



Audit and Governance Committee

Date: Monday, 14 April 2025
Time: 6.30 pm
Venue: Council Chamber, County Hall, Dorchester, DT1 1XJ

Members (Quorum: 3)

Gary Suttle (Chair), Spencer Flower (Vice-Chair), Belinda Bawden, Matt Bell, Neil Eysenck, Jill Haynes, Alex Fuhrmann, Andrew Parry and Andy Todd

Co-opted Members: R Ong and S Roach.

Interim Chief Executive: Sam Crowe, County Hall, Dorchester, Dorset DT1 1XJ

For more information about this agenda please contact Democratic Services Meeting Contact john.miles@dorsetcouncil.gov.uk

Members of the public are welcome to attend this meeting, apart from any items listed in the exempt part of this agenda.

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Agenda

Item		Pages
1.	APOLOGIES	
	To receive any apologies for absence.	
2.	MINUTES	5 - 12
	To confirm the minutes of the meeting held on 24 February 2025.	
3.	DECLARATIONS OF INTEREST	
	To disclose any pecuniary, other registrable or non-registrable interest as set out in the adopted Code of Conduct. In making their decision councillors are asked to state the agenda item, the nature of the interest and any action they propose to take as part of their declaration.	

If required, further advice should be sought from the Monitoring Officer in advance of the meeting.

4. PUBLIC PARTICIPATION

Representatives of town or parish councils and members of the public who live, work, or represent an organisation within the Dorset Council area are welcome to submit either 1 question or 1 statement for each meeting. You are welcome to attend the meeting in person or via MS Teams to read out your question and to receive the response. If you submit a statement for the committee this will be circulated to all members of the committee in advance of the meeting as a supplement to the agenda and appended to the minutes for the formal record but will not be read out at the meeting. The first 8 questions and the first 8 statements received from members of the public or organisations for each meeting will be accepted on a first come first served basis in accordance with the deadline set out below.

All submissions must be emailed in full to john.miles@dorsetcouncil.gov.uk by 8.30 am on 9th April 2025.

When submitting your question or statement please note that:

- You can submit 1 question or 1 statement.
- A question may include a short pre-amble to set the context.
- It must be a single question and any sub-divided questions will not be permitted.
- Each question will consist of no more than 450 words, and you will be given up to 3 minutes to present your question.
- When submitting a question please indicate who the question is for (e.g., the name of the committee or Portfolio Holder)
- Include your name, address, and contact details. Only your name will be published but we may need your other details to contact you about your question or statement in advance of the meeting.
- Questions and statements received in line with the council's rules for public participation will be published as a supplement to the agenda.
- All questions, statements and responses will be published in full within the minutes of the meeting.

5. MINUTES OF THE AUDIT & GOVERNANCE SUB-COMMITTEE

To note the minutes of the Audit & Governance Hearing Sub-committee (if any meetings have been held).

6. RISK MANAGEMENT UPDATE 13 - 30

To receive a report by Chris Swain, Risk Reporting Officer.

7. INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2024/25 31 - 36

To receive a report by Angie Hooper, Principal Auditor for SWAP.

8. **INTERNAL AUDIT PLANNING 2025/26 AND INTERNAL AUDIT CHARTER AND MANDATE.** 37 - 50
- To receive a report by Sally White, Assistant Director for SWAP.
9. **UPDATE ON THE CONSTITUTION**
- To receive an update by Jonathan Mair, Director Legal and Democratic.
10. **UPDATE ON OUR FUTURE COUNCIL WORK**
- To receive an update by Aidan Dunn, Executive Director Corporate Development.
11. **WORK PROGRAMME** 51 - 54
- To consider the work programme for the Committee.
12. **URGENT ITEMS**
- To consider any items of business which the Chairman has had prior notification and considers to be urgent pursuant to section 100B (4) b) of the Local Government Act 1972. The reason for the urgency shall be recorded in the minutes.
13. **EXEMPT BUSINESS**
- There is no exempt business.

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AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 24 FEBRUARY 2025

Present: Cllrs Gary Suttle (Chair), Spencer Flower (Vice-Chair), Belinda Bawden, Neil Eysenck, Jill Haynes, Andrew Parry and Andy Todd

Co-Opted Members: R Ong and S Roach.

Present remotely: Cllrs Wheller and Somper,

Also present: Cllr Biggs, Ireland, Bartlett, Clifford and Wilson

Officers present (for all or part of the meeting):

Sean Cremer (Corporate Director for Finance and Commercial), Susan Dallison (Democratic Services Team Leader), Aidan Dunn (Executive Director - Corporate Development S151), Angela Hooper (Principal Auditor SWAP), Heather Lappin (Head of Strategic Finance), Jonathan Mair (Director of Legal and Democratic and Monitoring Officer), John Miles (Democratic Services Officer), Sally White (Assistant Director SWAP) and Grace Evans (Head of Legal Services and Deputy Monitoring Officer)

Officers present remotely (for all or part of the meeting): David Wilkes (Service Manager Treasury and Investments) and Heather Lappin (Head of Strategic Finance).

72. **Apologies**

An apology for absence was received from Cllr Alex Futhman.

73. **Minutes**

The minutes of the meeting held on 13th January 2025 were confirmed and signed.

74. **Declarations of Interest**

No declarations of disclosable pecuniary interests were made at the meeting.

75. **Public Participation**

A question was received from a member of the public:

[\(Public Pack\)Public Participation Pre-ambule and Question Agenda Supplement for Audit and Governance Committee, 24/02/2025 18:30](#)

Cllr Suttle responded Thank you for your question Mr Bailey and for yet again demonstrating your ongoing commitment to monitoring Council finances.

Your question highlights some of the complexity of running a Council, having to try and apply a relative priority to competing services - from spending money on Health and Safety improvements to buildings people live and work in, through to administering the public health ringfenced grant to improve the health and wellbeing of the residents we serve through encouraging smoking cessation.

Turning to the matter you have referred to as your question:

The Beryl Bikes scheme in east Dorset was set up as an extension to the existing scheme operating in the BCP council area, enabling people to use bikes across the two areas, as part of the government funded Transforming Cities Fund (TCF) sustainable transport programme. Dorset Council purchased 122 bikes and 47 bays including from Beryl for this part of the scheme at a cost of £266k. This spending was funded from Community Infrastructure Levy £240k + £26k TCF - so to be clear, not from Council Taxpayers.

These bikes will now be redistributed across Upton and Corfe Mullen. The new TCF cycleways have helped more people to walk and ride safely around the area. While there is good usage of the new cycle infrastructure as a whole, bike hire uptake has not been high enough to be commercially viable to Beryl. The part of the scheme with low ridership will close on the 28th February. Beryl will continue to operate bikes in Corfe Mullen and Upton and in the Dorchester/Weymouth/Portland area where there are good levels of uptake.

76. Minutes of the Audit & Governance Sub-Committee

No meetings held.

77. Auditors (Deloitte) Annual Report up to Financial Year 2022/23 and Final ISA 260 2021/22

The Audit Director for Deloitte introduced the two reports. He began with the first report and highlighted pg 13 the Auditors Annual Report that covered the years 2021, 2022 and 2023. Which summarised all of the outcomes from each of the audits. Deloitte had previously reported the final outcomes from our value for money work. The main headlines were that Deloitte had not identified any significant weaknesses in 2021, 2021-22 and 22-23. However, they had identified a recommendation in relation to the dedicated school's grant deficit for 22- 23. The final page of the report on pg 24, in relation to the audit fees. Deloitte had flagged their proposed additional fees for the years audited and this related to fees around additional work required to complete that was above and beyond what Deloitte expected. This had been presented to management in which was not accepted but the next step would be to present to the PSAA who oversee the contract and look to arbitrate the value around additional fees.

