

Bolsover, Chesterfield and North East Derbyshire District Councils'

Internal Audit Consortium

Internal Audit Report

Authority:	Bolsover District Council
Subject:	Asset Management (B015)
Date of Issue:	19th February 2026
Assurance Level	Limited Assurance
Report Distribution:	Chief Executive Service Director - Governance, Legal Services and Monitoring Officer Strategic Director Finance and S151 Officer



**CHESTERFIELD
BOROUGH COUNCIL**



**North East
Derbyshire
District Council**

Introduction

In accordance with the 2025/26 annual audit plan a review of the processes and controls in respect of Asset Management has been undertaken.

Effective Asset Management involves the active management and rationalisation of the Council's assets in line with the vision and priorities set out within the Council plan, ensuring that assets are safe, efficient, fit for purpose, sustainable and provide value for money for the communities of Bolsover.

Internal audit work and reporting has been carried out in line with the requirements of the Global Internal Audit Standards.

Executive Summary

Assurance Opinion	
Limited	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.

For a full list of Assurance definitions linked to risk see Appendix 1.

For definitions of High, Medium and Low risk recommendations see Appendix 2.

For definitions of Root Cause Analysis see Appendix 3.

For the Management Action Plan see Appendix 4.

Key Findings

Since the inception of Dragonfly Management (Bolsover) Limited overall responsibility for Asset Management Plans has become lost with confusions amongst senior managers within the Council and Dragonfly as to where the responsibility lay.

Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere.

In the absence of an up to date and comprehensive AMP the Council cannot be assured that

- assets are managed and operated in the most economical way, balancing capital and operational expenses.
- potential risks associated with asset failure or inadequate performance are identified and managed
- asset management activities directly support and effectively contribute to the Council's overall objectives.
- fully informed decisions about asset investments and operations are made.

- assets are used responsibly to improve financial health and environmental performance.
- Assets remain fit for purpose.

The work of Asset Management Group and the application of the Disposals and Acquisition Policy provide some limited assurance.

There is no single system in place which records all asset attributes. Asset management is disjointed and critical factors and information may be overlooked.

In the absence of an Asset Management Plan, it is difficult to evidence that the Council is narrowing the gap between the current condition of the asset base and an acceptable standard. Some insight is provided from Condition Surveys and from Asbestos and water quality inspections. These will, to some degree, assist with developing the Capital Programme and the Medium-Term Financial Plan.

KPIs relevant to Asset Management have not been developed and benchmarking with other comparable Local Authorities has not been undertaken.

We have made 1 high and 5 medium recommendations. The outcome and timing of Local Government reorganisation may impact on the implementation of some of the recommendations.

Risks, Scope and Objectives

Key objectives and risks were identified with management during the scoping of the audit and by review of the strategic and relevant operational risk register. The processes and controls in place have been assessed to provide assurance that risks are being managed effectively. If risks are not well managed then the achievement of services objective/s may be threatened.

The risks considered are: -

- Asset management may not complement the corporate plan and strategy.
- Assets may be acquired, developed or disposed of inappropriately.
- Assets may not be fit for purpose.

The scope and objectives of the audit were to ensure that: -

- Previously agreed recommendations have been implemented.
 - Risks in relation to assets have been identified and mitigated where possible.
 - There is a current and approved asset management plan and acquisitions and disposals policy.
 - Responsibility for asset management is clear.
 - The asset management plan / strategy is being implemented/monitored in accordance with assigned responsibilities.
 - The asset database is adequate.
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- There is a plan for maintaining assets to a suitable standard and that this is supported by capital investment plans.
- Performance Indicators/Benchmarking is in place.

The help and assistance given was much appreciated during the review.

Findings and Recommendations

Implementation of previously agreed recommendations.

- 1 Three recommendations were made in the previous audit in 2020.
- 2 All recommendations have been marked as achieved (green) in Perform although we have not been able to satisfactorily confirm this in all instances.
- 3 The recommendations made and their current status are as follows,
- 4 *R1 Work to progress benchmarking and KPIs should be embedded into Asset Management processes as part of the current service review.*
- 5 KPIs which have been developed are highly orientated towards operational matters and are of limited use for asset management purposes and none of the KPIs reported relate directly to asset management.
- 6 *R2 Service targets/action points (strategy and team action plans) with timescales should be updated and taken to the Asset Management Group for consideration.*
- 7 We are unable to confirm that this has been undertaken, if at all, but certainly not in the last few years.
- 8 *R3 The move to IDOX for a centralised asset register is progressed and an action plan including timescales is prepared.*
- 9 IDOX and Uniform are not properly populated and currently do not meet the requirements for a fit for purpose centralised asset register. IDOX has been used more for facilities management purposes whilst Uniform contains barely more than an asset record and asset description. It is clear that this recommendation has not been progressed as originally intended.
- 10 Recommendations have been restated as appropriate in the following sections.

