

Dorset Council

Report of Internal Audit Activity

Progress Report 2024/25 – April 2025

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 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

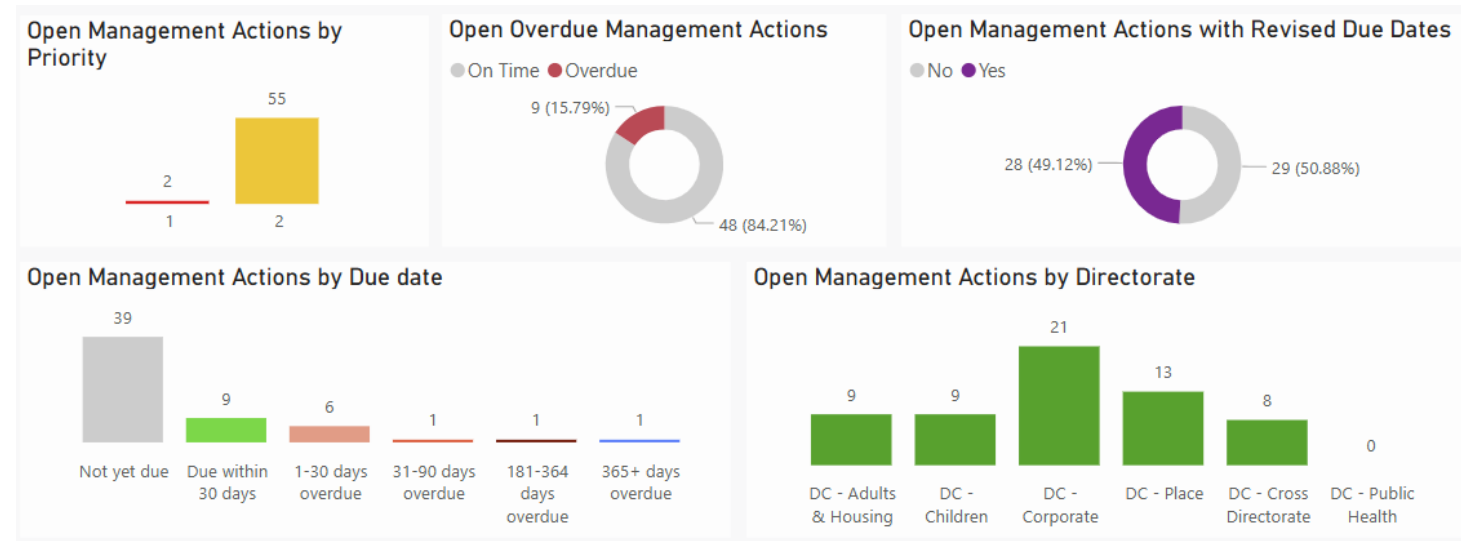
Graphs showing the numbers of overdue priority 1 and 2 actions and those actions with revised due dates can be found on page 2. There are nine overdue actions, eight of which have passed their original date and one of which has passed at least one revised date. In addition, there are another 27 actions 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



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.

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.



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.