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Audit Committee

Thursday 21 September 2017
10.00 am Luttrell Room - County Hall, Taunton

To: The Members of the Audit Committee

Cllr D Ruddle (Chairman), Cllr S Coles, Cllr N Bloomfield (Vice-Chairman), Cllr M Caswell, Cllr B Filmer, Cllr J Lock, Cllr M Rigby, Cllr P Ham and Cllr J Thorne

Issued By Julian Gale, Strategic Manager - Governance and Risk - 13 September 2017

For further information about the meeting, please contact Neil Milne on 01823 357628 or ndmilne@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Section 100A (4) of the Local Government Act 1972.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

AGENDA

Item Audit Committee - 10.00 am Thursday 21 September 2017

*** Public Guidance notes contained in agenda annexe ***

1 **Apologies for absence**

2 **Declarations of Interest**

Details of all Members' interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3 **Minutes from the meeting held on 27 July 2017** (Pages 9 - 12)

The Committee is asked to confirm the minutes are accurate**.**

4 **Public Question Time**

The Chairman will allow members of the public to present a petition on any matter within the Committee's remit. Questions or statements about any matter on the agenda for this meeting will be taken at the time when each matter is considered.

5 **External Audit Report** (Pages 13 - 30)

To consider the report.

6 **Internal Audit Annual Opinion** (Pages 31 - 52)

To consider the report.

7 **Quarterly Risk Management update** (Pages 53 - 76)

To consider the report

8 **Partial Assurance Audit - Adults Safeguarding Alerts** (Pages 77 - 92)

To consider the report.

9 **Partial Assurance Audit - Adults AIS Data Quality** (Pages 93 - 114)

To consider the report.

10 **Partial Assurance Audit - Financial Management of Care Provision** (Pages 115 - 138)

To consider the report

11 **Partial Assurance Audit - Personal Finance Contribution** (Pages 139 - 166)

To consider the report.

12 **Committee Future Workplan** (Pages 167 - 170)

To consider this report

13 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

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Guidance notes for the meeting

1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Michael Bryant on Tel (01823) 359048 or 357628; Fax (01823) 355529 or Email: mbryant@somerset.gov.uk
They can also be accessed via the council's website on
www.somerset.gov.uk/agendasandpapers

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at:
http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/

3. Minutes of the Meeting

Details of the issues discussed and recommendations made at the meeting will be set out in the Minutes, which the Committee will be asked to approve as a correct record at its next meeting.

4. Public Question Time

If you wish to speak, please tell Michael Bryant, the Committee's Administrator, by 12 noon the (working) day before the meeting.

At the Chairman's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the Agenda for this meeting may be taken at the time when each matter is considered.

You must direct your questions and comments through the Chairman. You may not take direct part in the debate. The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely. If an item on the Agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, normally to two minutes only.

5. Exclusion of Press & Public

If when considering an item on the Agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

6. Committee Rooms & Council Chamber and hearing aid users

To assist hearing aid users the following Committee meeting rooms have infra-red audio transmission systems (Luttrell room, Wyndham room, Hobhouse room). To use this facility we need to provide a small personal receiver that will work with a hearing aid set to the T position. Please request a personal receiver from the Committee's Administrator and return it at the end of the meeting.

7. Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone wishing to film part or all of the proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chairman can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

8. Operating Principles for Audit Committee

Reports

i. The reports should be clearly and concisely written. The report template available to officers on the intranet will be used.

ii. Reports should highlight issues for Member consideration, no matter how difficult or complex, for example:
- All reports should detail current performance levels.
- All reports should identify cost implications.

iii. No report should contain a recommendation “to note” the report.

iv. Any report, which outlines clear priorities for improvement, should contain recommendations and a detailed action plan with timescales and resources.

Members

i. Members should be clear about cost and resourcing issues highlighted in clearly and concisely written reports.

ii. Members should seek to understand the impact of reports on Council performance.

iii. Members can refer reports / issues back to the Cabinet where there are constructive concerns about services and/or performance.

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Audit Committee

Minutes of a meeting of the Audit Committee held in the Luttrell Room, County Hall, Taunton on Thursday 27 July 2017 at 10.00am.

PRESENT

Cllr D Ruddle (Chairman)

Cllr S Coles
Cllr M Caswell
Cllr B Filmer
Cllr P Ham (Substitute)
Cllr J Lock
Cllr M Rigby
Cllr J Thorne (Substitute)

Apologies for absence: Cllr N Bloomfield, Cllr F Purbrick, Cllr G Verdon.

Other Members present: Cllr

Officers present: Kevin Nacey, Director of Finance and Performance; Martin Gerrish, Strategic Manager – Financial Governance

Also present: Lisa Fryer - Southwest Audit Partnership. Peter Barber and David Bray – Grant Thornton.

13 Declarations of interest – agenda item 2

13.0 Members of the Audit Committee declared the following personal interests in their capacity as a Member of a District, City/Town or Parish Council: Cllr N Bloomfield, Cllr S Coles, Cllr M Caswell, Cllr B Filmer, Cllr P Ham, and Cllr J Thorne.

Cllr Simon Coles further declared a personal interest regarding his membership of the Devon and Somerset Fire Authority.

14 Minutes of the last meetings – 29 June 2017 - agenda item 3

14.0 The Committee agreed that the minutes of the meeting held on 29 June were accurate, providing Cllr John Hunt was shown as attending as a substitute for Cllr Rigby, and the Chairman signed them.

15 Public question time – agenda item 4

15.0 There were no questions.

16 Internal Audit Annual Opinion – agenda item 5

16.0 The Committee considered and discussed this report that contained information about the internal auditors opinion on the adequacy and effectiveness of the Council's internal control framework.

It was noted that despite a limited number of control issues previously reported to the Committee, SWAP had given an opinion of 'reasonable assurance'. This is the same conclusion in 2015/16 and the opinion had been incorporated in to the Annual Governance Statement.

Members noted that there were a higher number proportion of Partial assurance audits and it was explained that this was a result of the Council asking the Auditors to specifically target their work in areas that managers and/or auditors consider to be high risk, and where they have asked for help. It was accepted that on that basis is work in such areas would result in more partial audit findings and it would therefore not be a sensible use of SWAP time to audit areas where strong assurance had been reported.

In response to a question it was stated that there would be a continuation of the practice of the former Audit Committee in the last quadrennium of scheduling all Partial assurance audits to report back to the Committee at a future public meeting, and for the relevant manager/s to attend and report on the progress against the agreed Action Plan from those audits.

