Dorset Council

Report of Internal Audit Activity

Progress Report 2026/27 – April 2026

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 first update report for the 2026/27 financial year.

Our live Rolling Plan dashboard available through our audit management system AuditBoard AuditBoard | Login (auditboardapp.com), and specifically the Audit Coverage (*located on the first tab of the dashboard or on page 3 of this report*), reflects the outcomes of recently completed reviews. Based on these reviews, we recognise that, in general, risks are well managed. However, we have identified some gaps, weaknesses and areas of non-compliance. Due to recent Committee involvement and support from the Council's Strategic, Intelligence, Performance and Risk team to enable the Council to take greater ownership of audit actions, we have a slowly increasing level of confidence that the agreed actions will be implemented to address these issues.

Due to the significant concerns that were highlighted within the Annual Opinion Report for 2024/25, we continue to offer a **Limited** opinion until we are able validate that these areas of significant concern have been adequately resolved. Further detail on this can be found below.

Since our last progress report in February 2026, we have issued **one Limited** assurance opinion on the Governance of Financial Management in Schools. Further details on this can be found on page 7 where we have provided the summary audit report to offer the committee further insight.

Significant Corporate Risks

Contract & Expenditure Compliance with Council Constitution & Scheme of Delegation
The third follow-up is now complete with all actions fully completed. This significant risk is now considered to be adequately mitigated. The follow-up report can be found on page 8.

Investigation (Building Compliance) Action Plan
We have concluded our first follow-up of just the actions which were due before April 2026, and all were found to be completed. There is a further tranche of 25 actions that are due for completion by 31 May 2026. We will therefore undertake a second follow up in early June to confirm their status. The Director of Public Health

continues to support this work and officer engagement remains very positive. Further details on this work can be found on page 9.

ICT Assurance Mapping

We have undertaken a follow-up in this area and can confirm that the actions agreed have been completed. As a result of our work the Council have engaged Public Digital to undertake an assessment of the Councils position in relation to cyber threats. Whilst it is extremely positive to report that all SWAP actions have been completed, the mitigation of the significant risk highlighted to the Committee in January is dependent upon the outcome of Public Digital's work, although we understand that initial indications are positive. The SWAP follow up report can be found on page 10

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

Table 1 below presents our audit coverage mapped against the Authority's **Principal Risks**. Further detail can be found using our audit management system, AuditBoard [AuditBoard | Login (auditboardapp.com)](auditboardapp.com). The non-opinion audits represent advisory work rather than assurance engagements. To view the audits that make up the coverage, log into AuditBoard, right-click on a coverage cell, select "drill through", and then choose "audit details".

Table 1 – as at 1.04.2026

Principal Risk ⓘ Hover over Principal Risk title to see a definition	Coverage	Average Opinion
Commercial	Some	Non Opinion Audits
Data and Information Management	Some	Limited
Finance	Good	Reasonable
Legal	Good	Reasonable
Operations	Good	Reasonable
People	Adequate	Substantial
Project / programme	Some	Reasonable
Property	Some	Non Opinion Audits
Reputation	Good	Reasonable
Security	Some	Reasonable
Technology	Some	Reasonable

Coverage	Description
Good	10 or more completed audits
Adequate	Between 5 and 10 completed audits
Some	Less than 5 completed audits
In Progress	1 or more audits are in progress
None	No coverage to date

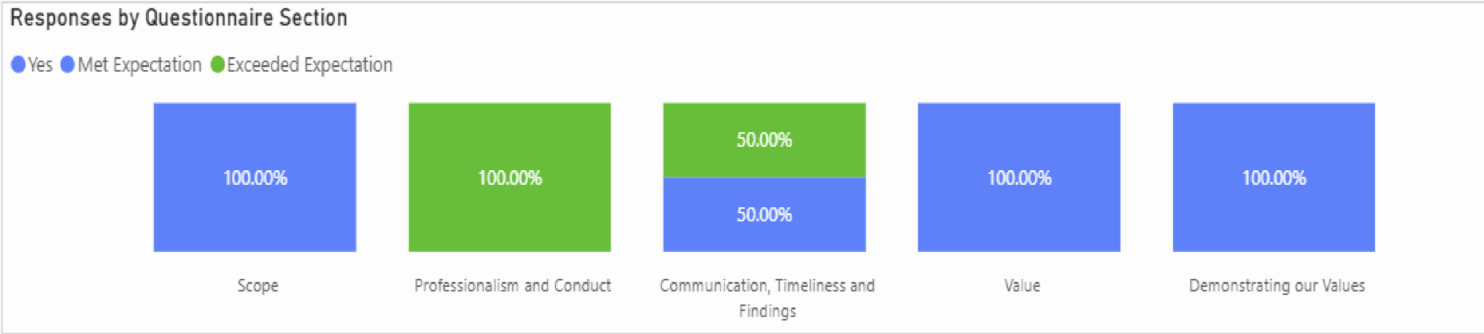
Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance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

