

Dorset Council

Report of Internal Audit Activity

Progress Report 2024/25 – September 2024

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.

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SWAP is an internal audit partnership covering 24 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 second update report for 2024/25 financial year.

Our live Rolling Plan dashboard available through our audit management system AuditBoard [AuditBoard | Login \(auditboardapp.com\)](#), and specifically the Audit Coverage (*which can be found on the first tab of the dashboard or on page 3 below*), reflects the outcomes of recent reviews completed. Based on these recent reviews, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance however, we have reasonable to high levels of confidence that the agreed actions will be implemented and as such are able to offer a **reasonable opinion**.

Since our last progress report in July 2024, we have issued one **Limited** assurance opinion on Estates Income and Debt Management. The one-page report can be found on page 8.

Addendum: Since writing this report, we have had further dialogue with the service regarding this Limited opinion report (on page 8) and understand that there was more evidence that wasn't provided at the time of the audit which may have altered our assurance rating. We have agreed with the Corporate Director Assets & Regeneration that we will undertake some follow up work promptly in order to demonstrate appropriate process control and evidence and will report to the Committee accordingly.

Significant Corporate Risks

Update on Response to Climate Emergency

In April, we reported that all actions that were due had been completed. The remaining one priority 1 and one priority 2 actions are not due until 30th April 2025, so we will undertake another formal follow up nearer that time to allow the actions to become embedded.

Internal Audit Charter

In the Internal Audit Planning paper that was presented to the committee in April, we explained that there have been some significant changes to the Charter as a result of the new Global Internal Audit Standards. The Charter

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now includes an Internal Audit Mandate that specifically covers our roles and responsibilities and details the scope of internal audit work within Dorset Council. A copy of the signed Charter is included in Appendix B.

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 5. There are 11 overdue actions where either the original date or the revised date has passed and 26 actions that have passed their original due date where a revised date has been set.

Whilst the number of overdue actions has reduced, those with revised timescales remain high, but we are in contact with officers to ensure that actions are implemented in a timely way. 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 \(auditboardapp.com\)](#)

Internal Audit Plan Progress 2024/25

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



SWAP Internal Audit Plan Coverage

The table below, captures our audit coverage, mapped against the Authority’s corporate risk themes since November 2022 when we started using our audit management system, AuditBoard [AuditBoard | Login \(auditboardapp.com\)](https://auditboardapp.com). Furthermore, we have then overlayed the audit assurance outcomes of those risk areas that we have reviewed. As you will see we have provided some level of recent audit work across all of the corporate risk themes. It is possible on the dashboard to also view coverage of our recent audit work mapped by Corporate Priorities, Directorates, SWAP Top 10 Risk Themes, and Core Areas of Recommended Assurance. The audits that make up the coverage can be viewed by right clicking in the coverage cell, select drill through and audit details.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
DC R01 - Finance	Good	Reasonable
DC R02 - Compliance	Adequate	Reasonable
DC R03 - Health, Safety, Wellbeing	Adequate	Reasonable
DC R04 - Communities	Adequate	Reasonable
DC R05 - Digital & Technology	Some	Reasonable
DC R06 - Safeguarding	Some	Limited
DC R07 - Transformation	Some	Limited
DC R08 - Workforce	Some	Limited
DC R09 - Political & Leadership	Some	Limited
DC R10 - Service Delivery	Good	Limited

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

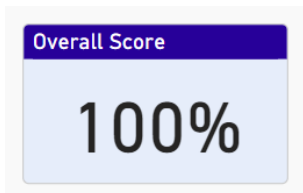
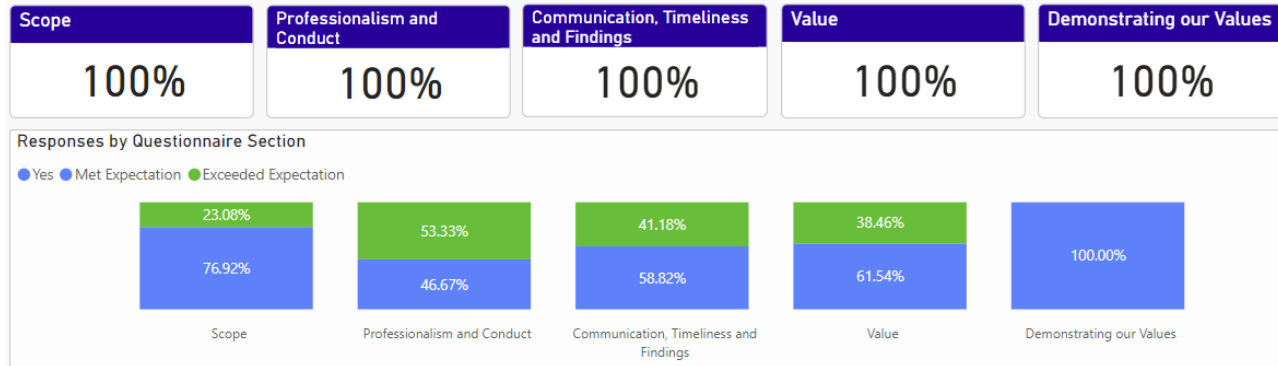
Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