There was a brief discussion of the report and Appendix B which detailed the progress of delivery of the work plan for 2016/17 with answers being provided for specific questions on various services areas.

Members accepted the report and the Internal Audit Annual report and its conclusions.

17 Statement of Accounts – Pension Fund - Agenda item 6

17.0 The Committee considered and discussed this report from the External Auditors that summarised their findings from the 2016/17 audit of the Pension Fund Accounts.

Members were pleased to note that the report indicated that the accounts were free from material errors, and would receive an unqualified opinion. Mr Barber, External Auditor, Grant Thornton as in previous years highlighted the on-going recommendation regarding the authorisation of journals. In response to a question it was noted that the Council was not unique in not requiring journal adjustments to be authorised by a second person.

Members further noted the action plan included in the report, and there was a discussion on the level of materiality figure as this had increased during the course of the audit to reflect the overall value of the Pension Fund.

The report was accepted and the Committee agreed to:

- Approve the audit outcomes for the Pension Fund for 2016/17.
- Approve the letter of representation on behalf of the Council.

18 Statement of Accounts – Somerset County Council - Agenda item 7

18.0 This report was introduced by the External Auditor, Mr Barber. Attention was directed to the Audit Findings report of Grant Thornton and the External

Auditor provided an overview of the findings from their audit of the Council's financial statements for the year ended 31 March 2016.

Mr Barber explained that he would be issuing an unqualified opinion on the accounts, and an 'except for' VFM conclusion in respect of the Children's Services which correlated with the recent Ofsted inspection findings.

Mr Barber commended the Council on presenting good working papers ahead of he require deadline as for the second year the Council had meet the proposed statutory deadlines for 2018. Mr Barber further highlighted an error in the disclosure of PFI minimum lease payments had resulted in an understatement of £0.973m in the tables that showed minimum lease payments and those figures had now been corrected and that this did not effect any other disclosures.

Members further discussed the overall account findings and the Director for Finance and Performance welcomed the overall good message of the accounts and the fact that the External Auditors had found that the material judgements used in the preparation of the financial statement were soundly based and adequately disclose dint he financial statements.

Following consideration of the reports, the Committee agreed by majority, with Cllr Coles voting against, to:
Approve the audited Statement of Accounts for 2016/17;
Approve the Letter of Representation for 2016/17;
Approve the updated Annual Governance Statement as included within the Statement of Accounts.

19 Service Showcase – Information Governance - Agenda item 8

19.0 The Committee considered a report from the Internal Auditors about information sharing that takes place between the Council and its partners. Members also benefited from a presentation from the Council's Information Governance Manager who provided assurance on the required current control sin place to safeguard customer information and also highlighted the proposed extra level of accountability required to ensure compliance with the EU General Data Protection Regulations (GDPR) to be introduced in May 2018.

Members noted the Internal Auditors had provided a partial assurance as some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives. The Committee sought and received assurance that the action plan and suggested actions was being adequately progressed by Officers.

There was a brief discussion of the report and there was a question about the percentage of Freedom Of Interest requests were the Council responded within the statutory deadlines and it was agreed that these details would be provided in writing.

The Committee accepted the report.

20 Other business of urgency – agenda item 9

20.0 There were no other items for consideration and the Chairman thanked all those present for attending. The meeting closed at 12:02.

Cllr Dean Ruddle
Chairman – Audit Committee

Audit Committee Update
Somerset County Council
Year ended 31 March 2017

8 September 2017

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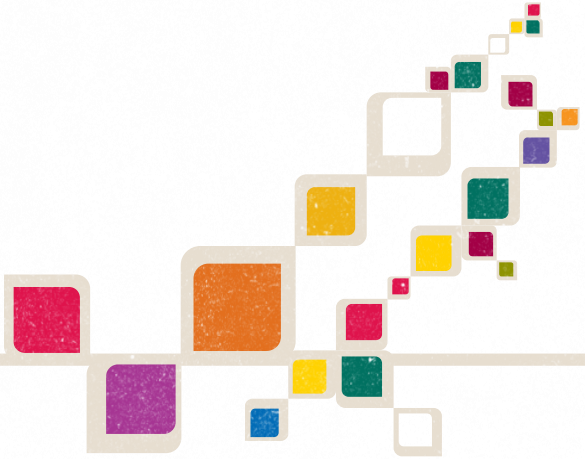
The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

We have included an overall summary of progress in delivering this year's audit. We have also taken the opportunity to include short briefings on current issues and our latest publications.

Members of the Audit Committee can find further useful material on our website. www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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Progress at 8 September 2017

Progress against 2016/17 plan

Planning started, interim audit visit in February 2017

Opinion and VfM conclusion

Target Completion 28 July 2017 achieved

Deadline 30 September 2017

Outputs delivered

Fee letter & Progress Reports delivered to plan

2016/17 work	Planned Date	Complete?	Comments
Fee Letter We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016	April 2016	Yes	We issued our fee letter for 2016/17 on 13 April 2016. The Council's scale fee for 2016/17 was set at £99,873, the same as 2015/16. There is no scale fee applicable for certification work in 2016/17.
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016/17 financial statements.	March 2017	Yes	We prepared our Audit Plan following completion of our interim audit visit as detailed below. The Audit Plan was presented to the Audit Committee on 30 March 2017.
Interim accounts audit Our interim fieldwork visit will include: • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing.	February 2017	Yes	We built on our knowledge of the Council following our audits over the last three years. The findings from our interim audit work were set out in our Audit Plan.

Progress at 8 September 2017

2016/17 work	Planned Date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work is set out in the guidance issued by the National Audit Office in November 2016. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". Auditors are required to reach their statutory conclusion on arrangements to secure VFM based on the following overall evaluation criterion: *In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.* The three sub criteria for assessment to be able to give a conclusion overall are: • Informed decision making • Sustainable resource deployment • Working with partners and other third parties	Jan - July 2017	Yes	We carried out an initial risk assessment to determine our approach and reported this in our Audit Plan. Our focus was around risks in respect of: • the Council's financial position and longer term financial sustainability, and • the arrangements for securing improvements in Children's Services following the 'inadequate' Ofsted assessment. We reported the results of the work in our Audit Findings Report at the July 2017 Audit Committee and issued an 'except for' value for money conclusion due to the findings of the most recent formal Ofsted inspection.

