compliance within the organisation on Health and Safety matters.
12	Finance, Estates and Benefits	Procurement (Core KAF)	Medium	Annual KAF on operation of the Procurement function, including compliance with laws and regulations.
13	Adult Social Care	Emergency Duty Service	Medium	Review the operation of the Emergency Duty Service.

14	Law & Governance	Local Land Charges	Medium	Review process for processing of land charges and income gained from this service including review of potential new systems.
15	Schools	Burton CE Primary School	Medium	Ensure adequate financial management at maintained schools.
16	Marketing, Comms & Policy	Partnerships (Core KAF)	Medium	Annual KAF to review corporate guidance and arrangements for dealing with key partners the Council works with.
17	Finance, Estates and Benefits	Debtors	High	Annual Key Financial System review of key controls in the debtors system.
18	Finance, Estates and Benefits	Debt Data Analysis	High	To be completed with Debtors KFS audit. Specific analytical work to be undertaken on Debtors data to ascertain anomalies or errors.
19	IT & Programmes	IT Equipment Asset Management (Service KAF)	High	Review adequacy of arrangements for management of IT equipment, including prevention of theft.
20	Finance, Estates and Benefits	Human Resources (Service KAF)	Medium	Review HR process within Finance, Estates and Benefits to ensure that corporate policies are being complied with.
21	Wellbeing Directorate Wide	Human Resources (Service KAF)	High	Review HR process within Wellbeing Directorate to ensure that corporate policies are being complied with.
22	Adult Social Care	Community Mental Health	Medium	Review of the Community Mental Health service.
23	Finance, Estates and Benefits	Business Continuity (Core KAF)	High	Review compliance with corporate requirements.
24	Finance, Estates and Benefits	Asset Management (Estates)(KAF)	High	Annual KAF to ensure robust controls in operation over key Council assets (Land and Buildings).
25	Law & Governance	Information Governance (Core KAF)	High	Annual Key Assurance review on core provision of information governance compliance across the organisation.

10. 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

11. Following the success of the pilot Council Tax Single Person Discount (SPD) carried out by Internal Audit, the Compliance Team have been undertaking the Council Tax Single Person Discount (SPD) reviews since December 2024. Quarterly updates have been provided to this Committee to provide assurance that the reviews remained effective.

12. As this has been operating as 'business as usual' for a year, it is our intention to stop reporting this to Audit & Governance Committee. The scheme will continue to be monitored by Finance, Estate and Benefit management through key performance indicators, who will make decisions on how to best utilise the Team's resources. In addition, the Internal Audit (fraud) team review the National Fraud Initiative database which provides data on SPD matches.

13. The Compliance Team's work to date resulted in in additional council tax yield of £233,230, which includes financial penalties being issued for on 213 SPDs totalling £14,910.

BCP FuturePlaces Ltd

14. An investigation has been undertaken by the Chief Internal Auditor into BCP FuturePlaces Ltd. The investigation report was brought to this Committee on 24 September, 6 November and 3 December 2025. This Committee is now considering next steps which includes asking stakeholders specific questions and comments.

Counter Fraud Update

15. As reported as part of the annual report on counter fraud work to the Audit & Governance Committee on 16/10/25, an annual assessment was carried out to review the Council's arrangements on managing the risk of fraud and corruption using a tool provided by CIPFA.

16. The current assessment outcome was scored at 94% and it was requested at the committee meeting that further information was provided in relation to 6% of the assessment score not achieved and also to consider whether a form of external verification was possible for future years.

17. The table below shows the areas requested and proposed action to further improve the assessment score.

Section	Performance statement	Action Required To Improve	December 2025 Update
Identify Risks	Fraud risk reporting is made regularly and there is a clear allocation of responsibility for managing the risks	Ensure BCP Risk Management Strategy considers the risks of fraud & corruption & gives guidance on how these should be assessed	BCP Risk Management Policy has been updated with guidance on the risks of fraud & corruption
	The organisation identifies the main areas of activity where the risk of corruption is present	Service risk registers need to consider fraud risk as standard	Corporate Fraud Risk Register has been shared with Service Directorates to consider inclusion in own risk registers
	The organisation identifies appropriate fraud loss estimates that are appropriate for its sector or fraud risk types. It uses these to inform its fraud risk assessment and to quantify	Carry out regular fraud loss estimate exercise for BCP	To carry out further up to date exercise to determine fraud loss estimate

