



POOLE CHARTER TRUSTEES 2025/26

Internal Audit

Author: Ruth Hodges, Audit Manager (Deputy CIA)
Simon Milne, Audit Manager (Deputy CIA)

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Distribution: Richard Jones, Head of Democratic Services
Neil Fraser, Deputy Head of Democratic Services
Matthew Filmer, Responsible Financial Officer
Robin Watson, Director of Law and Governance
Adam Richens, Director of Finance
Aidan Dunn, Clerk to the Charter Trustees
Poole Charter Trustees
Nigel Stannard, Head of Audit & Management Assurance

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A. Executive Summary

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

The objectives of the audit were to provide assurance that the control framework is appropriate and that the controls and processes are operating effectively in the Poole Charter Trustees as outlined in the Annual Governance & Accountability Return (AGAR) 2025/26 for the internal control objectives detailed on the following page.

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

13 recommendations were made in the 2024/25 audit report; the status of these recommendations at the time of the audit is shown below:

	High	Medium	Low	Total
Implemented	0	1	5	6
Not Implemented	0	4	3	7
Total	0	5	8	13

Due to the closure of the Charter Trustees at the end of March 2026, no recommendations for control improvements have been made during this audit. However, if they were to remain in operation, a number of recommendations would have been made to enhance the control framework.

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

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

AGAR Internal Control Objective	2025/26 Internal Audit Opinion on the operation of the control framework throughout the financial year	2025/26 AGAR opinion	2025/26 recommendations made
A) Appropriate accounting records have been properly kept throughout the financial year.	Reasonable	Yes	No recommendations made due to the closure of the Charter Trustees on 31 March 2026
B) This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Reasonable	Yes	
C) This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Reasonable	Yes	
D) The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Reasonable	Yes	
E) Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	Substantial	Yes	
F) Petty Cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.	N/A	N/A	
G) Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied	Reasonable	Yes	
H) Asset and investment registers were complete and accurate and properly maintained.	Reasonable	Yes	
I) Periodic bank account reconciliations were properly carried out during the year.	Reasonable	Yes	
J) Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	Reasonable	Yes	
K) If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	N/A	N/A	
L) The authority publishes information on a free to access website/webpage, up to date at the time of the internal audit in accordance with the relevant legislation	Reasonable	Yes	
M) The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	Reasonable	Yes	
N) The authority complied with the publication requirements for the prior year AGAR.	Reasonable	Yes	
O) Trust funds (including charitable) - the Council met its responsibilities as a trustee.	N/A	N/A	
Internal Control Objectives outside the AGAR requirements			
Consideration of Service Level Agreement			

B. Findings & Recommendations

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
A.	Appropriate accounting records have been properly kept throughout the financial year				Reasonable	
The Charter Trustees use a separate ledger on the BCP Council's financial management system, Dynamics – Finance & Operations. Balances have been rolled forward correctly.						
B.	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for				Reasonable	
1	<p>Value for Money – quotations</p> <p>Issues: The level of discretionary spend by the Charter Trustees is low in the context of its overall budget with over 90% being a recharge to BCP Council for staffing costs, accountancy, insurance etc and with individual items of spend up to a maximum of approximately £3k.</p> <p>The process for selecting supplies would benefit the introduction of written processes, as per the recommendation in the 2024/25 audit:</p> <p>Financial Regulations should be amended or supplemented to include a process to evaluate quotes or estimates in order to demonstrate that the best value for money is obtained, including the process for approving where quotations are not obtained. Financial Regulations should state that evidence should be held to support this.</p> <p>Whilst no documented process is in place, in practice, officers seek approval from the Charter Trustees for purchases where quotations are not able to be obtained. Testing showed that quotations, approval from the Charter Trustees or reasonable explanations were generally received for purchases over the £500 quotation limit.</p> <p>Risk: The Charter Trustees are not obtaining value for money.</p>					
2	<p>Purchase Orders</p> <p>Issue: The Charter Trustees do not have access to the BCP Council electronic order system. Formal official orders are not raised for purchases as use of manual processes was found to be time consuming. The recommendations from the previous audit have therefore not been implemented:</p> <p>Ensure purchase orders are being authorised, and evidence of this authorised purchase order are held within the new filing system.</p> <p>Log to show commitments to be created.</p> <p>Investigate if an automated purchase order system could be implemented.</p>					

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>Whilst recommendations to improve controls would be made if the Charter Trustees were to continue to exist, testing showed that there was generally tacit agreement for spend through approval of budget lines and specific approval from the Charter Trustees in some higher risk cases. The context of the value and nature of the spend means these were low risk.</p> <p>Risk: Purchases may not be authorised; there may be no record of agreed terms and conditions (including price) or record of committed expenditure.</p>					
C.	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.					Reasonable
3	<p>Insurance</p> <p>Issue: Whilst insurance cover was in place during the year, the recommendations made in the previous audit, below, have not been implemented given the imminent closure of the Charter Trustees and thus the risk remained:</p> <p>Ensure that the insurance recharges cover all areas of insurance, including officer time, and this is included in the Service Level Agreement.</p> <p>Review insurance cover and premiums in conjunction with the Insurance team to ensure that it meets the needs of the Charter Trustees.</p> <p>Risk: The Charter Trustees may not have appropriate insurance cover.</p> <p>BCP Council Risk: <i>The Council may be subsidising the insurance costs of the Charter Trustees.</i></p>					
D.	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate					Reasonable
4	<p>Budget Overspend Approval</p> <p>Issue: At the mid-year financial update, there was an overall budget forecast underspend of £24,015. There were some individual areas of overspend on some budget headings, in Civic Regalia in particular, but these were of relatively small value. There was not always a clear audit trail to show that the overspend had received approval from the Charter Trustees in advance of spend, as required by the Handbook. This was recommended in last year's audit as follows:</p> <p>Ensure appropriate approval, in line with handbook requirements, is obtained and documented prior to spend.</p> <p>However, the overspends were transparent and did appear to be line with Charter Trustee's intentions.</p> <p>Risk: Potential unapproved overspend on budgets.</p>					
5	<p>Reserves</p> <p>Issue: As historically reported, the Charter Trustees have a high level of reserves, significantly higher than the 20% recommended by the Responsible Finance Officer. This was forecast to be £89,452 for 2025/26 at the mid-year forecast. Despite efforts to reduce the reserves in previous years, this has proved difficult due to the limited remit of the Charter Trustees.</p>					