Progress at 8 September 2017

2016/17 work	Planned Date	Complete?	Comments
Final accounts audit Including: • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 The annual audit letter will be presented to the committee in October.	May - July 2017	Yes	We received the draft Financial Statements for audit at the end of May 2017 (ahead of the deadline of 30 June) and reported our findings to the July Audit Committee. We issued an unqualified opinion on the Council's financial statements on 27 July 2017, comfortably ahead of the deadline of 30 September.
Audit Certificate At 27 July 2017 we were unable to issue our 2016/17 certificate because: • the Authority had not prepared the Pension Fund Annual Report at the time we gave our opinion on the Council's financial statements and we were therefore unable to issue our report on its consistency with the pension fund financial statements. • we had not completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2017. • we had not completed our consideration of an objection brought to our attention by a local authority elector.	Target 31 December 2017	In part	We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the pension fund financial statements. Our Whole of Government Accounts (WGA) work is in progress and is scheduled to be completed in September 2017. We will provide an update to the Audit Committee on 21 September. The objector failed to respond to our requests for their address to confirm their electoral status. We have therefore concluded they no longer wish to raise an objection.
Other areas of work In previous years we were asked to audit the Teachers' Pensions Return, the School Centred Initial Teacher Training Annual Return (SCITT) and the Transport Claim. These were undertaken as separate audit engagements with additional fees charged as appropriate.	October to December 2017	Not yet due	We will discuss the audit arrangements for the 2016/17 returns with your officers to ensure that they are submitted within the necessary reporting deadlines.

Progress at 8 September 2017

2017/18	Planned Date	Complete?	Comments
Fee Letter We were required to issue a 'Planned fee letter for 2017/18 by the end of April 2017. This is the final audit year under the current contract. PSAA has awarded contracts to audit suppliers and is currently consulting on local appointments. Your audit supplier from 2018/19 will be confirmed by the end of December 2017.	April 2017	Yes	We issued our fee letter for 2017/18 on 18 April 2017. The 2017/18 scale audit fees were set at the same level as 2016/17, £99,873.
Accounts Audit Plan We will issue a detailed accounts audit plan to the Council setting out our proposed approach to the audit of the Council's 2017/18 financial statements and the VFM Conclusion for the year. This will be issued upon completion of our audit planning. The statutory deadline for the issuing of the 2017/18 opinion has been brought forward by two months to 31 July 2018. We are discussing with your officers our plan and timetable to ensure that we complete our work by this earlier deadline. The production of the accounts to the earlier deadline in 2016/17 and the completion of the audit by 31 July 2017 puts us both in a strong position. We may also need to discuss and agree with you arrangements for the issue of the draft Audit Findings Report, in view of the time available to complete our work and your committee report deadlines.	February 2018	Not yet due	We will prepare our plan following completion of our interim audit. The Audit Plan will be presented to the February / March 2018 Audit Committee.

Technical Matters

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Technical Matters

Questions:

- Is the Council aware of the changes to the Code of Practice in 2017/18 and the forthcoming changes to lease accounting and revenue recognition?

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)
- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues

Procurement of external audit services

Sector Issues

Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Having concluded the procurement, PSAA will commence the process of appointing auditors to opted-in bodies. For more information on the auditor appointment process click here.

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December.

Local Authority 2016/17 Revenue Expenditure and Financing

Sector Issues

DCLG has produced a summary of Local Authorities' 2016/17 provisional revenue spending and financing. It notes that Local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure. The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.5 billion for all local authorities in England in 2016-17. This was 1.1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. 2016-17 was first year local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.8 billion (2.4%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central Government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.5 billion of this increase is due to the Greater London Authority.

The full report is available at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/639755/Revenue_Expenditure_and_Financing__2016-17_Provisional_Outturn.pdf

Did you know….

This data set and many others are included in CFO Insights.

CFO Insights is the Grant Thornton and CIPFA online analysis tool. It gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

http://www.cfoinsights.co.uk/

Grant Thornton publications

Setting up a successful social enterprise

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

•Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre

•The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so

•Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice

•Some local authorities have converted exiting models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Grant Thornton publications

Questions:

- Is your Council exploring options for delivery of services?
- Have you read our report?
- Have you downloaded our guide?

http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/

A Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a "one-size-fits all". Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government's block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality.

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a Vibrant Economy Index to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people's productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody's ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

Guy Clifton – Head of Local Government Advisory

Grant Thornton publications

Question:

- Have you read our manifesto?

http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf

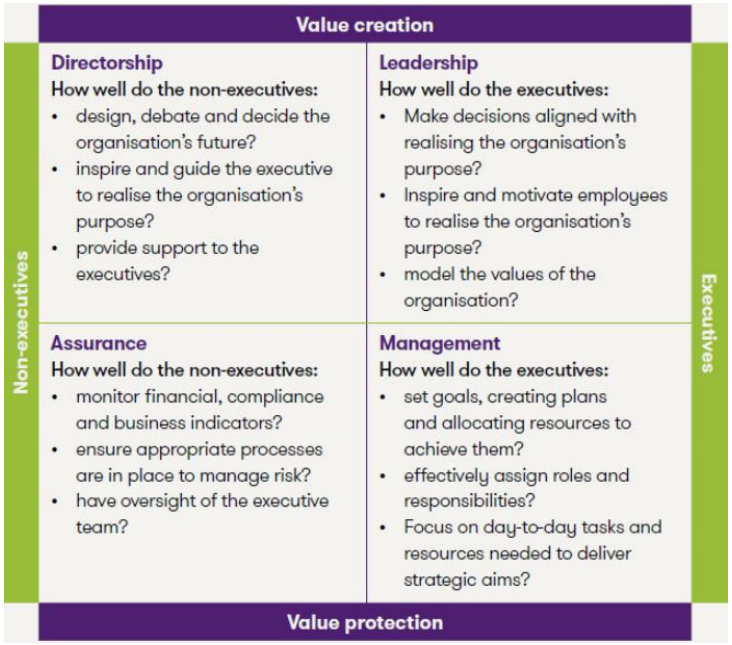
The Board: creating and protecting value

In all sectors, boards are increasingly coming under pressure from both the market and regulators to improve their effectiveness and accountability. This makes business sense given a strong governance culture in the boardroom produces better results, promotes good behaviour within the organisation and drives an organisation's purpose.

Grant Thornton's new report 'The Board: creating and protecting value' is a cross- sector review of board effectiveness, based on a survey of executives and non-executives from a range of organisations including charities, housing associations, universities, local government, private companies and publically listed companies.

