Dorset Council

Report of Internal Audit Activity

Progress Report 2026/27 – July 2026

Executive Summary

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SWAP is an internal audit partnership covering 28 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/

Internal Audit Plan Progress Update

Internal Audit Progress Update

This is our second update report for the 2026/27 financial year, providing an update on the delivery of work against the internal audit plan up to 6 July 2026.

Since our last progress report in April 2026, we have issued no adverse opinions to draw to the attention of the Committee. Two reviews highlighted for the attention of Members are our follow up audit of the Investigation (Building Compliance) Action Plan and the Better Care Fund - Joint Commissioning Arrangements review. Further details of both audits are provided below.

Whilst areas of non-compliance or control weakness have been identified within our reviews, we have an increasing level of confidence that agreed actions will be implemented to address these issues as a result of the support of the Committee and work undertaken by the Council's Strategic, Intelligence, Performance and Risk team to enable the Council to take greater ownership of audit actions.

Our live Rolling Plan dashboard is available through our audit management system Optro (Optro | Log In). The Audit Coverage dashboard reflects the outcomes of recently completed reviews. **Appendix A** of this report provides members with a summary of audits completed since the previous update, highlighting the opinions offered, actions agreed and our assessment on risk.

Investigation (Building Compliance) Action Plan

We have concluded our second follow-up, of which all remaining actions were due for completion by 31st May 2026. Out of the 35 actions overall, 32 have been completed and 3 are currently in progress. While these remaining actions are beyond their agreed timescales, audit is satisfied that sufficient progress is being made to support their completion.

Further details on this work can be found in **Appendix B**.

Unrestricted

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.

Internal Audit Plan Progress Update

Better Care Fund - Joint Commissioning Arrangements

This was a joint review between the internal audit providers of NHS Dorset ICB, Dorset Council and Bournemouth, Christchurch & Poole Council conducted by BDO LLP, SWAP Internal Audit Services and BCP Internal Audit team. The purpose of the audit was to provide assurance that funds within the Better Care Fund are being utilised in line with the Better Care Fund plan and in accordance with national guidelines, and to understand to what extent funds are achieving the intended outcomes of the national Better Care Fund objectives and the priorities of the Dorset ICS. The report was prepared by BDO and assessments made against BDO's methodology.

SWAP's work on the Better Care Fund review focused on assessing the adequacy of governance, oversight, financial management and performance reporting arrangements from Dorset Council's perspective. This included reviewing Health and Wellbeing Board papers, meeting with senior officers and Better Care Fund leads, assessing the consistency of the Section 75 Agreement and Better Care Fund planning documentation, reviewing funding flows and sampled scheme expenditure, and testing the quality and accuracy of activity data linked to selected KPIs.

Findings specific to Dorset Council have been incorporated into our audit management system, Optro, and agreed actions will be tracked via the usual process. Findings identified within the review include:

- Expired Section 75 agreements (priority 1)
- Lack of defined and documented collaborative working arrangements for Better Care Fund delivery (priority 2)
- Lack of internal process for recording and tracking informal Better Care Fund related issues (priority 3)

All actions have been agreed with management and have an agreed implementation date.

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium	Risk
					Action			
					1	2	3	
2025/26 Audits								
Assurance	Children's Services Contracts & Homes Monitoring	Final	Reasonable	1	0	0	1	Low
Proactive fraud work	Anti Tax Evasion	Final	Substantial	1	0	1	0	Low
Assurance	Moving from Self-Funding to Council Funding	Final	Reasonable	4	0	3	1	Medium
Operational	Accounts Payable 2025-26 July to December (January 2026)	Final	Continuous Assurance	1	0	1	0	Low
Assurance	Continuous Key Controls Accounts Payable 2025-26 Annual Assurance	Final	Reasonable	-	-	-	-	Low
Operational	Revenues and Benefits 2025-26 May to October (November 2025)	Final	Continuous Assurance	1	0	1	0	Low
Assurance	Continuous Key Controls Revenues and Benefits 2025-26 Annual Assurance	Final	Reasonable	-	-	-	-	Low
Advisory	Our Future Council Review Two	Final	Advisory	1	-	-	1	Low
Assurance	Highways Maintenance Block funding	Final	Reasonable	2	0	2	0	Low
Advisory	Better Care Fund - Joint Commissioning Arrangements	Final	Advisory	3	1	1	1	N/A
Follow Up	Second Follow Up of Investigation Action Plan	Final	Follow Up	-	-	-	-	N/A
Assurance	Fleet Maintenance	Draft						
Assurance	Frontline Services Resource Management	In progress						