	the value of fraud prevention.		
	As part of a fraud risk assessment it is made clear where the harm caused by fraud lies	Service risk registers need to consider fraud risk as standard	Being addressed as above
Develop a Strategy	The strategy sets out how the organisation will publicise its anti-fraud and anti-corruption activities to its staff, contractors and customer, including its commitment to tackle fraud and corruption and the outcomes of successful cases	Publicise more successful cases outcomes to staff, contractors & customers.	Consider further publication of fraud incidents to staff and other stakeholders.
	The strategy sets out arrangements for accounting for the delivery of the strategy on a regular basis so that performance may be monitored and significant deviation from the strategy accounted for	Develop performance targets for the Anti-Fraud & Corruption Policy & monitor performance against them	To consider performance targets.
	The strategy sets out which body will have responsibility to review performance against the strategy and to make recommendations	Identify who will be responsible for reviewing performance against the strategy and make recommendations for improvement	To address as part of C4/2 above
Provide Resources	Internal audit review of counter fraud have included the availability of capacity and skills to manage fraud & corruption risks	Consider capacity and skills as a result of the skills and competency review carried out under Global Internal Audit Standards (GIAS)	Skills and competency review as part of GIAS for all staff underway
	The resource planning that supports the strategy identifies the skills and experience required from the identified resources	Consider as part of Audit Planning.	Being considered as part of Counter Fraud audit planning for 2026/27
	Access right are in place covering outsourced activities, shared services and partnership arrangements so that an investigator is able to conduct appropriate enquiries	Build access rights into all contracts for outsourced activities, shared services and partnership arrangements	Consider review of contracts of outsourced services, resource permitting.
Take Action	The effectiveness of any data sharing initiative is assessed and judged to be satisfactory	Assess effectiveness of all data sharing arrangements	Being considered as part of Counter Fraud audit planning for 2026/27

18. An external verification of the assessment process is not being proposed due to cost implications (and also planned changes/updates to the assessment tool). However more independent internal verification will be considered for the 2025/26 assessment.

<u>Other work</u>

19. During Quarter 3, testing and verification was undertaken to certify the Disabled Facilities Capital Grants of over £4 million as required by the grant funding conditions.

20. Eight Early Education Fund (EEF) audit final reports were issued during Q3. This brings the total completed in the year to date to 25 out of the 32 on the 2025/26 plan. No significant issues were identified.

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 Standards.

Implementation of Internal Audit Recommendations

22. At the October meeting, the Audit & Governance Committee requested more detailed explanations from the Directors for those recommendations still outstanding with an original implementation date of 2024 (or before). These are detailed in Appendix 1, with a summary shown below:

Year	High Priority	Medium Priority	Total
2023	0	1	1
2024	4	7	11

23. In addition, it is a requirement of the Audit Charter that all High Priority recommendations that have not been implemented by their first 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.

24. There were seven high recommendations across four audits which met the criteria (in addition to those reported above); they are shown in detail in Appendix 1.

25. All remaining High Priority recommendations followed up during the period were found to have been satisfactorily implemented by management.

26. 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.

27. As at the end of September, there were no recommendations which met this criteria (in addition to those already reported above).

28. 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

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

Summary of financial implications

30. The BCP Council Internal Audit Team budgeted cost for 2025/26 is £818,500; 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.

31. At this stage of the financial year, based on assumptions for the remainder of the year, there is a projected underspend forecast in the region of £10,000.

Summary of legal implications

32. 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

33. The Internal Audit Team currently consists of 12.95 FTE inclusive of the Head of Audit & Management Assurance.

34. In the annual report, the Chief Internal Auditor must provide an opinion on whether the resources are sufficient to provide Audit & Governance Committee and the Council's senior management with the assurances required. The Chief Internal Auditor is keeping this under active review to ensure sufficient coverage. This will include consideration of assurances provided by external bodies, such as CQC, Housing Inspectorate and Ofsted, breadth and depth of internal audit coverage provided. If necessary, the CIA will seek to appoint temporary resource to ensure that the Council is provided with an audit opinion, however, this is not considered necessary at this point.

35. The specialist IT audit contractor has commenced delivery of the Application Development audit.

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 – Outstanding Recommendations including: from 2024 and earlier; High Priority recommendations - original target date not met; and Medium Priority recommendations outstanding for 18 months beyond the original target date.