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>Previous audits have recommended that:</p> <p>A reserves strategy, including links to precept, should be put in place to manage reserves whilst staying in line with the purpose and scope of the Charter Trustees.</p> <p>Due to the forthcoming closure of the Charter Trustees, a reserves strategy has not been developed. However, an update to the Charter Trustees in October noted that the reserves would transfer to the new Town Councils.</p> <p>Risk: The Charter Trustees may be levying a higher precept than required.</p>					
E.	Expected income was fully received, based on correct prices, properly recorded, and promptly banked; and VAT was appropriately accounted for				Substantial	
The only income received by the Charter Trustees during the testing period has been the annual precept other than miscellaneous refunds/ reimbursements, which has been received by the Charter Trustees.						
F.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for				N/A	
The Trustees themselves do not have petty cash floats nor do any of the staff appointed by the Council to work on the Trustees. The Council staff have access to payment cards which are included in the expenditure section above.						
G.	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied				Reasonable	
Trustees do not receive allowances for their role on the Charter Trusts. BCP Council's payroll system is subject to periodic review by Internal Audit.						
H.	Asset and investments registers were complete and accurate and properly maintained				Reasonable	
The discrepancies identified during last year's audit have been identified and resolved. Additional controls were put in place to prevent unauthorised amendments of the register as recommended in the last audit. A full asset valuation and verification exercise has been undertaken, and this will be used to provide the figures for the 2025/26 financial statements. One minor discrepancy was identified which is being rectified and reported by officers as necessary.						
I.	Periodic bank account reconciliations were properly carried out during the year				Reasonable	
6	<p>Agreement of bank reconciliations</p> <p>Issue: Bank reconciliations were carried out by officers during the year. However, due to a misunderstanding, these were not verified and agreed by the nominated Charter Trustee at the time as required by the Charter Trustee Handbook. This was also identified in previous years, where the following recommendation was made:</p>					

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>Prior to the end of the financial year and closure of the accounts, arrangements should be put in place for the verification and agreement of all outstanding bank reconciliations.</p> <p>Following the audit, confirmation has been received that these have now been approved retrospectively.</p> <p>Risk: Bank Reconciliation not approved</p>					
J.	<p>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded</p>				Reasonable	
<p>Formal financial statements are only produced at year end, and these are considered by the external auditor as part of their annual audit process. There are appropriate arrangements in place to account for any debtors and creditors at the financial year-end.</p>						
K.	<p>If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt</p>				N/A	
<p>The Trustees did not certify themselves as exempt from a limited assurance review in 2024/25 and therefore this is not applicable.</p>						
L.	<p>The authority publishes information on a free to access website/webpage, up to date at the time of the internal audit in accordance with the relevant legislation</p>				Reasonable	
<p>The Trustees publish most of the required information via the website. Explanations for the exceptions to this, expenditure over £100 and civic regalia list, were reported to the Charter Trustees in the June 2025 meeting.</p>						
M.	<p>The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</p>				Reasonable	
<p>The Trustees placed notice on the relevant section of the BCP Council website advertising the public's right to inspect the accounts for the 2024/25 accounting statements.</p>						
N.	<p>The authority complied with the publication requirements for the prior year AGAR</p>				Reasonable	
<p>All publication requirements appear to have been complied with as published on the relevant parts of the BCP website.</p>						
O.	<p>Trust funds (including charitable) – the council met its responsibilities as a trustee</p>				N/A	
<p>The Charter Trustees are not trustees of any charities.</p>						
<p>Other Issues - Consideration of Service Level Agreement</p>						

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
7	<p>Service Level Agreement</p> <p>Issue: There is no Service Level Agreement in place between the Charter Trustees and BCP Council, which was an Internal Audit recommendation initially raised in 2020/21 and annually since as follows:</p> <p>Service Level Agreements or equivalents will be put in place between the Council and the Trustees to formally define their relationship and to set out what is being provided by the Council.</p> <p>Work to implement a Service Level Agreement was underway until it was agreed to be halted by the Civic Working Group due to the decision to create Town Councils. An SLA is currently being produced between BCP Council and the new Town Councils.</p> <p>Risk: The Charter Trustees may not be receiving value for money on the services provided by BCP Council. There may be misunderstanding or dispute about the levels of service delivered, and could result in a loss of service. There is no clear separation between the Council and the Charter Trustees.</p> <p>BCP Council Risk: <i>The Council may be subsidising the Charter Trustees.</i></p>					