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:

Scope	Professionalism and Conduct	Communication, Timeliness and Findings	Value	Demonstrating our Values
100%	100%	100%	100%	100%



Responsibility for monitoring and reporting the Council's performance for implementation of agreed actions now rests jointly with the Council's Policy, Insight and Performance Team and Internal Audit.

Implementation of Actions

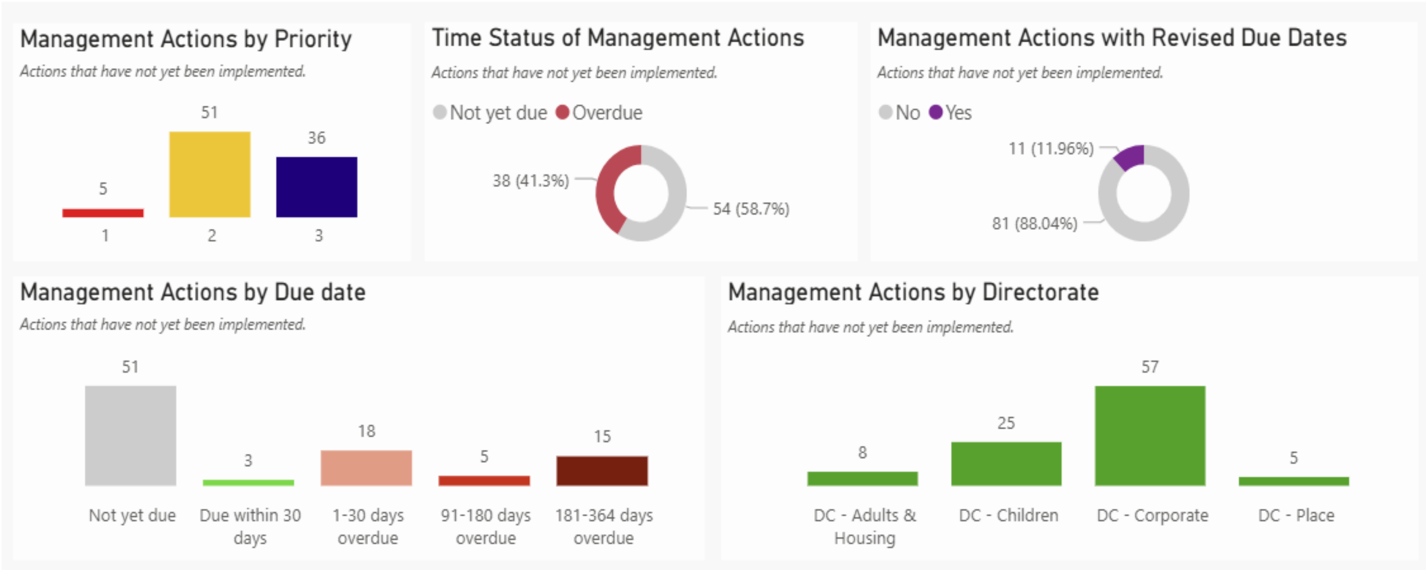
The graphic below provides an analysis of overdue priority 1, 2 and 3 actions. There are 92 actions that have yet to be implemented, 38 of which are currently overdue. 52% of the overdue actions are between 6 and 12 months overdue.

We have stopped revising implementation dates to avoid masking overdue actions and you will see that the number of actions with revised dates where the actions have not been implemented is dropping.