The second report was our revised and final ISA 260, and Deloitte had previously presented an ISA 260 for 2021-22 Audit on 9th December 2024. The report finalised any outstanding items that were included in the original report.

Noted.

78. ISA 260 for the 2023/24 Audit – Dorset Council and Dorset Pension Fund

Jackson Murray from Grant Thornton, covered the highlights of the Audit findings report and concluded the work for this year's audit. Grant Thornton intended to issue a backstop disclaimer opinion for 2023-24. The reason for this was the lack of opening balance assurance and it was accepted that auditors needed to rebuild assurance over a period of time likely 3 audit cycles. In terms of the audited position and the original draft financial statement, there was one adjustment posted to the comprehensive increment expenditure statement of around £2.5 million. There was a PFI school that turned into an academy but retained on the Council's balance sheet and that asset was removed and the £2.5 million related to depreciation and other charges. There was a significant number of works undertaken by both teams and he provided national context on the issue of audit opinions. He went through key items in the report and referenced pg 73 of the agenda pack regarding the materiality levels that was audited 2023-24, a materiality of £13.4 million and a triviality threshold of £700,000. This meant that any error corrected or not was included within the report and any error below that level is discussed by management and not required to be formally reported.

Simon Roach referenced pg 93 and raised the procurement issue, where the council self-identified procurement arrangement had no compliance with the current procedure rules and scheme of delegation and asked if the Committee was going to hear any further about that.

Cllr Suttle responded that at this time due to the ongoing activity, the Committee would not be able to hear anything about the procurement issue, but it was going to come to the Committee as a report in which there would be a full discussion.

Cllr Flower added that judgements being made should be based on data, facts and knowledge of the situation and the Council was not in a position to bring it to the Committee at this time.

Mr Roach requested that the Committee receives the conclusions of the investigation into the procurement issue urgently.

Cllr Clifford reinforced the commitment to bring the report to the Committee as soon as possible.

Decision: 1. The Committee noted the content of the Auditor's ISA260 reports:

1.1 Dorset Council 2023/24

1.2 Dorset Pension Fund 2023/24

2. Noted the content of the Auditor's opinions:

2.1 Dorset Council 2023/24

2.2 Dorset Pension Fund 2023/24 (financial statements)

2.3 Dorset Pension Fund 2023/24 (consistency with Pension Fund Annual Report)

3. The Committee agreed the content of the letters of management representation, and delegate authority to the s151 Chief Financial Officer (in consultation with the Chair of the Audit and Governance Committee or the

Chair of the Pension Fund Committee as appropriate) to approve any further changes as required by external auditors Grant Thornton UK LLP

1.1 Dorset Council 2023/24

1.2 Dorset Pension Fund 2023/24

4. The Committee agreed the audited financial statements for the period ending 31 March 2024, and delegate authority to the s151 Chief Financial Officer (in consultation with the Chair of the Audit and Governance Committee or the Chair of the Pension Fund Committee as appropriate) to approve the accounts subject to any further changes as required by external auditors Grant Thornton UK LLP.

Reason for Decision:

As part of the national backstop stop deadline of the 28th February 2025 for the completion of the 2023/24 audit, the committee are asked to approve the recommendations which provide a disclaimer of opinion on the financial statements for 2023/24.

79. Final Auditor's (Grant Thornton) Annual Report 23/24

Jackson Murray from Grant Thornton introduced the report. He informed that this report had already been reviewed by the Committee in July 2024 as an interim version of Grant Thornton's Value for Money report and at that stage had raised a key recommendation around dedicated school's grant. The report came to the Committee as a final version, with the key substantive change around the second significant weakness and key recommendation around the procurement issue on pg 369 of the agenda pack.

Simon Roach queried recommendation 9 in the report on 23-24 controls to minimise data breaches and referenced 2023-24 there had been a serious data breach.

The Executive Director Corporate Development responded that this came about due to one of the Council's suppliers had a data hack and lost some information and as a consequence had tightened up commercial security and contract specifications. It was agreed that this would be brought back to the Committee at a later date and would be added to the Work Programme.

Noted.

80. Q3 2024/25 Budget Monitoring Report

The Corporate Director for Finance and Commercial covered the main headlines of the report. The revenue position was a £10.8 million overspend and there had been some improvement since Quarter 2. There was an overspend of £13 million within services, so there was significant pressure especially with Children's and Adults which this pressure was driven by meeting statutory need, rising complexity and growth and demand continued to increase in these areas. Our Future Council's savings which total £8.6 million and an offsetting value of releasing the contingency of £6.7 million pounds released into the 2024-25 year. There was an improvement of £2.4m as Quarter 3 saw the finalisation of the local government pay award which came out lower than it was budgeted for. £2.2 million was

released back into the financial year to offset the overspend on the revenue position. Turning to the DSG, the Q3 overspend was £35 million which was down to the high needs block, with a 53% overspend which was a national issue and increased pressure continuing until next year. The debt position figures remain relatively stable with some minor improvements quarter to quarter and was on a downward trend.

The Executive Director Corporate Development in response to the question was there a culture of overspend within the organisation? He explained that there was an organisational sense that the Council can control the controllables but where services were demand driven like number of children needing support or the price, these were two areas the council could not directly control but could influence over a longer term. The areas of the budget that the Council could control more were place directorate, corporate and legal team, areas which were more staff based rather than care based, staff-based budgets rather than purchase-based budgets. The Council could exert more influence over these areas and each of those areas were underspending to manage the bottom line of the organisation. The longer-term strategy was to influence the level of demand with Our Future Council supporting the community and path finding project with family-based support within the community. But our statutory obligations to support residents override our ability to say no.

Cllr Suttle informed that 60% of the budget was uncontrollable or not completely controllable.

Noted.

81. **Response to the Consultation on Strengthening the Standards and Conduct Framework for Local Authorities**

The Director Legal and Democratic introduced the report and provided some context on the terms of reference.

He outlined the consultation questions in the report and in the appendix of the report a series of responses. The key issue that the consultation sought to address was the ability to impose more meaningful sanctions in very rare cases where Councillors behaved extremely badly. As the sector has a lack of meaningful remedies which could be imposed when there has been a breach of the code. The consultation contained that the government may introduce the ability for Councillors to suspend Councillors in the most extreme cases and a number of questions linked to that.

Cllr Flower explained that 2011 Localism Act produced nothing, and it was difficult for any meaningful sanctions to come out of it. He emphasised the importance of learning lessons from the past and referenced pg 5 - publicising investigation outcomes. He added that it was fine to publicise when the Councillor had been found to have done something wrong, but every single complaint should not be publicised. It needed to be distilled down to when there has been a requirement to take appropriate action.

He referenced Pg10 - do you think Cllrs should be disqualified more than once? He explained that this encroached on Democracy and the people that elect Cllrs were the final arbiters. He raised concerns with Pg 32 - gross misconduct and felt there were more constructive remedies applied as it would have to be quite dramatic to bring about a disqualification based on concerns around the compliance with the code of conduct. Pg 13, he asked if there was a need for another national appeals board as it would slow down the process and would be better to have a reciprocal arrangement with a neighbouring authority to deal with one another's appeals.

