Audit & Governance Scrutiny Committee

27 April 2026

Audit actions update Report

For Review and Consultation

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

Local Councillor(s): All

Senior Leadership Team:
S Ford, Corporate Director, Strategy, Performance and Sustainability

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Statutory Authority: N/A

Report status: Public Choose an item.

1. Executive summary

1.1 This report provides the Audit & Governance Committee with an overview of performance relating to South West Audit Partnership (SWAP) audits and actions.

1.2 The report presents an update on progress made since the last committee report in January 2026, including actions completed, actions still outstanding and those overdue. All audits and actions are assessed using the council's risk scoring matrix, as defined in the risk management framework.

1.3 Our new approach places organisational risk at the heart of the Committee's work. By using risk scoring to identify where the council faces its greatest exposure, we can focus attention on the actions that have the most significant impact on strengthening internal control and resilience. This ensures committee time is focused on the areas where timely intervention delivers the greatest benefit, supported by a clear and proportionate framework for addressing overdue actions. The full SWAP audit portfolio has been risk -assessed and is presented as an annex to this report.

1.4 This report presents a thematic approach to assurance updates and reporting, aligned to the council's principal risks and scored with an inherent risk rating that is, the level of risk should no audit action be undertaken or mitigation be in place.

1.5 Based on these risk assessments as well as direction from the committee's chairs, thematic key areas of focus this quarter are:

- ICT Assurance Mapping
- Data Maturity

1.6 For these areas, audit action activity has been collated providing a rounded and meaningful narrative to support an assurance discussion. In addition, audit action owners are reporting directly to the same committee on aligned areas of business, with the council's risk appetite and audit requirements helping to frame these broader discussions

2. Recommendations

2.1 That the committee:

- notes the SWAP audit update provided in this report, including the detailed progress report at Appendix 1.
- endorses the new risk-based governance approach to managing and reporting on SWAP audits and actions
- identifies priority thematic areas for focus at the next committee meeting on 29 June 2026.

3. Reason for the recommendations

3.1 The Audit & Governance Committee is responsible for providing independent assurance on the adequacy and effectiveness of the Council's risk management framework, internal control environment, and financial reporting arrangements. The Committee therefore requires timely, risk based updates on audit activity to enable it to discharge its assurance role effectively and to maintain oversight of areas where organisational exposure is greatest.

3.2 The recommendations support the committee in fulfilling its constitutional function to promote and maintain high standards of governance and ensure that audit findings are managed in a transparent and accountable manner. By presenting audit progress through a structured, risk aligned approach, the report strengthens Members' ability to scrutinise internal control, identify weaknesses, and seek appropriate assurance from audit action owners.

3.3 The transition of audit monitoring from SWAP to the Policy, Intelligence & Performance (PIP) service has strengthened corporate alignment between assurance, performance, and risk.

3.4 The Committee's forward looking assurance role is enhanced by the new thematic reporting approach, which prioritises areas of highest organisational risk and reflects the Committee's mandate to seek robust assurance on internal controls. This approach supports Members in understanding where audit actions have the greatest impact on strengthening internal controls.

4. The report

Transition of Audit Responsibilities and Strengthened Governance

4.1 As highlighted in the Audit & Governance Risk Management Update in January 2026, responsibility for coordinating and overseeing audit related activity has now formally transitioned from SWAP to the Policy Intelligence & Performance (PIP) service. This shift provides Dorset Council with a stronger internal line of sight across assurance, performance, and risk, enabling a more holistic, corporate approach to internal control and organisational learning.

4.2 PIP's role is centred on providing organisational grip: ensuring that audit recommendations, risk management activity, and assurance processes are aligned, proportionate, and transparent. The new arrangements also strengthen consistency in reporting and create clearer accountability pathways for action owners.

4.3 PIP is implementing a structured and maturing approach designed to enhance oversight, support improvement, and ensure the Council's assurance environment is robust and sustainable.

Aligning Audit Activity with Risk Management

4.4 All audit monitoring, follow up and reporting will be explicitly aligned to the council's risk management framework. This ensures the committee receives assurance in the areas of greatest organisational exposure.