Identification of risks and mitigating actions relation to assets.

- 11 Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere.
 - 12 The Council cannot be assured that: -
 - Asset management complements the corporate plan and supports strategic objectives.
 - Assets are not acquired, developed or disposed of inappropriately although the work of the Asset Management Group provides some mitigation in respect of corporate land and buildings.
 - Assets remain fit for purpose.
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Recommendation	
R1	<p>Risk to not achieving expected outcomes in relation to asset management should be assessed and recorded in Risk Registers.</p> <p>Mitigating actions should be developed and responsibilities for those actions clearly assigned.</p> <p>Risk: Medium</p>
Root Cause	Governance.

Asset management plan and acquisitions and disposals policy

- 13 An asset Management Strategy was in place until 2022. It has not been updated since and has lapsed into disuse and cannot be still considered fit for purpose. The Council does not have an Asset Management Plan (AMP).
 - 14 An Asset Management Plan (AMP) outlines how an organization will manage its physical assets to deliver required services at the most cost-effective level, covering their entire lifecycle from acquisition to disposal. It connects organisational goals with day-to-day asset activities, including inventory, condition assessment, service level definitions, lifecycle strategies, and financial planning, ensuring optimal asset utilisation and alignment with business objectives.
 - 15 In the absence of an up to date and comprehensive AMP the Council cannot be assured that
 - assets are managed and operated in the most economical way, balancing capital and operational expenses.
 - potential risks associated with asset failure or inadequate performance are identified and managed.
 - asset management activities directly support and effectively contribute to the Council's overall objectives.
 - fully informed decisions about asset investments and operations are made.
 - assets are used responsibly to improve financial health and environmental performance.
 - 16 A disposals and acquisition policy is in place and was refreshed in June 2024 however, its function is limited.
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Recommendation	
R2	An Asset Management Plan and Strategy should be developed with urgency. Risk: High
Root Cause	Process & Procedures

Responsibility for asset management

- 17 Since the inception of Dragonfly Management (Bolsover) Limited overall responsibility for Asset Management Plans has become lost with confusions amongst senior managers within the Council and Dragonfly as to where the responsibility lay.
- 18 The point is now somewhat mute as Dragonfly Management (Bolsover) Limited has been reintegrated within the Council and accountability can then be clearly assigned.
- 19 The Council has continued to maintain an Asset Management Group for both officers and members although the members group was dissolved after its last meeting in January 2025. The group whilst not decision making provides some scrutiny in so far as its remit allows.
- 20 Whilst membership of the group represents the wider organisation its remit is limited ensuring compliance with the Disposals and Acquisitions Policy, the best use of Council assets and the best consideration for disposal of Council owned land is realised.
- 21 The latest Financial Regulations (2023) refer to assets, asset registers and asset accounting but does not state the need for appropriate asset management.

Recommendation	
R3	Financial Regulations should be updated and mandate the requirement for appropriate asset management processes to be put in place and maintained. Risk: Medium
Root Cause	Governance

Implementation and monitoring of the asset management plan / strategy

- 22 As stated above there is not an up-to-date asset management plan or strategy in place.

Adequacy of the asset database

- 23 There is no single system in place which records all asset attributes.
- 24 An asset register is in place using MRI's Real Asset Management – TM4000. The register includes only financial information and does not include any detail of condition, impairment or the assets overall fitness for purpose. The database is not updated in real time. Most activity occurs around the year end as part of financial close, where it provides detail to support general ledger balances.
- 25 Property Assets are also recorded in Uniform although the database is not properly populated.
- 26 There is a Land Terrier which is not reconciled to the asset register.
- 27 Asset conditions are determined through Condition Surveys which are held in folders on the network.

Recommendation	
R4	As stated in the previous audit report in 2020 a centralised system should be acquired which draws together all asset information. Risk: Medium
Root Cause	Systems

Plan for maintaining assets to a suitable standard supported by capital investment plans.