It considers the challenges faced by boards, ways in which they can operate more effectively; and how to strike the right balance between value protection and value creation.

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance. This powerful tool provides a framework (see graph 1) with which to evaluate how well an organisation is performing in balance of skills and understanding of roles; and responsibilities between the executive and Board. It helps align risk (value protection) and opportunity (value creation) with overarching strategy and purpose.

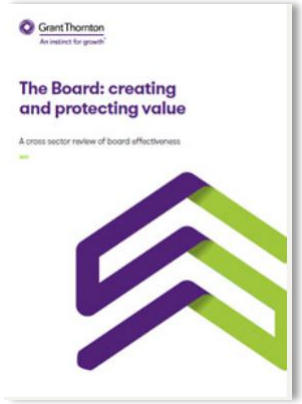


Source: The Board: Creating and protecting value, 2017, Grant Thornton

Grant Thornton publications

Question:

- Have you read our report?



http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/board-effectiveness-report-2017.pdf

International Consortium on Governmental Financial Management

We have again partnered with the ICGFM to survey Financial Leaders

Question:

- Have you completed the ICGFM survey on transparency and citizen engagement?

Introduction

Grant Thornton and the International Consortium on Governmental Financial Management (ICGFM) partner every other year to perform an international survey of Public Financial Leaders.

In 2015 the theme was innovation in public financial management. This year's survey has been designed to identify and describe emerging issues around transparency and citizen engagement – building on the themes highlighted in the 2015 report.

The insights will be published in a report later in 2017 and we would be delighted if you were able to spend some time completing the brief on-line questionnaire which can be found here. Your Audit Manager will be able to provide you with a link to the survey if required.

Please note that the ICGFM and Grant Thornton will not identify, or attribute thoughts and quotations to, individual survey respondents in the final 2017 report. This preserves your anonymity, so please respond freely, honestly and openly.

ICGFM
The International Consortium on Governmental Financial Management

grantthornton.co.uk

GRT102468

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Somerset County Council

Report of Internal Audit Activity

Plan Progress 2017/18- September Update

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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Summary

Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **School and Early Years Reviews**
- **Follow-up Reviews**
- **Other Reviews**

Role of Internal Audit

The Internal Audit service for Somerset County Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 30th March 2017.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- School and Early Years Reviews
- Follow-up Audits
- Other Special or Unplanned Reviews

Summary of Work 2017/18

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

Internal Audit Work programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2017/18. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as detailed at Appendix A of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' is given as part of this report.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised.

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

Significant Corporate Risks

We provide a definition of the 4 Risk Levels applied within audit reports. For those audits which have reached report stage through the year, we have assessed the following risks as 'High' or 'Very High'.

Review/Risks	Auditors Assessment
Readiness for the New General Data Protection Regulations (GDPR) 1. The updated control framework needed to ensure the Council's compliance to GDPR is not put in place prior to May 2018 resulting in financial and reputational loss to the Council.	High
Data Subject Access Requests (DSAR) 2. The Authority is non-compliant with timescales and fulfilment of Data Subject Access Requests under the current and future General Data Protection Regulations, resulting in customer dissatisfaction, ICO investigations and/or financial penalties.	High

For more detail on the above refer to the next section on audits awarded a partial opinion.

SWAP Performance - Summary of Partial Opinions

- **These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.**

Summary of Partial Opinions

Three IT audits finalised in the period were awarded partial assurance. The significant findings from these have been summarised below.

Readiness for the New General Data Protection Regulations (GDPR) – 'Partial'

GDPR is the new legislation currently covered by the Data Protection Act (DPA). This audit was requested by SCC Information Governance Team to help ensure that the Council is aware of the areas where work is required to improve controls, in readiness for the introduction of the regulations in May 2018.

GDPR has an increased focus on accountability over DPA. This manifests itself as a greater need for documentation both of policies/processes/procedures as well as the recording in a centrally retrievable manner with evidence for controls having been implemented and used. At the time of the audit the scale of the work needed for GDRP compliance across the authority was not fully understood and a project plan had yet to be produced. More significantly with just nine months to go before GDPR becomes law, there was a lack of assurance that resources were sufficient both within the information governance team and services to complete this work on time.

Data Subject Access Requests (DSAR) – 'Partial'

A Data Subject Access Request (DSAR) is the process by which a citizen can obtain copies of the information held about them by an organisation and the current requirements are enforced by the Data Protection Act (DPA). The organisation must reply to requests within 40 days. The audit found that the Council are consistently failing to comply with this requirement. The introduction of the General Data Protection Regulation (GDPR) in May 2018 will amend the deadline for DSAR completion, in the main speeding this process up and also introduce large fines for non-compliance.

It was also identified that there are differing DSAR practices across services, different systems used or in some cases a lack of a system as well as inconsistencies between records within the services who process DSARs. A single casework system is needed to help address this and to ensure that effective management and monitoring of requests can take place, to minimise complaints and financial penalties.

Regulation of Investigatory Powers Act 2000 (RIPA) Use of Internet as a means of Surveillance– 'Partial'

The Office of Surveillance Commissioners has throughout the first half of 2017 had a high profile campaign to raise awareness of possible non compliance in this area and this audit was requested to determine services current and future requirements for use of the Internet for investigative and research purposes.

It was identified that the internet and especially social media is being regularly used as an investigative tool by Council officers and that they were not aware of how they should be using the internet during investigations. As this is a relatively new area for concern the low level of awareness, controls and assurance found in the audit is not surprising.

There is now a need for a documented policy to say how and when the internet should be used for investigation and surveillance purposes, as well as procedures established for services to follow that are in line with this policy.

Update 2016/17 and 2017/18

Completed Assignments in the Period

Internal Audit Work Programme Progress to Date

Refer to Appendix B for detail of the individual audits.

2016/17

In relation to the 2016/17 plan there is just one more audit to finalise and this is currently at draft report stage.

2017/18

After five months delivery of the plan progress can be summarised as follows:

- 9 final reports
- 1 draft report
- 18 in progress

There have been some delays experienced in the scheduling of work, particularly in relation to follow-ups and it has been agreed to reschedule some reviews to later in the year to give more time for recommendations to be implemented. In response to this all managers with follow-ups in the plan have been written to reminding them of the importance of implementing the action plan in line with agreed dates. Delays have been offset to some extent by the request for additional audit work in quarter 2.