4.5 All audits have been aligned to the Council's principal risks and assigned an inherent risk rating, that is, the level of risk assuming no action or mitigation is in place. The full SWAP audit portfolio, presented on this basis, is set out in **Appendix 1**. The action tracking information and assurance commentary included in the annex will be applied consistently across future reporting, supporting Members in triangulating risk and internal control.

4.6 This alignment will enable clearer prioritisation of audit activity, more transparent and consistent reporting, and a stronger focus on areas requiring accelerated intervention.

Strengthening Preventative Management and Action Quality

4.7 While overdue actions remain important, PIP is shifting focus towards preventative management, ensuring that actions currently within timescale do not drift. Robust monitoring and earlier involvement will help reduce the number of actions that become overdue, while ensuring existing overdue actions are addressed in a proportionate and risk based way.

4.8 PIP intends to act as a constructive, “critical friend” during the draft audit reporting stage. By working with action owners early, we will help ensure that actions are SMART, achievable, and realistically resourced. This approach aims to reduce the number of actions that later become overdue, improve the quality of internal control, and ensure audit recommendations reflect practical operational reality.

4.9 **Appendix 2** provides a visual overview of the officer-led audit tracking process that underpins the Council’s new, risk aligned approach to managing audit actions. The flowchart sets out clearly how audit recommendations move through the organisation from initial receipt of a draft report, through officer engagement and action development, to ongoing monitoring, escalation, and closure. This process is designed to strengthen organisational grip by ensuring that actions are not only agreed and resourced, but also actively managed within the Council’s established assurance and risk governance structures.

Audit Action Progress and Completion Data

4.10 Between 1 January 2026 and 9 April 2026, a total of 39 actions (6 priority 1, 19 priority 2, and 14 priority 3) were closed and completed. Of which, 28 were overdue.

4.11 The completed actions related to 14 different audits and covered a broad range of risk scores. 5 of the 14 audits carried a ‘high’ risk rating (score over 10) and 7 carrying a ‘medium’ risk rating (scores between 5-9). Notably, the majority of these audits were aligned to the Finance and Legal principal risks, demonstrating a targeted and successful focus on addressing those areas carrying the greatest organisational exposure.

4.12 The actions update is available via the Audit Actions table, with supporting narrative provided in Appendix 1.

Ongoing Response to Investigation Findings (Appendix 3)

4.13 **Appendix 3** provides a consolidated update on progress against the Investigation Audit Action Plan. This paper has been included to give the Committee clear visibility of the organisation's corporate response to the findings of the investigation and the internal controls, cultural improvements, and governance enhancements being implemented as a result.

4.14 Since the last update to Committee in November 2025, the Council has made significant progress in strengthening its response to the SWAP Health & Safety Investigation and the Contract & Expenditure Compliance Audit. All actions from the contract compliance audit have now been fully completed and verified, marking a clear milestone in improving internal control. Delivery of the Health & Safety Investigation Action Plan has advanced from initial scoping and consolidation of actions to a structured, corporately governed programme, with 10 of 35 actions completed and aside from 1 overdue Priority 2, all remaining actions have a target date of 31 May 2026.

4.15 SWAP issued a progress report to Dorset Council on 31 March 2026 regarding the implementation of the investigation audit. The report noted that no updates had been received for selected audit actions at the time of publication.

4.16 The Policy, Intelligence and Performance service has continued to actively monitor all audit actions and obtain progress updates. The most recent updates were received on 7 April 2026 and have been recorded in accordance with agreed reporting procedures. These updates are reflected in this report and present the most up-to-date and accurate position.

Thematic Focus: Information Governance

4.17 Within the papers presented for consideration at this Committee, a clear theme of Information Governance emerges. The following areas represent audits within this theme that currently carry the highest risk scores:

- ICT Assurance Mapping
- Data Maturity

ICT Assurance Mapping

4.18 The ICT Assurance Mapping audit actions are progressing and evidence submitted to SWAP to support closure of some actions with all actions aiming to be closed by April 2026. A substantial update is to be provided to committee by James Ailward, Head of ICT Operations on 27 April 2026.

Data Maturity

4.19 Across the Data Maturity audit findings, several important actions remain outstanding but remain in date. These actions broadly focus on strengthening Dorset Council's data governance, improving retention compliance, and enhancing organisational capability in data management.