Unrestricted

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium	Risk
					Action			
					1	2	3	
2026/27 Completed Audits								
Operational	Continuous Key Controls Main Accounting 2026-27 November to April (May 2026)	Final	Continuous Assurance	-	-	-	-	Low
Grant Certification	Dept for Business and Trade (DBT) Grant Certification	Final	Certified	-	-	-	-	N/A
2026/27 In Progress Audits								
Special Review	Street Lighting PFI	Draft						
Assurance	Resettlement - Readiness and Lessons learned	Draft						
Assurance	Fostering / Kinship	In progress						
ICT - Assurance	ICT Vulnerability Management	In progress						
Operational	Continuous Key Controls Payroll 2026-27 November to April (May 2026)	In progress						
Assurance	Early Years Block and Funding 2	In progress						
Assurance	Adults Brokerage Process	In progress						
2026/27 – Waiting to go live audits								
Assurance	Birth to Settled Adulthood	Waiting to go live						
Continuous Audit	Continuous Key Controls Accounts Payable 2026-27 January to June (July 2026)	Waiting to go live						

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major		3 = Medium	Risk
					Action			
					1	2	3	
Continuous Audit	Continuous Key Controls Accounts Receivable 2026-27 January to June (July 2026)	Waiting to go live						
Continuous Audit	Continuous Key Controls Revenues and Benefits 2026-27 November to April (May 2026)	Waiting to go live						
Continuous Audit	Continuous Key Controls Treasury Management 2026-27 January to June (July 2026)	Waiting to go live						
Advisory	ERP Implementation	Waiting to go live						
Assurance	Family Networks	Waiting to go live						
Counter Fraud	Fraud Risk Assessment	Waiting to go live						
Assurance	Grounds Maintenance	Waiting to go live						
Grant Certification	Local Transport Resource Funding and Integrated Transport Block Grant	Waiting to go live						
Assurance	Property Acquisitions and Disposals	Waiting to go live						
Assurance	Quality Assurance of Children's Alternative Provision	Waiting to go live						
Advisory	Registered Provider Obligations & NROSH+ Returns	Waiting to go live						

Future Proposed Audits

Future proposed audits are included as part of our live Rolling Plan, which is regularly reviewed through ongoing risk assessments. All audits identified are mapped to corporate priorities and risk themes.

You are able to access the dashboard showing the current status of all audits and those included in the rolling plan through the following link. [Optro | Log In]

Investigation Action Plan (Building Compliance) Follow Up 2

Investigation Action Plan (Building Compliance) Follow Up 2 – Report – July 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	5	1	0	6
Priority 2	27	2	0	29
Priority 3	0	0	0	0
Total	32	3	0	35

Follow Up Assessment

The original action plan was agreed in December 2025 following completion of an investigation into building compliance within Assets and Property, which identified a significant corporate risk. This is the second follow up of actions with the first undertaken in March 2026. The audit confirms that 32 actions have been completed, with a further 3 actions in progress. While these remaining actions are beyond their agreed timescales, audit is satisfied that sufficient progress is being made to support their completion.

Follow Up Scope

All 25 outstanding actions from the initial follow-up have been reviewed.

Key Findings

There has been significant progress on the completion of actions identified from the investigation. Only three actions remain, with progress as follows:

Work is underway to enhance arrangements for interim staff, with the Agency Worker welcome pack and supporting guidance under review. These updates are intended to strengthen expectations around induction, completion of mandatory training, and awareness of core corporate policies, supporting improved integration and oversight.

In relation to gifts and hospitality, a refreshed approach to officer declarations is being developed. Updated guidance is in progress, alongside the introduction of a new process within DES to capture declarations. This system is currently in testing, with further consideration being given to how declarations for agency workers and interims will be recorded and managed, ensuring comprehensive coverage across the workforce.

Progress has also been made in strengthening links between the procurement forward plan and financial management processes. While direct reconciliation with SAP has been deemed impractical, the forward plan is being incorporated into the budget forecasting process. This enhanced approach, currently in draft, is expected to improve visibility of committed spend and reduce the risk of unmonitored expenditure, with full rollout anticipated in July 2026.

These actions represent positive progress; however, implementation is ongoing and will require embedding before their full effectiveness can be assessed.

Further Follow-Up Required/Next Steps

Further details of the actions are provided in Appendix 1. No further formal follow-up audits are planned; however, progress against the remaining three actions will continue to be monitored.

Whilst we have assessed actions as completed, there is still an ongoing need to ensure the controls implemented are embedded and sustained over time. Future reviews will be considered as part of the rolling audit plan that will support in assessing the effectiveness of the controls implemented.

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here (www.swapaudit.co.uk/audit-framework-and-definitions)