The Council's Policy, Insight and Performance are team are now reporting separately to the Committee on audit actions acting as a conduit between the Council and SWAP, to strengthen oversight of actions, with the aim of reducing the number of actions that become overdue, fostering engagement and accountability across directorates.

Additional information is available in the Management Actions tab of the SWAP Executive dashboard, which can be accessed via this link: [AuditBoard | Login (auditboardapp.com)]

Table - as at 1.04.2026



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 deliver benefits in the prevention and detection of fraud. Previously agreed areas are still being routinely checked against the database, with matches identified and appropriate action taken where necessary.

Benchmarking

We have undertaken a couple of benchmarking exercises. The first was a comparison exercise on Section 117 of the Mental Health Act around how funding and protocols are managed with the local Integrated Care Board. The second piece of Benchmarking was on comparing Early Years/ Education Finance and Assurance Functions across other Local Authorities.

Newsletters and updates

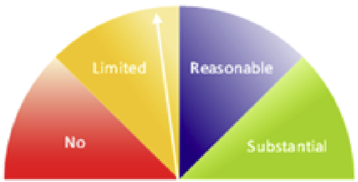
SWAP regularly produces a newsletter and other relevant updates for partners, including fraud bulletins. These communications highlight topical issues and provide useful information to support awareness and risk mitigation.

Governance of Financial Management in Schools – Final Report – February 2026

Dorset Council | SWAP Internal Audit Services – Better Assurance, Together

Audit Objective: To assess the effectiveness of the Council's oversight of financial management in maintained schools, ensuring that controls are robust and support accurate financial reporting.

Executive Summary



Assurance Opinion

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.

Management Actions	
Priority 1	0
Priority 2	4
Priority 3	1
Total	5

Organisational Risk Assessment: Medium

Our audit work includes areas that we consider have a medium organisational risk and potential impact.

The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

Key Conclusions

- Key operational financial control requirements are not explicitly documented within core policies, increasing the risk of inconsistent processes and unclear accountability across the Council and Schools.
- Financial concerns are currently shared informally with the Team Manager by relevant officers (e.g. School Admin & Finance Support Officers, and Accountants) without a formal process for recording, escalating, or tracking issues. Although officers acknowledge the need for a structured approach, it is not yet embedded or applied consistently. To ensure clarity, consistency and accountability guidance and escalation requirements should be formally documented.
- Training materials reference outdated information because process changes are not effectively communicated between teams, preventing timely and accurate updates. A more coordinated approach should be adopted.
- Financial data for maintained schools is stored across shared drives and Teams sites, creating unclear communication and information governance risk.
- There is no formal version control or monitoring for key documents such as Quick Reference Sheets and the Financial Efficiency Policy, resulting in unclear review history. Good practice from the Scheme for Financing Schools could be used to strengthen these arrangements.
- There is a wide range of training and guidance available to schools through Dorset Nexus, including online, face-to-face, and targeted training options.

Audit Scope

The audit assessed the following: -

• Policy documents in place which define the roles and responsibilities of both the Council and schools in relation to financial management;

• Mechanisms used by the Council to monitor and maintain an oversight of financial controls in schools, including the year-end financial return process (timeliness, accuracy, completeness);

• Training, guidance, and resources provided to schools to ensure effective financial management and compliance with the Dorset Scheme for Financing Schools;

• Processes for identifying, escalating and reporting of issues and non-compliance.

Next Steps

The "Findings & Action Plan" which accompanies this report includes details of the management actions, which once completed, will enhance the control environment.

Contract & Expenditure Compliance with Council Constitution & Scheme of Delegation – Follow Up Three - Final Report – March 2026

Dorset Council

SWAP INTERNAL AUDIT SERVICES Better Assurance, Together

Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2025/26 Limited opinion audit of the Contract & Expenditure Compliance with Council Constitution & Scheme of Delegation report have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	2	0	0	2
Priority 2	14	0	0	14
Priority 3	0	0	0	0
Total	16	0	0	16

Follow Up Assessment

The original audit was completed and reported in May 2025 and received a Limited assurance opinion. The first follow up audit found that ten of the sixteen actions had been completed. The second follow up found that five of those actions have been completed, leaving just one remaining. This follow up has confirmed that the final action has been completed.