In addition, 10 school visits and 6 early years visits have taken place so far this year.

Plan Performance 2017/18

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP performance is subject to regular monitoring review by both the Board and at Member Meetings. The respective performance results for Somerset County Council and other SWAP partners, using data to the end of August 2017 is as follows:

Performance Target	SCC Performance	Partners Performance
Audit Plan – Percentage Progress Final, Draft and Discussion Reports	19%	15%
Draft Reports Issued within 5 working days	69%	65%
Final Reports Issued within 10 working days of discussion of draft report	86%	82%
Quality of Audit Work Customer Satisfaction Questionnaire	86%	91%

Plan Performance 2017/18

We keep our audit plans under regular review so as to ensure that we auditing the right things at the right time.

Approved Changes to the Plan

Members will note that some changes to the plan have been made already this year; one of the key reasons for this is management requests to review identified high risk areas. All changes made have been subject to agreement with the appropriate Strategic Manager and the Strategic Manager – Finance Governance. These changes ensure that our focus continues to be directed to the most important areas.

Conclusion

Overall delivery of the plan is satisfactory despite some delays experienced, and the reminder sent regarding the scheduling of follow-ups is aimed to minimise this for the remainder of the year.

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **Substantial**
- **Reasonable**
- **Partial**
- **None**

Audit Framework Definitions

Control Assurance Definitions

Substantial	▲★★★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲★★★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲★★★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲★★★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ↔ 1 = Minor Recommendation					Comments
								5	4	3	2	1	
2016/17													
Childrens Services	Operational	Libraries – Consortium Arrangements	Q4	Final	Reasonable	12/01/2017	9	0	0	9	0	0	
Business Development	Governance, Fraud & Corruption	Strategic Commissioning	Q4	Final	Reasonable	16/01/2017	12	0	1	11	0	0	Waited for the completion of a number of commissioning intention plans before finalising.
Business Development	Governance, Fraud & Corruption	Procurement – Home Care	Q2	Final	Advisory	16/10/2016	n/a	0	0	0	0	0	Position Statement produced.
Education	Operational	Team Around the School	Q4	Final	Advisory	09/01/2017	7	0	3	4	0	0	School visits continued up to June.
Adult Services	Operational	Better Care Fund	Q4	Draft		9/03/2017	0	0	0	0	0	0	There have been delays in receipt of information.
2017/18													
Childrens Services	Follow Up	Retention of Foster Carers Follow-Up	Q1	Final	n/a	07/04/2017	0	0	0	0	0	0	Further work required - not removed from JCAD.
Childrens Services	Follow Up	Multi Agency Safeguarding Board Follow-Up	Q1	Final	n/a	10/04/2017	0	0	0	0	0	0	Satisfactory progress - removed from JCAD.
ICT	ICT	Readiness for the New General Data Protection Regulations (GDPR)	Q1	Final	Partial	01/05/2017	9	0	4	5	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ↔ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
ICT	Follow Up	Homefinders - Follow Up	Q1	Final	n/a	12/07/2017	0	0	0	0	0	0	Low corporate risk
Information management	Governance, Fraud & Corruption	Data Subject Access Requests (DSAR)	Q1	Final	Partial	02/05/2017	9	0	2	7	0	0	
Finance and Performance	Operational	Dillington House Financial Controls Review	Q1	Final	Advisory	05/05/2017	10	0	3	7	0	0	An opinion based review will be completed as part of next years plan.
Adult Services	Follow Up	Personal Budgets Follow-Up	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0	Satisfactory progress - removed from JCAD.
ICT	ICT	RIPA Use of Internet as a means of Surveillance	Q1	Final	Partial	01/05/2017	5	0	1	4	0	0	
Health and safety	Follow Up	Health & Safety - Premises Management SCC Establishments Follow-Up	Q1	Final	n/a	02/06/2017	0	0	0	0	0	0	Further audit work required - not removed from JCAD. Scheduled for Q3.
Childrens Services	Early Years	Early Years Themed & Follow Up Report	Q2	Draft		31/07/2017							
Childrens Services	Key Control	Troubled Families certification of claims	Q1	In Progress	Certification	28/07/2017							Claim periods spread over the year
Adult Services	Follow Up	Deprivation of Liberty Follow-Up	Q1	In Progress		10/07/2017							
Corporate	Follow Up	Healthy Organisation Strategic Review - Follow-Up	Q1	In Progress									Work to monitor this action plan will be ongoing throughout 17/18.

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ⟷ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Schools	School Theme	Financial Governance, Budget Planning and Monitoring	Q1	In Progress		12/06/2017							Based on summer term school visits.
Procurement	Governance, Fraud & Corruption	Social Value Policy	Q1	In Progress		26/06/2017							
Transport and infrastructure	Advice	Concessionary Fares	Q1	In Progress		01/04/2017							
Property Services	Advice	Contract Letting and Management	Q1	In Progress		26/07/2017							Addition to plan
Children Services	Operational	Childrens Direct Payments	Q2	In Progress		01/08/2017							
Adult Services	Operational	Risk of Care Provider Failure	Q2	In Progress		14/08/2017							Deferred from Q1 due to restructure within Adult Services.
Finance & Performance	Governance, Fraud & Corruption	MTFP - The Commissioning Lead Approach	Q2	In Progress		16/08/2017							
HR	Governance, Fraud & Corruption	People Strategy	Q2	In Progress		10/08/2017							
Education	Operational	The Education of Children Looked After	Q2	In Progress		31/07/2017							
Finance and Performance	Governance, Fraud & Corruption	Local Preparations for Managing National Fraud Risks	Q2	In Progress		03/08/2017							

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ⟷ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Schools	Advice	Schools Financial Value Standard Moderation	Q2	In Progress		07/09/2017							
Human Resources	Governance, Fraud & Corruption	Staff Benefit Scheme – HMRC compliance	Q2	In Progress		08/08/2017							Addition to Plan
Human Resources	Advice	Staff Benefit Scheme	Q2	In Progress		22/08/2017							Addition to Plan
Children and Families	Advice	Financial Controls - Childrens Centre	Q2	In Progress		28/08/2017							Addition to Plan
ICT	Follow Up	AIS - Data Quality Follow-Up	Q2	Not started									
Adult Services	Follow Up	Safeguarding Follow-Up	Q3	Not started									Deferred from Q1 to allow sufficient time for agreed actions to be implemented.
Childrens Services	Operational	Independent Placements for CLA and Education - Financial Controls	Q3	Not started									Deferred from Q1 to allow sufficient time for agreed actions to be implemented.
ECI	Advice	Use of Agency staff	Q2	Not started									Addition to Plan
ICT	ICT	Payment Card Industry Data Security Standard compliance	Q2	Not Started									
ICY	ICT	Business Applications - Business Critical System Capita One	Q2	Not Started									