- 28 An essential element of an Asset Management Plan is lifecycle management that sets out how each asset will be managed, maintained, replaced, or disposed of over its useful life.
- 29 The Council allocates a budget to undertake asset maintenance and repairs.
- 30 In the absence of an Asset Management Plan, it is difficult evidence that the Council is narrowing the gap between the current condition of the asset base and an acceptable standard.
- 31 Some insight is provided from Condition Surveys and from Asbestos and water quality inspections. These will to some degree assist with developing the Capital Programme and the Medium-Term Financial Plan.
- 32 The Condition Surveys were last conducted in 2022 and should ideally be reviewed on a five-year cycle and more frequently for high-risk properties. The next surveys are due for completion by March 2027.
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- 33 It is not apparent that properties are assessed to ensure that they remain fit for purpose.

Recommendation	
R5	As part of the Asset Management Plan, lifecycle management should be developed and documented for each asset. Risk: Medium
Root Cause	Process & Procedures

Performance Indicators/Benchmarking is in place

- 34 As stated in the previous audit report in 2020 work to progress benchmarking and KPIs should be embedded into Asset Management processes. This has not taken place.
- 35 The KPIs which have been developed are highly orientated towards operational matters and are of limited use for asset management purposes and none of the KPIs reported relate directly to asset management.
- 36 No benchmarking has therefore been undertaken relevant to Asset Management.
- 37 Members may not have effective scrutiny of the performance of the asset portfolio. They will see individual decisions from participation in the Members Asset Management Group until it was dissolved but not necessarily the wider performance.

Recommendation	
R6	The Asset Management Plan, once produced and agreed, should be accompanied by relevant KPIs to be recorded in Perform and reported to Senior Officers and Members. After establishing KPI and allowing for a period for measurement benchmarking should be undertaken with other comparable Local Authorities. Risk: Medium
Root Cause	Assurance and Monitoring

Appendix 1

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Minor / moderate
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Moderate / Severe Impact
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Catastrophic Impact

Appendix 2

Indicative Definitions of High Medium and Low Recommendations

Risk	Definition
High	<p>Risks that can have a catastrophic / severe impact on the operation of the Council or service - Must take action to mitigate or terminate if not possible to do so: -</p> <ul style="list-style-type: none"> • Death, extensive injury, major permanent harm • Unable to function without government or other agency intervention • Significant impact on service objectives • Inability to fulfil obligations • Short to medium term impairment to service capability • Adverse national publicity, highly damaging, loss of public confidence • Major adverse local publicity • High risk of fraud being able to occur e.g., key internal controls are not operating or are missing • Direct link to a strategic risk occurring • A serious breach of legislation/ legal requirements leading to substantial financial penalties or severe breach of data protection (report to ICO) • Substantial loss or damage to Council assets/or information
Medium	<p>Risks which have a noticeable impact on the service provided, will cause a degree of disruption to service provision / impinge on the budget - Check current controls and consider if others are required: -</p> <ul style="list-style-type: none"> • Medical treatment required, semi-permanent harm up to 1 year • Short term disruption to service capability • Significant financial loss • Some adverse publicity, needs careful public relations • Isolated personal details compromised • Risk of fraud being able to occur • Direct link to identified operational risks occurring • A serious breach of organisational policies and procedures • A breach of legislation / legal requirements leading to a moderate financial impact • Loss or damage to Council assets, information • Previously agreed medium internal audit recommendations remain outstanding
Low	<p>Risks where the impact and any associated losses will be minor</p> <ul style="list-style-type: none"> • First Aid treatment, non- permanent harm up to 1 month, no obvious harm or injury • Minor / negligible impact on service objectives • Financial loss that can be accommodated at service level / minimal • Some public embarrassment, no damage to reputation, unlikely to cause any adverse publicity / internal only • Minimal risk of fraud • No direct link to operational or strategic risks • A minor breach of organisations policies and procedures • A minor breach of Legislation / legal requirements • Low risk of loss or damage to Council assets

Root Cause Analysis Categories

Resources

Definition: the extent to which the service has sufficient, capable resources, enabling it to carry out all aspects of its operational duties efficiently and effectively.

Examples: functions that had been carried out by a now non-existent post have fallen through the gaps; services have only enough resources to carry out key aspects of operational delivery, meaning some lower priority tasks are not executed.

Competencies & Training

Definition: the extent to which staff are appropriately qualified, trained or experienced to carry out their role.