4.20 A key set of actions relates to the Information Asset Register (IAR). The council must reconcile all paper and digital assets with the register, expand accuracy of Information Asset Owner (IAO) ownership records, and introduce automated review notifications. Several KPIs have been designed to measure IAO engagement and compliance, but these still require implementation and regular reporting. Engagement with IAO training remains low, and a proposal is outstanding to make IAO responsibilities training mandatory, with senior management endorsement and oversight via the Strategic Information Governance Board.

4.21 There remain outstanding actions linked to paper and digital retention compliance. The Council is progressing with reconciling paper records requiring retention decisions which potentially equates to over 80,000 items once all records have been assessed. Actions remain open to progress the structured plan to clear this backlog, introduce structured digital storage, and define/implement KPIs such as backlog clearance rates.

Future Reporting

4.22 The next audit progress report will be brought to the Committee 29 June 2026

4.23 Future reporting will continue to adopt a thematic structure, driven by either:

- the inherent level of risk attached to an audit area, or
- specific direction from the Committee.

4.24 This approach enables deeper exploration of complex or cross-cutting issues and supports more strategic oversight of areas with sustained or heightened risk exposure.

5. Alternative options considered

5.1 Not applicable. The report presents information on audit action performance and progression and does not recommend any change to council policy or new action.

6. Legal considerations

6.1 There are no legal implications arising directly from this report.

7. Financial implications

7.1 There are no financial legal implications arising directly from this report.

8. Natural environment, climate & ecology implications

8.1 The report does not have direct climate change implications.

9. Wellbeing and health implications

9.1 The report does not have direct wellbeing and health implications

10. Other implications

10.1 None.

11. Risk implications

11.1 Not applicable. The report presents information on audit progression and does not seek a decision.

12. Equalities

12.1 There are no direct equality, diversity or inclusion implications resulting from this report. Equality impact assessments are carried out, when necessary, across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

13. Appendices

- **Appendix 1** provides a summative narrative of audits and actions
- **Appendix 2** provides a visual representation of the audit tracking process
- **Appendix 3** provides an update to SLT on the implementation of investigation audit actions plan.

14. Background papers

- Risk Management Framework
- Audit and Governance Committee on Monday, 12th January, 2026

15. Report sign-off

15.1 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)

Appendices

Appendix 1. Audit & Actions Update

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
Data Maturity	Data and Information Management	Open	10 (3 Overdue)	16 (High)	Three actions have become overdue out of the 10 associated with this audit. Two actions relating to Information Asset Owners overdue awaiting Strategic Information Governance Group (SIGG) in April 2026 to discuss appropriate actions. The SIGG in January 2026 was cancelled leading to a delay in moving forward these actions. The other overdue action relates to the technical build of a Power BI report to support KPI reporting. The draft report is ready to share with the next Operational Information Governance Group which is causing the delay completing this action. Sign-off of the Power BI report will lead to the closure of two outstanding actions. Of the remaining seven actions, six are due April 2027 and remain in design phase. This audit retains a high risk score due to the impact should the actions not be implemented. The approach to delivery sits within the Council's established risk appetite approach of

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
					'Open' with clear escalation routes to Operational Information Governance Group and Strategic Information Governance Group in place which includes SLT involvement. Overdue actions are largely due to delays accessing appropriate escalation routes but work to complete actions well established. Some systemic barriers remain, but there are several important mitigating factors: • A formal proposal is already with the Design Authority regarding structured SharePoint sites and digital governance improvements. • KPIs for Information Governance have been developed and shared with the Operational IG Group, with reporting to commence at the Strategic Board in April 2026. • A structured plan exists to address the substantial paper retention backlog.
ICT Assurance Mapping	Data and Information Management	Open	3 (3 overdue)	16 (High)	These actions will be informed by the Public Digital audit report due in April 2026.

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
Children's Service Direct Payments	Finance	Cautious	4 (4 overdue)	8 (Medium)	Three of four actions awaiting closure pending submission of evidence to confirm actions have been implemented. Final action continues through approval process prior to implementation and closure.
Maintained Schools Financial Management - Schools Testing	Finance	Cautious	1 (1 overdue)	6 (Medium)	Strong progress being made with evidence collation underway with a view to closure of the action.
High Needs Block - Transaction and Case Review	Finance	Cautious	2 (2 overdue)	6 (Medium)	All actions remain outstanding, primarily due to dependencies on the implementation and data quality validation of the new Synergy system. This system dependency acts as a mitigating factor, as the actions cannot be meaningfully progressed until the data foundation is stabilised. There are also year-end operational pressures limiting capacity. While this explains delays, visibility and performance monitoring remain constrained in the interim.