Cllr Haynes added that it would be useful for a modified response to the consultation to be sent out to the Cllrs as a separate email to encourage completion.

Cllr Bawden informed that she did not disagree with the point that there should be a local authority peer led process but there should be an external appeals body.

Cllr Bartlett explained that he had witnessed a culture change in code of conduct complaints against Cllrs and there was a need for more training.

The Director Legal and Democratic outlined that pg 38 of the consultation- do you think there is a need for an external national body to hear appeals? Councillors agreed that there does not need to be a national body and were happy to co-operate with neighbouring authorities.

The second clarification around numbers 31 and 32 of the consultation - is there a case for immediate disqualification for gross misconduct when there is theft and physical violence impacting the safety of members? There would be immediate disqualification for gross misconduct such as, theft and physical violence but not disqualification if you have a series of suspensions.

Decision: The Committee considered and approved the draft consultation response, with necessary amendment, for submission as the Council's formal response.

Reason for Decision:

The Audit and Governance Committee has responsibility for: (i) promoting and helping maintain high standards of conduct of Members (including co-optees), Parish and Town Councillors and any other relevant appointed representatives including advising the Council on issues relating to the Members' Code of Conduct; and, (ii) recommending training in respect of conduct standards and ensuring appropriate arrangements to consider and determine allegations of any breach concerning the Members' Code of Conduct and any other code / protocol concerning Member Conduct.

82. Update on Our Future Council Work

The Executive Director Corporate Development provided a recap.

83. **Work Programme**

No Comments.

84. **Urgent items**

There were no urgent items.

85. **Exempt Business**

There was no exempt business.

Duration of meeting: 6.30 - 8.30 pm

Chairman

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Audit and Governance Committee

14 April 2025

Risk Management Update

For Review and Consultation

Cabinet Member and Portfolio:

Cllr N Ireland, Leader of the Council, Climate, Performance and Safeguarding

Executive Director:

A Dunn, Executive Director, Corporate Development

Report Author: Chris Swain

Job Title: Risk Management & Reporting Officer

Tel: 01305 228691

Email: chris.swain@dorsetcouncil.gov.uk

Report Status: Public

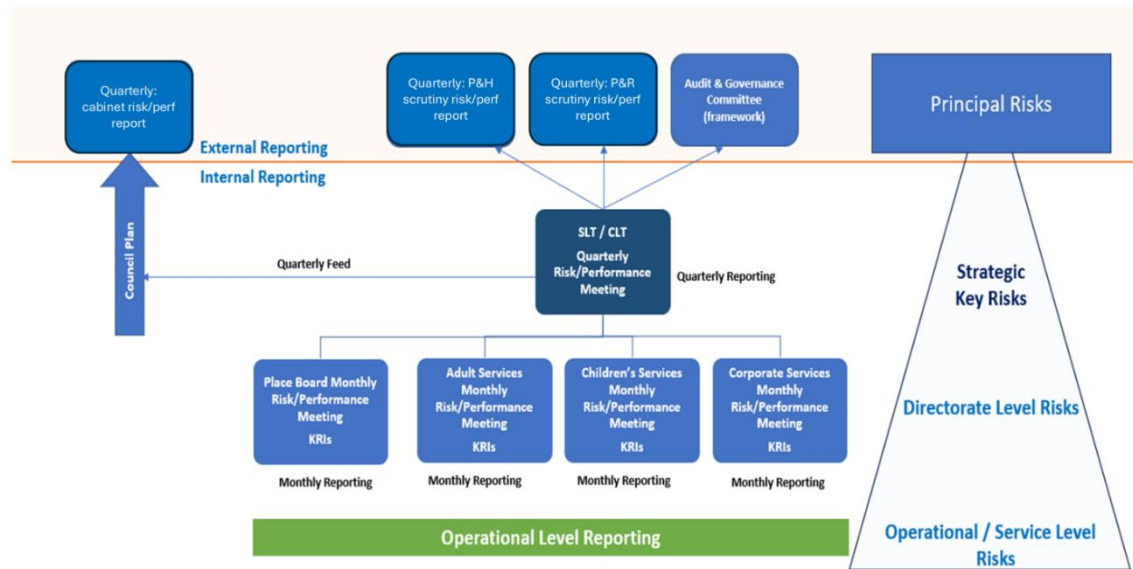
Brief Summary: The continual development and promotion of risk management is integral to strong performance, business continuity, compliance and delivering strong outcomes for the residents of Dorset. Strong risk management with a clear understanding and governance of strategic and operational risks will ensure that Dorset Council remains well placed to demonstrate that objective and informed decisions are being taken. The senior leadership team (SLT) owns strategic risk management, with an agreed risk management framework and policy statement which sets out the council's commitment. The purpose of this report is to provide an overview of the highest-level risks identified within the corporate risk register, as well as provide an overview of the processes and work that has been implemented to drive improvements in risk management since Audit and Governance Committee on the 13 January 2025.

Recommendation: The Audit and Governance Committee note the risk management framework and key risks identified in the risk registers, with escalation to scrutiny committees where appropriate.

Reason for Recommendation: To ensure that the council's risk management methodologies remain current, proportionate, and effective in enabling informed decisions based on identified risks to be made.

1. Report

- 1.1 Both the People and Health Scrutiny Committee and Place and Resources Scrutiny Committee consider the detail of individual risks. The role of Audit and Governance Committee is to satisfy itself over the adequacy of the risk management framework.
- 1.2 The newly formed Policy, Intelligence and Performance (PIP) service, incorporating the Strategic Performance and Risk team now benefits from a full portfolio of personnel, following commencement of Liz Crocker as Head of Strategy. The team are now orienting Dorset Council's reporting of Performance and Risk to deliver a strong narrative to the organisation's strategic decision makers.
- 1.3 Following agreement of the Council's principal risks in tandem with the Council Plan, the organisation is identifying a focussed set of strategic risks that could be most consequential in effecting the organisations objectives. Once finalised, the strategic risks will enter the quarterly reporting cycle, complimenting the existing suite of data provided to senior leaders. Conversations are underway with directorate leads with guidance towards identification of risks that encompass one or more of the following set of criteria:
 - A) A noticeable impact on achieving strategic priorities as documented in the Council Plan / Key organisational deliverables.
 - B) Rated 20 or more according to the Councils risk matrix based on the existing controls that are in place.
 - C) Have a noticeable impact upon the use of the Councils key resources (finance, people etc).
 - D) May result in significant attention from external stakeholders with the potential to cause significant reputational and or political damage.