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ⟷ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Business Development	Governance, Fraud & Corruption	Procurement - The Monitoring and Control of Savings Made	Q2	Not Started									
Finance & Performance	Follow Up	Cash Handling - Implementation of Policy Follow-Up	Q3	Not Started									Deferred from Q2 to allow sufficient time for agreed actions to be implemented.
Business Development	Governance, Fraud & Corruption	Project Management - Of Projects Outside of Core Council Programme including Benefit Realisation	Q3	Not Started									Deferred from Q1 to release resources to carry out Contract Letting and Management review.
Adults Services	Follow Up	Adults Income Collection - Personal Finance Contributions Follow-Up	Q3	Not Started									Deferred from Q2 to allow sufficient time for agreed actions to be implemented.
Adults Services	Follow Up	Adults Placements including ISP Interface Follow-Up	Q3	Not Started									
Adult Services	Follow Up	Direct Payments Follow-Up	Q3	Not Started									
Adult Services	Operational	Mental Health	Q3	Not Started									
Education	Follow Up	Health & Safety - Premises Management Schools and non schools Follow-Up	Q3	Not Started									

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ↔ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Education	Operational	Use of Part-Time Timetables in Schools	Q3	Not Started									
Finance & Performance	Key Control	Debt Management	Q3	Not Started									
Finance & Performance	Key Control	Payroll	Q3	Not Started									
Corporate	Governance, Fraud & Corruption	Corporate Management of Health and Safety	Q3	Not Started									
ICT	ICT	SAP - Financial System IT Controls	Q3	Not Started									
ICT	ICT	Network Resilience and Authentication	Q3	Not Started									
Business Development	Governance, Fraud & Corruption	Value for Money Strategy and Reporting	Q3	Not Started									
Corporate	Governance, Fraud & Corruption	Corporate Contracts - Performance Management	Q3	Not Started									
Schools	School	School Theme - Schools Financial Value Standard (SFVS)	Q3	Not Started									
School Theme	Follow-up	The Planned use of school balances follow-up	Q4	Not Started									Deferred from Q1 to allow sufficient time for agreed actions to be implemented.

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ↔ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Adult Services	Operational	The Efficiency and Effectiveness of the New Operating Model	Q4	Not Started									
Education	Operational	Structural Failure of School Buildings	Q4	Not Started									
ECI	Governance, Fraud & Corruption	Strategic Asset Management	Q4	Not Started									
Finance & Performance	Key Control	Creditors	Q4	Not Started									
Business Development	Follow Up	Hardware Asset Management - Follow Up	Q4	Not Started									
ICT	Follow Up	Incident/Problem/Change Management - Follow Up	Q4	Not Started									
ICT	ICT	Active Directory/User Admin	Q4	Not Started									
ICT	ICT	Position Statement on Outstanding Follow-Up Audits including Software and Healthy Organisation	Q4	Not Started									
ICT	ICT	Threat Management	Q4	Not Started									

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ↔ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
ECI	Follow Up	Section 106 Agreements Follow-Up	Q4	Not Started									Deferred from Q1 to allow sufficient time for agreed actions to be implemented.
Finance & Performance	Governance, Fraud & Corruption	Performance Management - Service Planning	Q4	Not Started									Deferred from Q2 to allow sufficient time for agreed actions to be implemented. Focus will be on updated arrangements and not limited to service planning.
ECI	Key Control	Concessionary Fares - Key Control Review	Q4	Not Started									
Education	Operational	The Transport of Children	Q4	Not Started									
School	School Theme	School Theme – E-Safety	Q4	Not Started									
HR	Governance, Fraud & Corruption	Workforce Planning	Q4	Deferred									Deferred to Q1 2018/19 and replaced with Staff Benefit Scheme review.
Corporate	Governance, Fraud & Corruption	Procurement - Category Management	Q4	Deferred									Deferred to Q1 2018/19 and replaced with West Somerset Children Centre and ECI agency arrangements reviews.
Business Development	Governance, Fraud & Corruption	Project Management - Benefits Realisation of Projects Outside of Core Council Programme	Q3	Removed									Replaced with Contract Letting and Management review. Benefits Realisation will be included in Q3 Project Management Audit.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ⟷ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Schools													
Schools	School	School Theme – Financial Governance Beech Grove	Q1	Draft	Reasonable	05/07/2017	10	0	0	10	0	0	
Schools	School	School Theme – Financial Governance Critchill	Q1	Draft	Reasonable	05/07/2017	11	0	1	10	0	0	
Schools	School	School Theme – Financial Governance Heathfield	Q1	Draft	Reasonable	05/06/2017	8	0	0	8	0	0	
Schools	School	School Theme – Financial Governance St Marys	Q1	Draft	Reasonable	05/06/2017	5	0	0	5	0	0	
Schools	School	School Theme – Financial Governance Stoberry	Q1	Draft	Reasonable	05/06/2017	6	0	0	6	0	0	
Schools	School	School Theme – Financial Governance Swanmead	Q1	Draft	Reasonable	05/06/2017	10	0	1	9	0	0	
Schools	School	School Theme – Financial Governance Wadham	Q1	Draft	Partial	05/06/2017	14	0	2	12	0	0	
Schools	School	School Theme – Financial Governance Winsham	Q1	Draft	Partial	05/07/2017	11	0	2	9	0	0	
Schools	Follow-up	Churchstanton - SFVS Follow-Up	Q1	Draft	n/a	04/07/2017	n/a	0	0	0	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ⟷ 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Schools	Follow-up	Penrose School - School Balances Follow-Up	Q1	Final	n/a	26/06/2017	n/a	0	0	0	0	0	
Early Years													
Childrens Services	Early Years	Billy's Young Stars Nursery (Butlins Minehead)	Q1	Completed	Reasonable	22/06/2017	4	0	0	4	0	0	
Childrens Services	Early Years	Churchfield Nursery (Highbridge)	Q1	Completed	Partial	16/06/2017	6	0	2	4	0	0	
Childrens Services	Early Years	Little Otters Pre-School (Combwich)	Q1	Completed	Reasonable	20/06/2017	5	0	0	5	0	0	
Childrens Services	Early Years	Sunny Ile Pre-School (Ilminster)	Q1	Completed	Reasonable	06/06/2017	3	0	0	3	0	0	
Childrens Services	Early Years	Wellesley Park Pre-School (Wellington)	Q1	Completed	Reasonable	13/06/2017	4	0	0	4	0	0	
Childrens Services	Early Years	Heron Pre-School (Ilchester)	Q1	Draft	Reasonable	15/06/2017	3	0	0	3	0	0	