Internal Audit Plan Progress 2024/25

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

SWAP Performance Measures

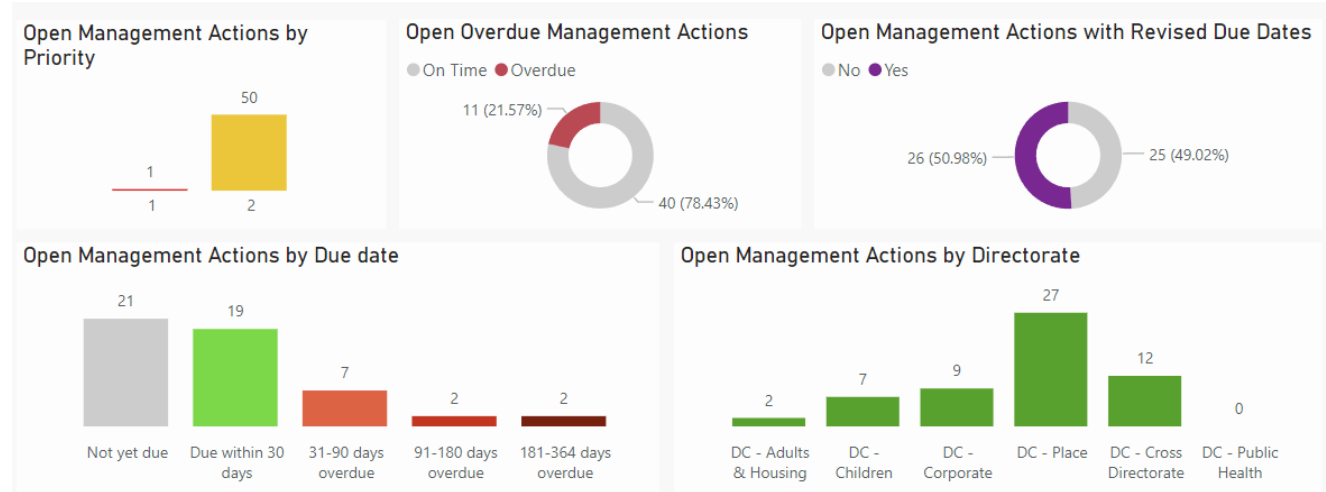
Performance scores from post audit questionnaires:



Internal Audit Plan Progress 2024/25

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

Outcomes from Follow Up Audit Work



Internal Audit Plan Progress 2024/25

Added Value

'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'



Added Value

Cifas

The use of the Cifas data sharing service continues to bring benefits. Since our last update ICT Services are continuing with the project to see if it is possible to use Application Programming Interface (API) between Mosaic and Cifas to upload data directly which would enable a real time search of all Adult Service Users to identify deceased cases. Potential new areas include checking of senior officers, but re-checks of staff and contractors are not taking place due to capacity issues in those services. Previously agreed areas continue to be run through the database with matches being identified and action taken where necessary.

Whistleblowing Investigations

SWAP's Counter Fraud team has recently completed an investigation which is a result of whistleblowing, and this may lead to a follow-on piece of investigative work. The team has also just started another unrelated investigation which is a result of whistleblowing.

Data Analytics

Data analytics are used to inform audit findings and to provide additional insight wherever possible.

Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

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	The review identified fundamental gaps, weaknesses or non-compliance, which require immediate action. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	The review identified significant gaps, weaknesses or 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
Reasonable	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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, 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.

Estates Income and Debt Management – Final Report – July 2024



Audit Objective

To provide assurance that procedures are in place to ensure that Estates income is recorded, received, managed, collected and if required, written off effectively and in a timely manner.

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	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	4	
		Priority 3	3	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
		Total	7	

Key Conclusions

	Management were unable to provide sufficient evidence such as copies of payment plans or correspondence with tenants, to demonstrate that there is a robust process in place for chasing rent arrears. Further information was provided following the issue of the draft report, however this did not demonstrate the evidence required. The process for following up aged debt and rent arrears should be reviewed to ensure that it is robust.
	Despite the provision of further information following the issue of the draft report, management were unable provide sufficient evidence to demonstrate that rent reviews and lease renewals had been actioned appropriately. Separate to this internal audit, a firm of surveyor consultants (HTC) are reviewing lease documentation to ensure it matches what is captured in TechForge. Upon completion of that work management should review the process for tracking and completing lease events.
	Neither the current TechForge system, nor its replacement TF Cloud interface with SAP. The benefits of this were highlighted to management in internal documents in December 2020 and again in a review by external consultants during November 2023 however, no work has been undertaken to investigate this further, and this should be explored. The benefits would include reducing effort and duplication, supporting budget monitoring processes and reducing some of the risk around the use of manual spreadsheets. Once TF Cloud has been implemented, a benefits realisation exercise should be carried out to establish the value added by the system and identify gaps.
	Although the Estates service does have key performance indicators, the majority of staff in surveyor roles who we spoke to were either unaware of their existence, or had very limited knowledge of the KPIs. Management should engage with staff and develop meaningful KPIs which are aligned to the service's objectives.

Audit Scope

The scope of the audit fieldwork included the following:

- The procedures in place for recording, collecting and managing Estates income.
- The monitoring processes used to ensure monies are received in a timely way.
- The processes in place for chasing overdue income.
- Senior management oversight of the Estates income and debt management processes.
- Processes used to write off debt.
- The use of TechForge by the Estates service.
- An assessment of documented processes and procedures.

Next Steps

This report highlights four key issues which are worthy of management attention. The "Findings & Action Plan" includes a further three issues and details of the management actions, which once completed, will enhance the control environment.