- 1.4 Work continues towards the provision of a Risk Appetite Statement for Dorset Council, which will provide a high-level strategic steer as to the amount of risk that the organisation is willing to take in the pursuit of its objectives. Appendix B details the framework to be used in deciding the organisations Risk Appetite linked to the Principal Risks. Further detail around this piece of work will be provided in due course.
- 1.5 The Risk Management & Reporting Officer, with support from the wider PIP Service is embarking upon the creation and implementation of a refreshed risk and associated actions register. The objective is to enhance the level of transparency and accountability, linking risks and the actions that are designed to control them, including targeted implementation dates. This is being delivered as part of wider efforts to provide a Strategic Performance and Risk hub, including redesigned dashboards, tutorials and guidance.
- 1.6 Dorset Council’s overall corporate risk register compliance in a rolling 12 months since April 2024 as per published Audit and Governance Committee papers:

Month	April 2024	July 2024	September 2024	January 2025	April 2025
Overall Compliance	90%	92%	100%	100%	100%

2. Financial Implications

There are no budget implications specifically, however unmanaged risks could pose a threat to the Council’s financial stability. Identified risk controls could also have direct budget implications, each of which must be considered according to a cost/benefit analysis prior to implementation.

3. Natural Environment, Climate & Ecology Implications

The corporate risk register identifies several climate related risks, but there are no specific environmental risks to consider related to this report.

4. Well-being and Health Implications

Health, safety, and wellbeing is identified as one of our corporate risk themes.

5. Other Implications

None.

6. Risk Assessment

HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: N/A

Residual Risk: N/A

This is a report detailing the risks and risk framework of Dorset Council and therefore does not have a rating to consider relating to a decision. Appendix A provides an update on those Very High risks that are currently identified within the Council’s risk register.

7. Equalities Impact Assessment

There are none specifically, however the risk register itself identifies several equality related risks.

8. **Appendices**

Appendix A – Summary of Very High Risks

Appendix B – Risk Appetite Matrix

9. **Background Papers**

None.

10. **Report Sign Off**

This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)

Audit and Governance Committee

14 April 2025



Risk Management Exception - Quarterly Update Report

Very High Risks

As of 19 March 2025

Impact	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Slight	2	4	6	8	10
	Limited	1	2	3	4	5
		Very Unlikely	Unlikely	Possible	Likely	Almost Certain
		Likelihood				

Assessing Likelihood		
In assessing likelihood, the following 1 to 5 scoring system is to be followed:		
Likelihood	Almost Certain Score 5	Reasonable to expect that the event WILL happen, reoccur, possibly or frequently.
	Likely Score 4	Event is MORE THAN LIKELY to occur. Will probably happen or reoccur but is not a persisting issue.
	Possible Score 3	LITTLE LIKELIHOOD of event occurring. It might happen or reoccur occasionally.
	Unlikely Score 2	Event NOT EXPECTED . Do not expect it to happen or reoccur, but it is possible that it might do so.
	Very Unlikely Score 1	EXCEPTIONAL EVENT . This will probably never happen or reoccur.

Assessing Impact		
In assessing impact, the following 1 to 5 scoring system is to be followed:		
Impact	Catastrophic Score 5	Multiple deaths of employees or those in the Council's care. Inability to function effectively, Council-wide. Will lead to resignation of Chief Executive and/or Leader. Corporate Manslaughter charges. Service delivery must be taken over by Central Government . Front page news story in National Press. Financial loss over £10m .
	Major Score 4	Suspicious death in Council's care. Major disruption to Council's critical services for more than 48 hours. Noticeable impact achieving strategic objectives . Will lead to resignation of Senior Officers and/or Cabinet Member. Adverse coverage in National press/Front Page news locally. Financial loss £5m-£10m .
	Moderate Score 3	Serious injury to employees or those in the Council's care. Disruption to one critical Council service for more than 48 hours. Will lead to resignation of Head of Service / Project Manager . Adverse Coverage in local press . Financial loss £1m-£5m .
	Slight Score 2	Minor injury to employees or those in the Council's care. Manageable disruption to services. Disciplinary action against employee. Financial loss £100k-£1m .
	Limited Score 1	Day-to-day operational problems . Financial loss less than £100k .

Overall Risk Summary – 19 March 2025

		Likelihood					Overall Compliance 100%	Total Risks 361
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	1	2	3	3	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	3	39	12	10	0		
	Moderate	11	56	78	5	1		
	Slight	4	80	30	10	4		
	Limited	3	3	3	0	0		

Adults and Housing

		Likelihood					Overall Compliance 100%	Total Risks 35
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	0	0	0	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	0	0	1	0		
	Moderate	3	6	10	1	0		
	Slight	0	8	6	0	0		
	Limited	0	0	0	0	0		

Adults and Housing - Very High: None

Children's Services

		Likelihood					Overall Compliance 100%	Total Risks 28
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	0	1	0	1	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	1	4	1	0		
	Moderate	0	2	5	2	0		
	Slight	0	5	2	3	0		
	Limited	1	0	0	0	0		

Children's Services - Very High:

1. Instability in the High Needs Block budget may create an increased deficit in the Dedicated Schools Grant (DSG) resulting in a deficit in Dorset Councils financial position.

Corporate Development

		Likelihood					Overall Compliance 100%	Total Risks 103
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	0	0	0	2	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	12	5	3	0		
	Moderate	1	10	17	0	1		
	Slight	1	38	7	3	0		
	Limited	2	1	0	0	0		

Corporate Development - Very High:

1. A successful cyber-attack to IT systems causes loss of service or data.
2. There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure.

Legal and Democratic

Impact	Likelihood					Overall Compliance 100%	Total Risks 44
	Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Catastrophic	1	0	0	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
Major	1	9	1	0	0		
Moderate	2	7	13	2	0		
Slight	0	6	1	1	0		
Limited	0	0	0	0	0		

Legal and Democratic - Very High: None

Place

Impact	Likelihood					Overall Compliance 100%	Total Risks 145
	Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Catastrophic	0	1	3	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
Major	2	17	2	5	0		
Moderate	5	31	32	0	0		
Slight	3	23	11	2	3		
Limited	0	2	3	0	0		

Place - Very High: None

Public Health

	Likelihood							
	Very unlikely	Unlikely	Possible	Likely	Almost Certain			
Impact	Catastrophic	0	0	0	0	0	Overall Compliance 100% Very High / High Compliance 100%	Total Risks 6 Overdue 0 (0.00%)
	Major	0	0	0	0	0		
	Moderate	0	0	1	0	0		
	Slight	0	0	3	1	1		
	Limited	0	0	0	0	0		

Public Health – Very High: None

Audit and Governance Committee

14 April 2025



Risk Management Exception - Quarterly Update Report

Risk Appetite Framework

Risk Appetite Level Definitions					
	Averse (1)	Minimal (2)	Cautious (3)	Open (4)	Eager (5)
Commercial	Dorset Council has a strong preference for engaging in tested and established commercial agreements with close management controls and oversight.	Dorset Council accepts low-scale commercial / procurement activity via devolved authority, with medium and high-level activity validated by senior management.	Dorset Council tends to stick to the status quo. Commercial innovations are avoided unless necessary, with decisions generally held by senior management.	Dorset Council has a willingness to pursue innovation, which has previously showed benefit. Its non-critical decisions may be devolved to local managers.	Dorset Council has a desire to innovate and break the mould. Commercial initiatives are pursued in improving services with high levels of devolved authority to increase business agility.
Data Information and Management	Dorset Council 's data and information are secured through strict access controls and extensive monitoring.	Dorset Council ensures minimal distribution of data and information to reduce risks and damages because of disclosure.	Dorset Council's data is distributed cautiously, and only when required to maintain operational effectiveness.	Dorset Council accepts that openness and information sharing is needed for effective operations in a controlled environment.	Dorset Council's data and information is subject to minimal controls. Its data is open and easily accessible in the pursuit of operational effectiveness.
Finance	Dorset Council safeguards its financial resources as a priority and avoids any activities that could lead to financial loss or impact.	Dorset Council considers financial impacts and risk are only acceptable when related to the essential delivery of services.	Dorset Council's financial decisions accept some uncertainty related to loss or impact, only if they yield upside opportunities in service delivery.	Dorset Council is willing to invest and take on higher financial risks to support the business where they have been appropriately managed with controls.	Dorset Council seeks to invest for the best possible benefit in opportunities, acknowledging that there may be significant financial loss or impact.