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Somerset County Council
Audit Committee
– 21 September 2017

Quarterly Risk management update

Service Director: Kevin Nacey, Director of Finance and Performance
Lead Officer: Scott Wooldridge, Governance Manager
Author: Scott Wooldridge and Pam Pursley, Principal Officer-Risk Management
Contact Details: tel: (01823) 357628 or e-mail: swooldridge@somerset.gov.uk
Cabinet Member: Cllr D Hall, Cabinet Member for Resources and Member Champion for Risk
Division / Local Member: All

1. Summary/link to the County Plan

1.1 The role of the Audit Committee is to ensure there is an effective process for managing risks across the County Council. This report seeks to provide assurance on risk management processes and management actions being undertaken in accordance with the Council's policies and procedures.

1.2 The aim of risk management is to identify business risks and effectively manage them in line with the County Council's Risk Management framework.

1.3 Effective risk management can have a major impact on the achievement of the objectives, policies and strategies of the authority and relates to all the priorities within the County Plan.

2. Issues for consideration

2.1 The Committee is asked to note the latest position with managing strategic risks as set out in this report and Appendix A.

3. Background

3.1 SRMG meets monthly with nominated officer representation from across the organisation. SRMG identify, monitor, review and report strategic risks to Senior Leadership Team (SLT).

3.2 The role of the Audit Committee is to ensure there is an effective process for managing risks across the County Council and it receives a Risk Management update on a quarterly basis. If necessary, Audit Committee is able to question Cabinet Members and Senior Managers about their risk management actions and controls in order to ensure risks remain within tolerance.

3.3 Critical Risks facing the Council

SLT has recently reviewed the following critical strategic risks facing the Council and the management actions being taken:

ORG0043 Maintain a sustainable budget – since the last update the risk score has been reviewed and maintained at a level of 20 (very high) as at the end of July 2017. Last year, 2016/17, there was a year-end overspend of £7.049m, with the main areas of overspend in Adults and Children's services. The demands upon these services have not reduced in the early part of this financial year and are not likely to over the course of the year. The transformational work under way to improve demand management and simultaneously improve outcomes for vulnerable children and adults is well under way. The additional funding from government alongside the management action in adults is keeping this budget under control. There has been no additional funding for children services and management action is struggling to change patterns of expenditure.

3.4 As outlined in previous reports, the Government has significantly reduced the levels of funding in Local Government. The Council faces on-going challenges both within the current financial year and in developing a balanced budget for its Medium Term Financial Plan 2018/19 to deliver its 2020 Vision.

3.5 The financial climate for local authorities is particularly uncertain both in relation to the totality of resources available for the sector and the distribution of those resources. The Council continues to lobby for fairer funding for Somerset but Members need to be aware that many other councils face similar financial challenges.

3.6 The 2017/18 financial year cannot be considered in isolation as it is becoming increasingly important to hold reserves capable of smoothing transition and enabling the Council to manage service change in an effective manner.

3.7 As reported previously, not being able to balance the budget has more serious consequences for councils than the public may realise because it is a legal requirement under the Local Government Finance Act 1988.

3.8 The Revenue Budget monitoring report being considered at Cabinet on 27 September sets out a projected net overspend of £10.054m (further details of this can be found in the Cabinet report) when compared to the Revenue Budget. This represents 3.22% of base budget. The majority of the overspend lies in the Children's Services budgets and most other areas of the Council are within reasonable tolerance although some corporate and support budgets are under pressure.

3.9 The implication of this early forecast is that Cabinet and the Senior Leadership Team will need to take some immediate actions to address the overspend projections. Given last year's position, there are already 5 high priority projects under way (all but one of which are affecting children's services budgets) to identify ways of reducing spending and managing demand. These are having some success in reducing overspend and delivering MTFP savings but are projects that in some cases span last year, this year and next before coming to fruition.

3.10 If the overspend were to be at the same level by year end, this would significantly reduce the Council's General Balances placing them well below the recommended range.

We have to face up to the increasing demand and devise better ways of managing the increases while continuing to provide statutory services.

The availability and use of reserves is critical in being able to manage spikes in demand and costs incurred. Our corporate risk register recognises this and we will put mitigating actions in place to reduce the level of overspends wherever possible.

3.11 SCC faced similar financial challenges during 2016/17 and put in place a rigorous management plan to address overspend pressures. Audit Committee can be assured that the Senior Leadership Team and Cabinet will continue to manage the financial position, robustly challenge any overspends, implement management actions and develop options in order to bring the overall budget back into balance. The Section 151 Officer will continue to provide financial support, present options and give advice to SLT and the Cabinet to help maintain a sustainable budget for 2017/18 and to generate sufficient savings options as part of the development of the MTFP 2018/19.

3.12 Strategic Risks – summary position

The summary position for the Council's corporate and strategic risks (attached at Appendix A) sets out the risk scores assessed by relevant SLT Directors.

3.13 Strategic risks are those which affect the council's strategic goals and objectives e.g. the council's statutory duties for safeguarding adults and children. The Senior Leadership Team and individual SLT Directors regularly review the strategic risks in Appendix A.

3.14 Officers have compared the latest position with the last update to the Audit Committee in June 2017 and the following is highlighted :

Dimension and Objective	RAG status	
	Jun 17	Sep 17
Very High risks (red)	4	4
High risks (amber)	4	4
Medium risks (yellow)	6	6
Low risks (green)	1	1

Overall our risk position remains the same as reported previously.