Follow Up Scope

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

Key Findings

The current Comensura contract is in place until April 2026, with available extensions which have been considered by senior officers and members. The decision has been taken to extend the current contract by twelve months from 13 April 2026. This will allow the time required for the Council to upskill existing staff and plan for future arrangements.

All actions from the 2025/26 audit have been completed.

Next Steps

Further details of actions can be found in the attached management action plan. A summary of the key findings from our review will be presented to the Audit and Governance Committee on 27th April 2026.

Investigation Action Plan (Building Compliance) Follow Up 1 – Report – March 2026

Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2025/2026 audit of the Building Compliance Investigation have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	3	0	3	6
Priority 2	7	2	20	29
Priority 3	0	0	0	0
Total	10	2	23	35

Follow Up Assessment

The original audit was completed and reported in December 2025, resulting in a significant corporate risk. This is the first of two follow-ups, and the audit has identified that 23 actions remain outstanding, with an additional 2 in progress, although all are still within their agreed-upon timescales.

Follow Up Scope

All actions due before April 2026 have been tested and assessed as completed, with some later-dated action closures also supported by evidence.

Key Findings

The Council has continued to strengthen its governance, compliance, and procurement arrangements through the completion of several key improvement actions.

Enhancements to the c.net system show that direct awards and mini-competitions are now fully recorded, monitored, and supported by clear evidence trails, improving transparency and enabling more robust oversight of procurement activity. Supporting guidance has been issued, assuring that direct awards are justified, compliant, and appropriately documented.

Progress has also been made in relation to declarations of interest, where a refreshed approach has been developed to ensure officers, both permanent and temporary, confirm any potential conflicts. Updated guidance covering interests, gifts, hospitality, and secondary employment is being finalised through the Senior Leadership Team, reinforcing the Council's expectations around integrity and transparency.

Supplier onboarding practices have been strengthened, with due-diligence checks now formally incorporated into the Comensura process. Monthly spot checks are in place to confirm completion of Fraud, Corruption and CreditSafe checks, and escalation routes have been established for cases of non-compliance. The introduction of a structured toolkit to record findings and actions supports a more consistent and auditable approach to supplier vetting.

Finally, significant progress has been achieved in the Council's approach to building safety and asset compliance. There are defined roles and responsibilities, and an annual programme of inspections is in place. Updated procedures and strengthened accountability arrangements support ongoing compliance with health and safety requirements.

There is continuing positive engagement with responsible officers and a clear commitment to the remediation of the actions.

Further Follow-Up Required/Next Steps

Further details of actions can be found in the attached Management Action Plan. A summary of the key findings from our review will be presented to the Audit and Governance Committee on 27th April 2026.

A second follow-up audit will take place in June 2026, once the remaining actions reach their deadline of 31st May 2026.

ICT Assurance Mapping Follow-Up – Final Report – April 2026

Follow Up Audit Objective

Review the status and effectiveness of remediation actions for previously identified significant risks within Dorset Council's ICT assurance mapping, ensuring that all corrective measures have been implemented and that risk exposure is adequately managed.

Follow-Up Progress Summary				
Priority	**Complete**	**In Progress**	**Not Started**	**Summary**
Priority 1	2	0	0	**2**
Priority 2	1	0	0	**1**
Priority 3	0	0	0	**0**
Total	**3**	**0**	**0**	**3**

Follow-Up Assessment

The original audit was completed and reported in January 2026, resulting in a significant corporate risk. This follow-up has confirmed that all three actions are complete.

Key Findings

The Council has continued to strengthen its governance, compliance, and risk management through the completion of the improvement actions.

The ICT Service now has a centralised repository in place to record minimal external assurance requirements, as well as a centralised tracking system for all issues raised by external and internal audits.

Review deadlines have been established for both, as well as reporting processes for requirements or timescales that are not met. Periodic oversight for this will be provided by the Operational Information Governance Group.

Additionally, the ICT Service have commissioned Public Digital to conduct a six-week review and associated follow-up work with regard to cyber posture in Dorset Council. Any recommendations raised from this report will be tracked, and there will be further work to align with the Cyber Assessment Framework (CAF).

Next Steps

Further details of actions and updates can be found in the Management Action Plan.

This summary of the key findings from our review will be presented to the Audit and Governance Committee on 27th April 2026.