Legal	Dorset Council avoids areas that could be potentially challenged legally, even if the chances of winning any case are high.	Dorset Council operates on a basis that ensures it would be successful in any legal challenge.	Dorset Council takes decisions where it must be reasonably certain that it would be able to win any legal challenge.	Dorset Council takes tough decisions and accepts that any legal challenge is likely to be difficult, but the potential benefits outweigh the downsides.	Dorset Council accepts the possibility of losing any legal case is high, but the potential benefits that could be realised in the event of success are exceptional.
Operations	Dorset Council adopts a “tried and tested” approach to operational delivery, with close management control.	Dorset Council pursues innovations only in the instance that it is deemed essential for operational delivery and validated by senior management.	Dorset Council tends to stick to the status quo. Operational innovations are carefully selected where necessary, and decisions are generally held by senior management.	Dorset Council pursues innovation that has evidence of previous benefits. There is a willingness to innovate and responsibility for non-critical decisions may be devolved to local managers.	Dorset Council seeks innovative approaches to operational delivery by constantly challenging current practices. This is supported by high levels of devolved authority.
People	Dorset Council maintains close management control, with little devolved authority. There is limited flexibility in working practices and development of staff is limited to “essential” services only.	Dorset Council’s Senior Leadership hold decision-making authority. The organisation adopts strict recruitment and retention strategies to minimise disruption and development is limited to being role specific.	Dorset Council’s decision-making is generally controlled by senior management. There is acceptance of safe and standard people / working policies.	Dorset Council adopts devolution of certain work-related decision-making responsibilities. The organisation is willing to invest in its people to create a variety of skills in its workforce.	Dorset Council adopts high levels of devolved authority. The organisation constantly challenges working practices to pursue innovation and invests significantly in staff development to create a broad skillset.

Project/ Programme	Dorset Council prioritises projects / programmes with almost certain outcomes that are supported by close management control and oversight. There is a preference for maintaining and protecting rather than creating or innovating.	Dorset Council prioritises only the most essential innovations. Decision making is held by senior management with projects / programmes needing to demonstrate clear links to the organisation's strategic priorities.	Dorset Council tends to stick to the status quo and innovations are generally avoided unless necessary. Decision making is typically made by senior management with projects and programmes aligned to strategic priorities.	Dorset Council pursues innovation when projects / programmes display demonstrable benefits. Decision making may be devolved to local managers, with plans aligned to functional standards.	Dorset Council constantly pursues innovation to achieve the best working practices and "break the mould". There are high levels of devolved authority with plans largely aligned to organisational governance.
Property	Dorset Council complies with strict policies for purchase, rental, disposal, construction, and refurbishment of property, that ensures it is producing good value for money.	Dorset Council is recommended to follow strict policies for purchase, rental, disposal, construction, and refurbishment of property that ensures it is producing good value for money.	Dorset Council can adopt a range of agreed solutions for purchase, rental, disposal, construction and refurbishment of property that ensures it is producing good value for money.	Dorset Council can adopt a range of agreed solutions for purchase, rental, disposal, construction and refurbishment of property that ensures it meets organisational needs.	Dorset Council applies dynamic solutions for the purchase, rental, disposal, construction and refurbishment of property that ensures it meets organisational needs.
Reputation	Dorset Council has no appetite for any decisions with a high chance of repercussion to the organisation's reputation.	Dorset Council's appetite for risk taking is limited to those events where there is no chance of any significant repercussion to the organisation's reputation.	Dorset Council's appetite for risk taking is limited to those events where there is little chance of any significant repercussion to the organisation's reputation.	Dorset Council has appetite to take decisions with the potential to expose the organisation to additional scrutiny, but only where appropriate steps are taken to control the risk.	Dorset Council has an appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny, only where potential benefits outweigh the risks.

Security	Dorset Council has no tolerance for security risks causing loss or damage to its property, assets, information or people with stringent control measures in place.	Dorset Council aims to minimise loss or damage to property, assets, information or people with significant control measures in place.	Dorset Council accepts limited security risks to support business need, with industry standard controls in place to protect its property, assets, information or people.	Dorset Council accepts some security risks to support business need with tailored controls in place to protect its property, assets, information or people.	Dorset Council accepts security risks to support business need with the minimum level of controls in place to support agile use of its property, assets, information or people.
Technology	Dorset Council generally avoids developments in systems and technology.	Dorset Council considers development in systems and technology that is deemed vital to protect current operations.	Dorset Council implements the use of established / mature systems and technology to enhance the organisations performance.	Dorset Council welcomes new systems and technologies in the pursuit of improved service delivery and organisational performance.	Dorset Council views new systems and technology as essential for organisational development and service delivery.

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Dorset Council

Report of Internal Audit Activity

Progress Report 2024/25 – April 2025

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Agenda Item 7

Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

Sally White Assistant Director
Tel: 07820312469
sally.white@swapaudit.co.uk

Angie Hooper Principal Auditor
Tel: 07536453271
angela.hooper@swapaudit.co.uk

SWAP is an internal audit partnership covering 27 organisations. Dorset Council is a part-owner of SWAP, and we provide the internal audit service to the Council. For further details see: <https://www.swapaudit.co.uk/>

Audit Opinion, Significant Risks, and Audit Follow Up Work

Audit Opinion:

This is our final update report for 2024/25 financial year. Our live Rolling Plan dashboard available through our audit management system AuditBoard [AuditBoard | Login \(auditboardapp.com\)](https://auditboardapp.com), and specifically the Audit Coverage (*which can be found on the first tab of the dashboard*), reflects the outcomes of recent reviews completed. This report has been shortened to contain essential elements only and further information will be provided within the Internal Audit Annual Opinion Report which should be presented to the Committee in May 2025. As that report will also include our annual opinion, we have not included an interim opinion in this report.

Since our last progress report in January 2025, we have issued **one Limited** assurance opinion on the areas and activities we have been auditing. Further details on this can be found on page 4 below. An agreed action plan is in place to improve internal controls in this area, which we will follow up through our usual processes.

Significant Corporate Risks

Update on Response to Climate Emergency

Due to the nature of the actions, long implementation dates were agreed and we can report that whilst good progress is being made to implement the remaining two actions that are due by the end of April 2025, they have not yet been fully implemented so revised implementation dates of the end of September have been set. We will conduct another follow up after that time and report back to the Committee in October 2025. The follow up summary report can be found on page 5.

Update on Effectiveness of Business Continuity Plans

In January, we reported this significant corporate risk to the Committee. Actions are due to be implemented by the end of May 2025 and we will update the Committee at the meeting in August 2025.