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
Capital Programme Adequacy and Financing	Finance	Cautious	2 (0 overdue)	16 (High)	SLT paper (Feb ’26) to assure on the process for driving forward the Capital Programme audit actions.
Joint Funding Arrangements	Finance	Cautious	1 (1 overdue)	12 (High)	Progress continues on strengthening oversight. The new case management system, which will support enhanced reporting and decision-tracking, while operational, does not yet support the reporting functionality required to complete the action. This is with ICT and the supplier who are actively resolving outstanding issues following escalation. Interim controls include PI oversight, spreadsheet-based monitoring, and established escalation processes.
Frontline Services Resource Management - Timesheets	Finance	Cautious	2 (0 overdue)	6 (Medium)	The two remaining actions are progressing with action owners collating the evidence in order to request closure of actions.

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
Governance of Financial Management in Schools	Finance	Cautious	5 (1 overdue)	9 (Medium)	All actions progressing. Currently awaiting school reports to review three findings and policy updates are underway addressing further actions. Submission of school reports will facilitate a review of actions and evidence to support closure.
DC Continuous Key Controls Payroll 2025-26 May to October (November 2025)	Finance	Cautious	1 (0 overdue)	2 (Low)	End of year processing has been prioritised and resourcing to complete this action will be ramped up following completion of end of year work. The due date was deliberately set at 31 August 2026 to allow us time to get through end of year, and for digital developments to be considered and formed so that this task completed in a timely fashion.
Safer Recruitment and Keeping Children Safe in Education	Legal	Cautious	4 (0 overdue	9 (Medium)	This action was agreed in March 2026 and remains in planning phase. Work will commence in May.

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
Whistleblowing Procedure Review	Legal	Cautious	2 (2 overdue)	4 (Low)	The updated whistleblowing e-learning package has been updated and is now live. This will be supported by a promotion of the training, timed to support legislative change that takes effect in April which includes sexual harassment as a protective disclosure. It is envisaged that these audit actions will be complete and closed by end of April 2026.
Subject Access Requests	Legal	Cautious	2 (2 overdue)	6 (Medium)	Progress is limited but mitigating factors are significant: • The overarching SAR policy refresh work has been delayed by a surge in operational demands from data breaches. However, processes have been updated to reflect recommendations from counsel's opinion, following a data breach that prompted this audit work. • Initial action dates were based on transformation timescales, as information compliance was originally in scope for year one Our Future Council transformation. In the interim,