Examples: lack of training; inappropriate training; ineffective training plans; poor recruitment; poor training material

Systems

Definition: the extent to which systems are fit-for-purpose and support the service to carry out its operations effectively.

Examples: system processes are not available or are not effective, resulting in discrepancies or workarounds to get the required outcome, system processes are circumvented or duplicated manually. Processes are carried out manually where systems processes would be more efficient.

Motivation & Incentives

Definition: the extent to which factors such as organisational or personnel change have impacted on staff desire to carry out their role efficiently and effectively.

Examples: staff are feeling demotivated by a recent restructuring and removal of some posts, and do not feel that they should be taking on new responsibilities.

Standards & Policies

Definition: the extent to which expected standards have been made clear to staff and the necessary policies are in place to support these standards.

Examples: there is no policy/procedure in place; policies/procedures are out of date; policies/procedures have not been reviewed within appropriate timescales; policies etc. are difficult to locate/access; links in policies either do not work or are out of date.

Governance

Definition: the extent to which the service is governed by a clear structure that sets out the roles and responsibilities of officers, and the service is supported by appropriate risk management and control systems.

Examples: lack of assigned responsibility and accountability; failure to act / ignorance; intentional misleading by management to protect themselves; underqualified / trained Board members.

Process & Procedures

Definition: the extent to which established processes are operating effectively and are supported by defined procedures.

Examples: failure to follow set procedures (take care re materiality/proportionality); lack of separation of duties; controls being bypassed.

Accountability

Definition: the extent to which roles and responsibilities for decision-making have been defined and are accepted and acted on by all parties.

Examples: unclear expectations; avoiding responsibility; lack of management oversight; poor communication.

Assurance & Monitoring

Definition: the extent to which internal and/or external checking controls exist to monitor the effectiveness of, and provide assurance to, the service.

Examples: unclear responsibility; not identifying and/or taking action on recurring problems; checking the wrong things; under-sampling.

Human Error

Definition: relating to people and their actions, error caused by stress, fatigue, carelessness, communication breakdown.

Examples: Spreadsheet formulas are wrong, figures transposed / typed in wrong, data taken from or entered in the wrong fields.

Management Action Plan

Report Title:	Asset Management	Report Date: 19th February 2026
		Response Due By Date: 12th March 2026

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R1	Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere. Risks are not identified, assessed or mitigating action put in place.	Risk to not achieving expected outcomes should be assessed and recorded in Risk Registers. Mitigating actions should be developed and responsibilities for those actions clearly assigned.	Medium				
R2	An Asset Management Plan and Strategy are not in place. The Council cannot be assured that <ul style="list-style-type: none"> assets are managed and operated in the most economical way, balancing capital and 	An Asset Management Plan and Strategy should be developed with urgency.	High				

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
	<p>operational expenses.</p> <ul style="list-style-type: none"> potential risks associated with asset failure or inadequate performance are identified and managed. asset management activities directly support and effectively contribute to the Council's overall objectives. fully informed decisions about asset investments and operations are made. assets are used responsibly to improve financial health and environmental performance. 						

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R3	<p>Financial Regulations do not require appropriate asset management processes to be put in place and maintained.</p> <p>Asset Management may not receive adequate attention and be considered an important process.</p>	<p>Financial Regulations should be updated and mandate the requirement for appropriate asset management processes to be put in place and maintained.</p>	Medium				
R4	<p>There is no centralised system in place which draws together all asset information.</p> <p>Asset management is disjointed and critical factors and information overlooked.</p>	<p>As stated in the previous audit report in 2020 a centralised system should be acquired which draws together all asset information.</p>	Medium				
R5	<p>Effective Lifecycle management is not clear in the absence of an Asset Management Plan.</p> <p>Lifecycle management may not be effective.</p>	<p>As part of the Asset Management Plan, lifecycle management should be developed and documented for each asset.</p>	Medium				

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R6	KPIs relevant to Asset Management have not been developed and benchmarking with other comparable Local Authorities. has accordingly not been undertaken.	The Asset Management Plan, once produced and agreed, should be accompanied by relevant KPIs to be recorded in Perform and reported to Senior Officers and Members. After establishing KPI and allowing for a period for measurement benchmarking should be undertaken with other comparable Local Authorities.	Medium				

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	
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Note: In respect of any High Risk recommendations please forward evidence of their implementation to the Internal Audit team as soon as possible.