Follow Up of Agreed Audit Actions

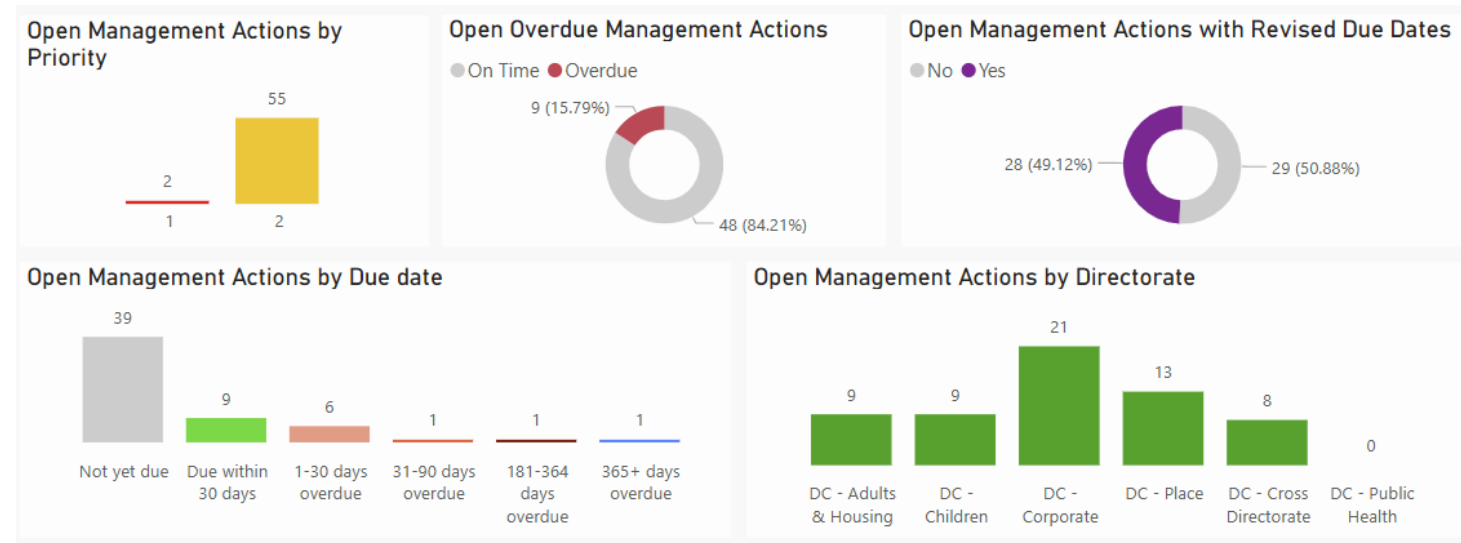
Graphs showing the numbers of overdue priority 1 and 2 actions and those actions with revised due dates can be found on page 2. There are nine overdue actions, eight of which have passed their original date and one of which has passed at least one revised date. In addition, there are another 27 actions where the date has been revised at least once but the latest revised date has not yet passed.

Executive Summary

We monitor the Council's performance for implementation of agreed actions.

Whilst the number of overdue actions has reduced, the number of actions with revised timescales has increased, demonstrating that actions are taking longer to implement than originally estimated. We are in contact with officers on a regular basis to obtain updates on implementation. Further details on outstanding actions can be found by viewing the Management Actions tab of the SWAP Executive dashboard which is stored in AuditBoard and can be viewed by clicking on this link [AuditBoard | Login \(auditboardapp.com\)](#)

Outcomes from Follow Up Audit Work



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The role of SWAP as the internal auditors for Dorset Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. The four opinion ratings are defined as follows:

Assurance Definitions	
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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In addition to the assurance definitions above we also provide an ‘**assurance dial**’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

The Committee is able to view a record of all internal audit work on the Rolling Plan dashboard held in AuditBoard [AuditBoard | Login \(auditboardapp.com\)](https://auditboardapp.com) including work in progress and all completed work that would have previously been reported to the Committee in a table form. To provide the Committee with additional insight we include our one-page audit report in full for Limited assurance audits.

Capital Programme Adequacy and Financing – Final Report – March 2025



Audit Objective

To ensure that there are controls in place to govern and monitor activity within the Council’s capital programme and that appropriate action is taken where projects are not meeting planned timelines and financial targets so that the outcomes for the capital programme can be realised.

Executive Summary

	Assurance Opinion	Management Actions	Organisational Risk Assessment	Medium	
	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a medium organisational risk and potential impact.	
		Priority 2	7		
		Priority 3	7		
		Total	14	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.	

Key Conclusions

	The Capital Programme currently has a total of 184 projects with a budget of £516m (2024/25-2029/30). The budget for 2024/25 is currently £102m. There is a forward plan utilised at CSAMG which includes updates from larger projects and standing items for overall budget monitoring and review of projects over £2m and whilst the overall governance structure is in place with the subgroups, it is not operating effectively to easily identify red flags, such as timeline slippage, incorrect processes being followed or potential overspent budgets. The terms of reference for CSAMG as well as the position of the Chair and subgroups should be reviewed to ensure they include effective independent challenge and project monitoring.	Audit Scope The following was reviewed for capital projects over £2m; <ul style="list-style-type: none"> • Approval of how each project will be funded and whether dependencies are considered e.g terms and conditions for external funding; • Governance structure for monitoring activity / future plans and financial forecasting / spend; • How the different capital groups and boards operate and interact with each other; • Project owners accountability including submission of regular delivery and progress reports and how these are scrutinised by the groups and boards. A benchmarking exercise with other SWAP Partners was undertaken to ascertain how they monitor projects, including any report templates in use.
	Although there is a project approval process in place, there is confusion around what stage a project is approved at prior to accessing funding. Having a formal checkbox gateway approval process which sets out when the approval was granted would aid in keeping better track of projects as well as establishing a guidance document to illustrate the approval stages and responsibilities. Furthermore, any decision and approvals made at CSAMG should be recorded and stored for future reference to ensure an updated record is kept.	
	A capital dashboard has been developed for use by the Senior Leadership Team; however, it has been identified that this is not being utilised to its full potential. The dashboard should be adapted to easily highlight red flags like budget spends and time targets not reached and then shared with a wider audience.	
	There is a lack of central overview of the status of each project and what stage it is at prior to the project commencing. The existing Accountancy spreadsheet could be adapted and used wider to achieve this.	

Next Steps

The “Findings & Action Plan” includes details of the management actions, which once completed, will enhance the control environment. Benchmarking questionnaire results have also been shared.

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Response to Climate Emergency Further Follow Up – Final Report – March 2025



Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2022/23 Limited opinion audit of the Response to Climate Emergency report have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	1	1	0	2
Priority 2	5	1	0	6
Priority 3	0	0	0	0
Total	6	2	0	8

Follow Up Assessment

The original audit was completed and reported in January 2023 and received a Limited assurance opinion. Follow up audits were undertaken in June 2023 and March 2024 which closed off six actions. This follow up audit has found that the two remaining are still in progress. Key findings have been summarised below.

Follow Up Scope

Testing has been performed in relation to all priority 1 and 2 actions and supporting evidence obtained to support implementation of actions.

Key Findings



External funding has been secured to provide the resources required to carry out the scope 3 emissions work and this is nearing completion. A web-based tool kit and training materials for procurement officers is being developed to ensure climate change is embedded into the Council's procurement processes. The Climate and Ecological Operational group are driving forward the changes required to achieve the 2040 target, including projects within Children's and Adults. Corporately, the service planning framework is being revised, and this will include a requirement for services within all directorates to articulate the work that is being done in relation to the climate emergency.