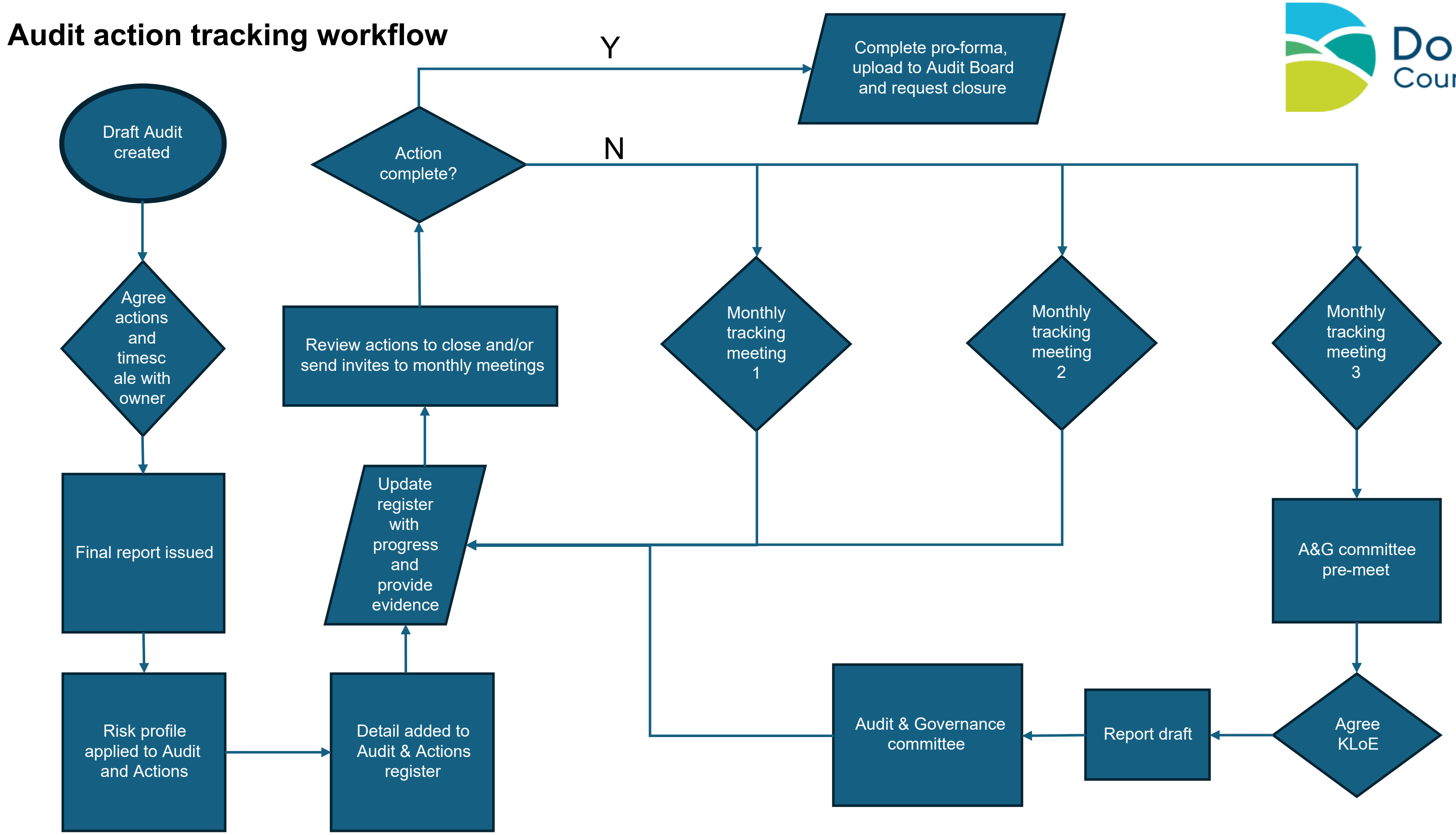
Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
					discussions are due to be held with the new Business Unit to consider interim arrangements that meet the spirit of the identified action. • Some work has progressed, such as development of updated process maps. Overall, statutory and consistency risks remain, but delays are linked to genuine capacity constraints and dependency on organisational design decisions.
Planning Enforcement Service	Legal	Cautious	2 (2 overdue)	6 (Medium)	The Planning Service continues to progress the two related audit actions concerning improvements to the Planning Enforcement Register and the automation of online enforcement enquiries. Both actions remain dependent on wider project dependencies to modernise and replace the Council’s online planning register. Since the last update, the service has strengthened its capacity for this work with the appointment of a Digital Planning Development Officer, whose role includes providing project management and

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
					leadership for the Online Register transformation and associated data-cleansing work. Development work is underway, and the current intention is to release initial components of the new online register over the summer.
Temporary Accommodation	Legal	Cautious	8 (7 overdue)	12 (High)	Personnel changes within the service has led to a lack of progress against audit actions and reflecting in the inherent risk score. With a new Interim Corporate Director for Housing recently in post, progress will again be established.
Disclosure and Barring Service	Legal	Cautious	4 (0 overdue)	4 (Low)	All actions remain in date and in design phase. Actions relate to strengthening service resilience but existing systems in place currently ensuring regulatory compliance which is reflected in the risk scoring.
Home to School Transport Appeals	Legal	Cautious	2 (2 overdue)	6 (Medium)	Both remaining actions have been progressed significantly. Both actions subject to completion and closure pending SWAP's review.