Appendix 1 - Table showing Recommendations outstanding from 2024 and earlier; 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	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
RECOMMENDATIONS OUTSTANDING FROM PRIOR TO 2024					
Risk Management (2022/23) – reasonable assurance					
One out of four medium priority recommendations remains outstanding					
An updated version of the BCP Council Risk Management Policy is produced in line with the stated timeframes, to include: •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.	**Medium**	31/12/23; 16/10/25; 16/10/25; 15/1/26	The work to progress this has been delayed by other pressing priorities. An updated version of the Risk Management will be presented to 26 February Audit & Governance Committee. The updated version addresses the issues raised in the recommendation (key assurance boards, roles and responsibilities and reporting lines). Other additions include reference to risk appetite and tolerance, and risk of fraud included as a risk category.	19/3/26	Yes
BCP Homes Governance Review (2022/23/24) – reasonable assurance					
Two out of six medium priority recommendations remain outstanding					
1205 R1. Spend with Suppliers and Breach of Financial Regulations (a) Undertake a full tendering exercise for those activities identified in the breach and agree a contract in accordance with BCP Financial Regulations. (b) BCP Homes reviews all supplier spend data for 2022/23 to confirm whether appropriate contracts are in place in accordance with Financial Regulations. • Where contracts are duplicated, coming to end of term or otherwise considered redundant, a value for money review of alternatives should be undertaken accordingly.	**Medium**	1/1/24	It is understood that good progress has been made with the implementation of this recommendation, however, we are awaiting evidence before it can be closed down. An update will be provided at Committee.		

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
• Where breaches with Financial Regulations are identified (for example due to the aggregation of spend with a specific supplier) this should be recorded in a breach form and submitted following corporate requirements. (c) The above is included as a specific entry in the applicable Delivery and Alignment Plans to ensure that defined responsibility and timeframes for completing the review are in place and monitored.					
1207 R3. Completion of Talent and Performance Enablement Conversations The BCP Homes Management Team are reminded of the need for end of year reviews for all staff to be completed, with monitoring and completion records presented and reviewed by management on an at least annual basis.	**Medium**	31/2/34	It is understood that good progress has been made with the implementation of this recommendation, however, we are awaiting evidence before it can be closed down. An update will be provided at Committee.		
Housing Tenancy – reasonable assurance					
Two out of four of the medium priority recommendations are still outstanding					
1306 R1. Housing Tenancy Policy (a) Work to develop a single BCP Council Housing Tenancy Management Policy should be expedited and explicitly reference counter-fraud arrangements including roles and responsibilities. These should be defined and agreed in consultation with other Service Directorates as appropriate. (b) The Policy / Strategy document should be supported by a Housing Tenancy Fraud risk assessment to facilitate identification of key risk areas and underpin associated resource planning and allocation. (c) An appropriate approach to counter-fraud data matching exercises should also be outlined in the Policy / Strategy.	**Medium**	29/4/24	An update will be provided at Committee.		

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
1310 R2. Housing Tenancy Counter-Fraud Procedures & Processes Formal BCP-wide procedures and processes for housing tenancy fraud identification, escalation, investigation, reporting and monitoring by management should be produced in collaboration with relevant officers (including those in other Service Directorates as appropriate) and communicated to all relevant staff to support effective implementation of the BCP Housing Tenancy Management Policy.	**Medium**	30/7/24	An update will be provided at Committee.		
Developer Contributions – Management of Spend (Partial Assurance)					
Four out of four high priority and two out of five medium priority recommendations still outstanding					
1485 R1. In liaison with the MasterGov system project team, Management should: (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. (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. *(c) Implemented* (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. (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.	**High**	31/12/2024 31/12/24; 30/6/25; 30/9/25	As previously reported, it has been identified that a dedicated resource is required to deliver the required changes which is beyond current BAU. The Planning Contributions Coordinator role took time to get approved and was unsuccessful at first attempt. We are currently going through second recruitment process. Unfortunately, the teams are still working through a significant scale of data quality/post-implementation issues following the move to MasterGov in the Spring. We are aware of issues raised in report and still intend to implement appropriate controls. Will work with IA as part of next quarter's audit.* *Note – Internal Audit will review these recommendations in detail as part of the Q4 audit of CIL & S106 governance arrangements. Due to the implementation of MasterGov and other changes to governance and process, it may be some recommendations are no longer required or that alternative controls may be more appropriate. Following this audit, a detailed follow up will be presented to this Committee showing where risks still remain.*	To be agreed as part of Q4 audit	Yes

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
1486 R2. In liaison with Legal and Planning colleagues, Management should: (a) Conduct a thorough search for all missing s.106 documentation. *(b) Implemented* (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.	**High**	31/12/24			
1487 R3. In liaison with Accountancy, Management should: (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. (b) Establish regular reporting mechanisms to monitor compliance with s.106 agreements and spending of contributions. (c) Carry out periodic sample compliance checks to ensure that developer contributions are accurately and comprehensively logged, allocated and spent appropriately within agreed timescales.	**High**	31/12/24			
1488 R4. In liaison with relevant Service Directorates, Management should: (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. This should include the agreement and implementation of clear communication channels and protocols for information sharing	**High**	31/12/24	Work is in progress to produce procedure notes and flowcharts. There is a rebuild of the system in January which will change the procedure. Work continues on this with a completion date of September 2026.* Note that part b of the recommendation relating to staff training has been implemented following completion of training in January and February 2025.	31/9/26	