Further Follow Up Required

A fourth follow up will be undertaken to enable the service to demonstrate implementation towards completion of the two actions which are due to be implemented by 30th September 2025.

A summary of the key findings from our review will be presented to the Audit and Governance Committee on 14th April 2025.

Dorset Council

Approach to Internal Audit Planning 2025/26

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Agenda Item 8

The work of Internal Audit should align strategically with the aims and objectives of the organisation, taking into account key risks, operations and changes. In order to do this Internal Audit needs to be flexible in adapting audit plans to handle rapidly changing risks, priorities and challenges.

It is the responsibility of the Senior Leadership Team, and the Audit & Governance Committee to ensure that the audit work scheduled and completed throughout the year contains sufficient and appropriate coverage of key risks.

Approach to Internal Audit Planning 2025/26

SWAP has been working with Senior Management in Dorset Council delivering a fully flexible and responsive approach to audit planning, for a number of years. The pace of change within local authorities has not slowed up and if anything, is requiring more transformational change to manage the demands on services. We have demonstrated that our flexible planning approach has ensured that we are supporting the Council by collaboratively aligning our work to the Council's aims, objectives and key risks. This helps to ensure that we are auditing the right things, at the right time; enabling us to provide insight and value when and where it is required.

We have fully embedded our continuous risk assessment and rolling plan approach and we build our plan in conjunction with management as the year progresses.

The resulting programme will be a combination of requested audit work aligned to corporate priorities, combined with audit work recommended by SWAP, driven by our continuous risk assessment. This risk assessment will be based on the Council's Principal risks and service risk registers as well as the Council's performance management data. Overlaid onto this assessment will be SWAP's sector-wide top 10 risk areas, with additional consideration of our core recommended areas of coverage. The results of our risk assessments are shared with Senior Management in Directorates to obtain their view on the value of internal audit involvement. In developing risk assessments, we will also take account of other sources of assurance, where relevant.

As the year progresses, we will update the Committee through our usual quarterly update report on Internal Audit activity. It will be through this process and through live access to SWAP's Audit management system AuditBoard that the Senior Leadership Team and Audit & Governance Committee members will be able to assess whether the audit work building throughout the year provides sufficient and appropriate coverage of key risks.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage of key risks, will enable us to satisfy our requirement to provide a well-informed and comprehensive year-end annual internal audit opinion.

Annually, or as a change requires, we provide you with our Internal Audit Charter, for your approval, that reflects the role and responsibilities of us as internal auditors within your organisation. We have included an updated Audit Charter for the Committee's consideration and approval as an appendix to this paper.

Internal Audit Planning 2025/26: The Approach

We would encourage SLT and the Audit & Governance Committee to regularly review the dashboard in AuditBoard in order to assess our rolling internal audit coverage.



A Rolling & Live Programme of Audit Work

Throughout 2024/25 we have continued to develop and refine a live rolling plan dashboard which is held on SWAPs Audit Management system, AuditBoard. Through this system Committee members and Senior Council officers are able to access and view our live rolling audit [plan document](#).

This dashboard provides an assessment of how our audit work is building throughout the year to enable SWAP to provide an annual opinion on the Council’s governance, risk management and control environment. The continuous risk assessment and planning approach highlighted above, aims to ensure that we have a reasonable and equitable spread of work covering the Authority’s key strategic risks.

The rolling plan dashboard details all work we have completed across the year, along with work in progress and the status of that work.

The list of ‘Future Proposed Audits’ is our rolling audit plan, and details audit work that we propose to undertake in the future, along with an assessment of the priority of that work. The tables below provide a sample of our future proposed work currently planned and this will grow as the year progresses.

This will help to confirm:

- That the internal audit plan builds throughout the year to provide adequate coverage of the key risks faced by the organisation
- That sufficient assurance is being received to monitor the organisation’s risk profile effectively; and
- That the areas included on the Future Proposed Audits remain appropriate, with an accurate priority assessment

Audit Title	Type of Work	Priority
DC Depot Management	Assurance	Higher priority
DC Our Future Council - Achievement of S...	Assurance	Higher priority
DC New Procurement Regulations	Assurance	Medium priority
DC Adults Social Care Transformation Prog...		Medium priority
DC Debt Collection - Adults & Housing	Assurance	Medium priority
DC Disclosure and Barring Service	Assurance	Medium priority
DC Effective Property Services Management	Assurance	Medium priority
DC Home to School Transport Appeals		Medium priority
DC ICT Application Portfolio Management	ICT	Medium priority
DC ICT User Access Management (Applicat...	ICT	Medium priority
DC Monitoring of High Needs Block Expen...	Assurance	Medium priority
DC NSAP and RSAP Grant Certification	Grant Certification	Medium priority
DC Post-CQC Inspection review	Assurance	Medium priority
DC Progress against CIPFA Financial Mana...	Assurance	Medium priority
DC Property Acquisitions and Disposals	Assurance	Medium priority
DC Unregulated Placements	Assurance	Medium priority
DC DLEP Growth Hub Grant Certification 2...	Grant Certification	Medium priority
DC Provider QA Process/ Contract Monitor...		Medium priority
Children's Services Contracts & Placement ...	Assurance	Lower priority

Audit Title	Type of Work	Priority
DC Childcare Expansion Capital Grant Certi...	Grant Certification	Lower priority
DC Councillor Code of Conduct		Lower priority
DC Housing Delivery/ Planning obligations...	Assurance	Lower priority
DC ICT Vulnerability Management	ICT	Lower priority
DC Suitability of Commissioning Provisions	Assurance	Lower priority
DC Tax Evasion Review		Lower priority
DC Active Travel Fund 5 (2024/25): No 31/...	Grant Certification	Lower priority
DC Brokerage/ Commissioning Process		Lower priority
DC Centralised debt recovery processes	Assurance	Lower priority
DC Early Years Block and Funding 2		Lower priority
DC Effectiveness of Strategic Asset Manag...	Assurance	Lower priority
DC Effectiveness of using Digital Technolo...		Lower priority
DC Extended Role of the Virtual School an...	Assurance	Lower priority
DC Family Hubs Programme	Assurance	Lower priority
DC Moving from Self-Funding to Council F...		Lower priority
DC Refugee Resettlement Programme		Lower priority
DC Safer Recruitment and Keeping Childre...	Assurance	Lower priority
DC School Attendance and Absence	Assurance	Lower priority
DC Workforce - Operational Adult Social C...		Lower priority

SWAP is a public sector, not-for-profit internal audit partnership covering 27 organisations. Dorset Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

Over and above our Internal Audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners.
- Regular updates containing emerging issues, risks and fraud alerts identified across the SWAP partnership and beyond.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

We will:

- *Exceed expectations;*
- *Be pragmatic and focus on what matters;*
- *Be inventive and offer creative solutions;*
- *Be visible and responsive*



Your Internal Audit Service

Audit Resources

The 2025/26 Internal Audit programme of work will be delivered within an overall budget of £457,844, which represents a 3% increase on the previous year, as agreed by the Service Manager for Assurance. No budget cuts have been proposed for the forthcoming year. The current Internal Audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the expected work. We would encourage alternative sources of assurance to be sought or identified where internal audit coverage of key risks has not been undertaken.