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
Application of Fixed Penalty Notices in School Absence	Legal	Cautious	2 (1 overdue)	9 (Medium)	Two actions outstanding but action underway to review templates and agree statistics. Aim to complete within the next reporting quarter.
Implementation of Investigation Action Plan	Legal	Cautious	25 (1 overdue)	12 (High)	Of the 35 actions, 10 have been completed. The remaining actions, aside from 1 overdue, are due for completion by 31 May 2026.
Voluntary Redundancy (VR) Audit	People	Open	1 (0 overdue)	2 (Low)	The lessons learned framework has not yet been developed but remains in design phase and action remains in date.
ICT Change Management	Technology	Eager	2 (2 overdue)	12 (High)	Actions remain outstanding and overdue partly reflecting the risk score alongside the organisational risk of impact vs likelihood, key mitigating factors include: • ICT is awaiting completion of the OFC restructure before it can undertake ITIL v4 training, redesign processes, or address structural resourcing needs. Overall progress is constrained by transformation and structural dependencies

Audit	Principal Risks	Risk Appetite	Outstanding Actions	Inherent Risk Score and Rating	Commentary
					rather than lack of intent, but risks linked to external assurance and cyber security remain active.
ICT Microsoft Purview	Technology	Eager	6 (0 overdue)	9 (Medium)	All actions in date and currently within the design phase. A focus will be placed on Purview at the Strategic Information Governance Board in April, which will set strategic direction moving forward with completion of these actions.

Appendix 2. Process Flowchart



Appendix 3. Update on SWAP Health & Safety Investigation, Contract Compliance Audit and Organisational Learning

1. Overview

This annex provides an update on progress in responding to actions arising from the SWAP Health & Safety Investigation (2025) and the Contract & Expenditure Compliance Audit. It also outlines ongoing work to strengthen organisational learning across the Council.

2. Progress on SWAP Audit and Investigation Actions

2.1 Contract & Expenditure Compliance Audit

All actions from the SWAP audit examining compliance with the Council Constitution and Scheme of Delegation have been completed. Completion has been verified by SWAP and confirmed through internal monitoring processes.

2.2 SWAP Health & Safety Investigation (2025)

The investigation generated 35 actions, comprising:

- 6 Priority 1 actions
- 29 Priority 2 actions

Progress to date:

- 10 actions completed (3 Priority 1 and 7 Priority 2)
- 25 actions remain in progress; 1 Priority 2 is overdue as of the 31/03/2026, however all others have a target completion date of 31 May 2026

To ensure assurance work reflects completed actions, SWAP's annual review has been rescheduled from April to June 2026.

3. Organisational Learning

Work is ongoing to strengthen the Council's approach to organisational learning to ensure improvements extend beyond action completion.

Three organisation wide improvements have already been implemented:

- Establishment of an organisational learning oversight group
- Allocation of programme resource from Transformation
- Introduction of a clear reporting process, including timelines, ownership and evidence requirements

Development of a wider organisational learning programme remains underway. Analysis highlights that successful delivery of audit actions alone will not evidence the depth of cultural and systemic change required. A more comprehensive approach is therefore being developed working closely with the senior leadership team.

Several investigation related actions concerning officer declarations and commercial and procurement procedures are progressing as planned and are expected to remain on track ahead of the next scheduled Audit & Governance Committee update.

4. Emerging Organisational Learning Framework

A draft theory of change has been developed to provide a structured and measurable approach to organisational learning. It identifies five themes through which improvements in governance, systems and behaviours can be embedded:

1. Governance arrangements – clarity and suitability of decision making structures, delegations and accountability
2. Operational practice – effectiveness of project management, procurement, commissioning and recruitment processes
3. Leadership – clarity and consistency of leadership expectations and behaviours
4. Knowledge and understanding – training, induction and guidance to ensure officers understand rules and processes
5. Behaviours – reinforcement of organisational values through appraisal, coaching and mentoring

This work will be aligned with wider organisational transformation, including the development of the Council's ambition to become a modern and sustainable unitary authority.

5. Next Steps

Planned next steps include:

- Refinement of the themes within the theory of change
- Development of targeted interventions for each theme
- Creation of measures to track progress and impact
- Allocation of ownership and responsibility for each theme
- Consolidation of interventions, metrics and timelines into a comprehensive organisational learning programme

A further update, including a detailed programme and implementation plan, will be developed in summer 2026.