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
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. (b) *Implemented*					
1492 R8. A process for refunding unspent and expired developer contributions should be agreed and documented including roles, responsibilities and sign-off at an appropriate level of management.	**Medium**	31/12/24	There is an agreed process in place, including roles and segregation of duties. Formal documentation of this will be done by September 2026.*	31/9/26	
Planning – Contributions (2022/23/24) – reasonable assurance					
Four out of eight medium priority recommendations are still outstanding (two of which had an implementation date of 2024)					
1116 Approval and implementation of revised Planning Scheme of Delegation should be expedited.	**Medium**	31/3/24	Work to review this commenced in 2025 but has not progressed it further as there were other priorities.* We are intending that this work is undertaken in early 2026 so that it can be completed by end of March 2026.	31/3/26	
1117 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.	**Medium**	31/3/24	Costs are updated in line with inflation, but there needs to a be a review, in line with Dorset County Council for the fundamental costs. This will be addressed next year.*	30/9/26	

Recommendation		Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
HIGH PRIORITY RECOMMENDATIONS				
Children's Services – Health & Safety & Fire Safety (2024/25) – Partial				
One of the four high priority recommendations has been implemented; the three outstanding recommendations are shown below:				
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, 31/8/25; 31/12/25	A reconciliation of building records has been completed, which has highlighted a number of anomalies. The anomalies are currently under review. As buildings are confirmed as falling under Children's Services responsibility, Local Fire Safety Coordinators (LFSCs) are being identified, trained, and assigned responsibility for conducting fire safety checks. This remains a work in progress.	28/2/26	Yes
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, 31/8/25; 31/12/25		28/2/26	Yes
All Children's Services buildings should have an assigned LFSC. This should be communicated to the Corporate Fire Safety Team. In addition, LFSCs should be up to date with the relevant fire safety training and this should be appropriately recorded.	30/9/25; 31/12/25		28/2/26	No
Housing Delivery Programme Review (2024/25/26) – Partial				
Two of the three high priority recommendations have been implemented, and the status of the remaining high recommendation is shown below				
In liaison with the Accountancy team, ensure a CNHAS update report is taken to Cabinet to approve the revised housing acquisitions programme budget and provide the latest predicted actual financial position (including property acquisition numbers).	30/11/25	Once costs have been reconciled and the final financial position is clearer, including grant attributable, any overspend will be reported to the Portfolio Holder. If needed an update report to Cabinet will then be produced to confirm the final financial outturn for the acquisitions programme.	31/3/26	No
Deprivation of Liberty Safeguards (2025/26) – partial assurance				
The two high and two medium priority remain outstanding				
That a risk assessment of the DoLS waiting list is undertaken and presented to the ASC Overview and Scrutiny Panel, including the national context, legal exposure, safeguarding risks to individuals and the activities currently being undertaken in response.	31/12/25	The DoLS Team have been preparing for the forthcoming Care Quality Commission (CQC) inspection scheduled for December. This has limited the capacity to complete the comprehensive risk assessment within the originally agreed timeframe. As the risk assessment requires approval by the Overview and Scrutiny Committee, the target date has been revised to ensure submission for consideration at the March Committee meeting.	31/3/26	No

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
That a review of the current Best Interest Assessor framework is undertaken to consider the capacity, quality, resourcing and supervision requirements of each category of BIAs.

This review should include the following:
•The performance of BIAs with respect to average assessment timeframes and the levels of DoLS Team input required in support.
•Interviews with supervising officers to ascertain common concerns and areas for improvement.
•The capacity of the BIA rota and comparative trends in BIA availability, release and output. For example, are the number of available BIAs nominally on the rota decreasing over time.
•The training programme for BIAs and how this can be reviewed to improve service resilience. | 31/12/25 | The Best Interest Assessor framework is currently undergoing a comprehensive review and is scheduled for completion by the end of December 2025. It should be noted, however, that formal authorisation of the review outcomes may not be confirmed until early in the new year. | 28/2/26 | No |
| **Schools Finance (2024/25/26)** – partial assurance

The three high and one medium priority recommendation are outstanding | | | | |
| The internal processes for managing and responding to maintained school deficit positions and recovery is formally defined, and includes:

Roles and responsibilities of schools and council officers for deficit reporting and recovery

Early intervention and support processes when deficits have been identified

Support and monitoring arrangements to ensure recovery plans are implemented. | 31/12/25 | Work has commenced to agree process, roles and responsibilities in particular, to manage and respond to deficit positions. This is taking longer than anticipated and a revised deadline of end of March has been set in line with other recommendations in the report. | 31/3/25 | No |
| **MEDIUM PRIORITY – outstanding 18 months beyond the original target date (not previously reported OR revised date exceeded)** | | | | |
| **These are included in the 2023 & 2024 recommendations above** | | | | |