The key contacts in respect of your Internal Audit service for Dorset Council are:

Sally White, Assistant Director – sally.white@swapaudit.co.uk, 07820312469

Angie Hooper, Principal Auditor – angela.hooper@swapaudit.co.uk 0753645327

External Quality Assurance

Over the past year SWAP work has been completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF). This has been replaced with the [Global Internal Audit Standards](#) plus the [UK Public Sector Application Note](#) and the [CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government](#) (to be referred to as ‘The Standards’). These three documents together provide the framework by which Internal Auditors in the Public Sector must comply from April 2025

As required within both the IPPF and The Standards, SWAP is subject to an External Quality Assessment (EQA) of Internal Audit Activity at least every 5 years. The last of these was carried out in December 2024 which confirmed ‘General Conformance’ with the IPPF. Members of the Audit Committee have been provided with a full copy of this report.

Conflicts of Interest

We are not aware of any conflicts of interest within Dorset Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with the previous IIA Code of Ethics and also with the Global Internal Audit Standards in the UK Public Sector which includes ethics and professionalism standards in relation to Integrity, Objectivity, Confidentiality, Due Professional Care & Competency.

Our Reporting

A summary of Internal Audit activity will be reported quarterly to the Audit & Governance Committee (*as well as our detailed rolling plan dashboard highlighted above being available throughout the year*). Our reporting to the

Internal Audit Planning 2025/26: The Approach

Audit & Governance Committee will include any significant risk and control issues, governance issues, and other matters that require the attention of SLT and/or the Audit & Governance Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

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Dorset Council

Internal Audit Charter and Mandate

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INTERNAL AUDIT CHARTER AND MANDATE

Purpose

SWAP Internal Audit Services creates, protects, and sustains value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit Standards in the UK Public Sector which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the audit committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adherence to the Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements subject to the Application Note for UK Public Sector Internal Audit. The chief audit executive will report annually to Dorset Council's Audit & Governance Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program, managed and monitored by the SWAP senior management team and the SWAP board.

Mandate

The Accounts and Audit (England) Regulations 2015, state that: "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."

Authority

The Audit and Governance Committee grants the internal audit function the mandate to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the audit committee.

The audit committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance as necessary from Dorset Council personnel and other specialised services from within or outside Dorset Council to complete internal audit services.

Independence, Organisational Position and Reporting

The chief audit executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive will report functionally to the audit committee and administratively (for example, day-to-day operations) to the Service Manager for Assurance and Chief Financial Officer (S151 Officer). This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards in the UK Public Sector.
- A significant acquisition or re-organisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee Oversight

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfill its duties, the audit committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.

- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the audit committee, including in private meetings without senior management present.
- Ensure the application of a protocol agreed with Dorset Council to notify the chief audit executive of all suspected or detected fraud, corruption, or impropriety.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the “essential conditions,” described in the Global Internal Audit Standards in the UK Public Sector, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function’s charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive / head of internal audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Collaborate with senior management to determine the budgets, qualifications, and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards in the UK Public Sector.
- Review the chief audit executive’s performance, provide feedback to the SWAP CEO, plus senior management, and the organisation’s CEO.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of Dorset Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation’s ethical expectations, as described in applicable policies and procedures.

Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Dorset Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of Dorset Council's employees that are not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, Audit and Governance Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- At least annually, submit a risk-based internal audit plan to the Audit and Governance Committee and senior management for review.
- Communicate the impact of resource limitations on the internal audit plan to the Audit and Governance Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes to Dorset Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit and Governance Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit and Governance Committee and senior management annually and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfill the internal audit mandate.

- Identify and consider trends and emerging issues that could impact Dorset Council and communicate to the Audit and Governance Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to Dorset Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to the Audit and Governance Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit and Governance Committee.

Communication with Audit and Governance Committee and Senior Management

The chief audit executive will report periodically to the Audit and Governance Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Governance Committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Dorset Council's risk appetite.
- A fraud risk self-assessment completed by Dorset Council with guidance from SWAP.

Quality Assurance and Improvement Programme

The SWAP senior leadership team in collaboration with the chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the Audit and Governance Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and Dorset Council; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all Dorset Council activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit and Governance Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Dorset Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Dorset Council's strategic objectives are appropriately identified and managed.
- The actions of Dorset Council's officers, directors, management, employees, and contractors comply with Dorset Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Dorset Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approval/Signatures

Sally White

Chief Audit Executive

10th March 2025

Date

Audit Committee Chair

Date



Chief Executive Officer (SWAP)

10 March 2025

Date

Revised February 2025

Audit and Governance Committee Work Programme 2025-26

2 June 2025		
Internal Audit Review	Report	Officer Contact- Sally White and Angie Hooper
Internal Audit Investigation	Report	Officer Contact- Jonathan Mair
Annual Internal Audit Opinion 2024-25	Opinion Report	Officer Contact- Sally White and Angie Hooper

16 June 2025		
Annual Governance Statement	Statement	Officer Contact- Marc Eyre
2024/25 Statements of Accounts	Statement	Officer Contact- Heather Lappin
Informing the 2024/25 Risk Assessment – Dorset Council and Dorset Pension Fund	Report	Officer Contact- Heather Lappin
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

4 August 2025		
SWAP Update Report	Update Report	Officer Contact- Sally White/Angie Hooper
Annual Information Governance Report	Report	Officer contact- Marc Eyre
Annual Fraud and Whistleblowing Report	Report	Officer contact- Marc Eyre
Annual Emergency Planning Report	Report	Officer contact- Marc Eyre
Draft 2024/25 Outturn	Report	Officer Contact- Heather Lappin
Quarterly Risk Management Update	Update Report	Officer Contact- Chris Swain, Liz Crocker
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

13 Oct 2025		
SWAP Update Report	Update Report	Officer Contact- Sally White/Angie Hooper
Period 4 Financial Management Report 2025/26	Report	Officer Contact- Sally White

Quarterly Risk Management Update	Update Report	Officer Contact- Chris Swain, Liz Crocker
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

17 Nov 2025		
Quarter 2 Financial Management Report 2025/26	Report	Officer Contact- Heather Lappin
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

12 Jan 2026		
SWAP Update Report	Update Report	Officer Contact – Sally White/Angie Hooper
Risk Management Update	Update Report	Officer Contact-Chris Swain, Liz Crocker
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

23 March 2026		
Quarter 3 Financial Management Report 2025/26	Report	Officer Contact- Heather Lappin
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

27 April 2026		
Annual Governance Statement	Statement	Officer contact- Marc Eyre
SWAP Update Report	Update Report	Officer Contact – Sally White/Angie Hooper
Planning Paper 2026-27 & Internal Audit Charter	Planning Paper	Officer Contact – Sally White/Angie Hooper
Annual Internal Audit Opinion 2025-26	Opinion Report	Officer Contact – Sally White/Angie

		Hooper
Quarterly Risk Management Update	Update Report	Officer Contact- Chris Swain, Liz Crocker
Update on Our Future Council Work	Update	Officer Contact- Aidan Dunn

Other items raised by Audit and Governance Committee requiring further consideration.

Issue	Notes	Date raised
Number 9 item recommendations in Final Auditor's (Grant Thornton) Annual Report 23/24 controls to minimise data breaches, 2023-24 serious data breach, pg 392.	Data Breach from one of the suppliers and tightened up security around contract specifications. To bring it back to Committee	24 th February 2025

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