The four 'Very High' risks with a minimum score of 16 are:

- (ORG0043) Maintain sustainable budget – score of 20 (no change)
- (ORG0036) Partnership working – score of 20 (no change)
- (ORG0009) Safeguarding Children – score of 20 (no change)
- (ORG0032) Information Governance – score of 16 (no change)

3.14 In addition to details in 3.3-3.11 about ORG0043, the following provides further information regarding the other very high risks:

- ORG0009 (Safeguarding Children) remains at a score of 20 (very high). Progress for the first year of the Children and Young People's Plan has been reported to the Children's Trust Executive and the Cabinet. The Children's Trust Executive is pleased with the progress against the 7 Improvement Programmes, but recognises there is still much work to be done. Action plans for 2017/18 have been drawn up with a focus on a stepped improvement over this second year to ensure year 3 achieves the outcomes of the CYPP in 2019. Ofsted quarterly monitoring visits have concluded adequate progress is being made and DfE intervention has confirmed a "significant improvement" in Somerset's Children's Services, including more manageable case-loads, a more stable workforce and better partnership working as reported by the Minister in December 2016. Despite this, until a re-inspection, services are judged inadequate and there is a corporate risk for Safeguarding Children that has a very high risk rating. Change is evident but universal improvement remains is a challenge.

- ORG0032 (Information Governance) remains at its previous score of 16 (very high) due to the requirements of the European Union General Data Protection Regulation which comes into force in May 2018.

- ORG0036 (partnerships) remains at a score of 20 following the Brexit referendum and changes in national government providing uncertainty for policy directions and levels of future funding for significant strategic partnership programmes like integrated working with the NHS and CCG, the LEP and Devolution proposals.

3.15 Assurance on the overall risk management process is provided through the Annual Governance Statement and no significant issues have been identified for risk management from 2016/17. Nevertheless, there has been an increase in the level and scale of business risk that the Council faces to deliver its priorities and services. This has been evidenced not just by JCAD and specific reports but also an increase in Internal Audit reports with Level 4/5 recommendations for action by services. Audit Committee continues to take an active role in reviewing services' progress with actions relating to Level 4/5 recommendations.

3.16 The Council also recognises, however, that risk management is as much about exploiting opportunities as it is about managing threats. Risks need to be managed rather than avoided, and consideration of risk should not stifle innovation. In some cases the Council may wish to accept a relatively high level of risk because the benefits of the action outweigh the risk or disadvantages on the basis that the risk will be well managed.

3.17 Level 4/5 internal audit recommendations

At the 26 March 2015 meeting, Audit Committee members decided that all audits where SWAP can only offer "partial" assurance must come back to a future Audit Committee as part of the "follow up" process, and that agreed actions rated as 4 (Medium / High) or 5 (High) need to be formally recorded and tracked through to completion. Audit Committee receive six monthly updates setting a summary of progress and the next update is scheduled for the meeting on 25 January 2018.

3.18 Council wide mitigations and communicating the risk management culture

One of the key elements of the Risk Management Policy and Strategy is the review of risks and application of mitigations on a proportionate basis according to their risk score. This is intended to focus available resources on the areas of highest risk and reflect an increased tolerance of medium and high risks due to the scale of change and financial challenges to the Council.

4. Consultations undertaken

4.1 Strategic Risk Management Group (SRMG) continues to review risk management and the Strategic Risk Register regularly and escalate any issues as necessary to the Senior Leadership Team.

5. Implications

5.1 The risk management reporting arrangements ensure that both senior managers and elected members have regular review of key organisational risks on a regular basis. Coupled with the Performance Dashboard reporting

this improves management information and where any urgent management action / resources need to be directed.

5.2 Risk Management is integral to the Corporate Governance Framework and supports the Annual Governance Statement. How successful we are in dealing with the risks we face can also have a major impact on the achievement of our corporate priorities and the delivery of services.

5.3 There is a risk of external challenge around the effectiveness of the decisions made if the Council's risk management process is not seen to be adhered to in these times of change.

6. Background papers

6.1 Council's Risk Management Policy and Strategy agreed by Cabinet in October 2016
Previous update reports to Audit Committee
Revenue Budget monitoring report as at end of July 2017 to be considered at Cabinet on 27 September 2017

Note For sight of individual background papers please contact the report author

RAG Priority Matrix

Likelihood (a)						
	Very likely 5	**5 Low** at least annual	**10 Low** At least annual	**15 High** Monthly	**20 Very High Monthly**	**25 Very High Monthly**
	Likely 4	**4 Low** At least annual	**8 Low** At least annual	**12 High** Monthly	**16 Very High Monthly**	**20 Very High Monthly**
	Feasible 3	**3 Low** At least annual	**6 Low** At least annual	**9 Medium** Quarterly	**12 High** Monthly	**15 High** Monthly
	Slight 2	**2 Low** No action required	**4 Low** At least annual	**6 Low** At least annual	**8 Medium** Quarterly	**10 High** **Business Continuity Plan Annual**
	Very unlikely 1	**1 Low** No action required	**2 Low** No action required	**3 Low** At least annual	**4 Medium** Quarterly	**5 High** **Business Continuity Plan Annual**
		Insignificant 1	**Minor 2**	**Significant 3**	**Major 4**	**Critical 5**

Escalate To SRMG

Impact (b)

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Strategic Risk Report - Somerset County Council (SLT)

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
ORG0043 **Risk Owner:** Kevin Nacey **Next Risk Review Date:** 16/10/2017	**Risk Description:** Strategic Risk 2016: Maintain a sustainable budget: Reserves will not be sufficient to manage any in-year overspends for the forthcoming financial year 2017/18 **Cause:** Unforeseen expenditure and overspends exceed the planned provision **Consequence:** The budget contingency is exhausted and general reserves are approaching minimum recommended levels (£15 m). Where planned expenditure is anticipated to exceed available resources then a S114 and actions report must be produced by The Section 151 officer.	Likelihood :5 Impact :5 25 Escalate to SRMG	◦ **Serious challenge to MTFP savings proposals for the 2017/18 year to ensure they are achievable** *In Progress* (75% complete) ◦ **Heightened budget monitoring on those services showing budget overspend** *In Progress* (90% complete) ◦ **Cabinet receive monthly budget monitoring updates** As at Month 4 *In Progress* (33% complete) ◦ **Review of the earmarked reserves to establish if any of those could be rescinded and returned to general reserves** *In Progress* (50% complete) ◦ **Development & approval of MTFP 2017/2018 - ensure necessary resources are in place to meet key priorities** *In Progress* (95% complete) ◦ **Better establishment control in SAP** *In Progress* (80% complete) ◦ **Control on Agency Spend** *In Progress* (10% complete) ◦ **focussing on contract spend in all areas but specifically in Children's services** *In Progress* (10% complete)	**Patrick Flaherty** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018* **Kevin Nacey** 09/10/2017 *30/03/2018*	Likelihood :4 Impact : 5 20 Escalate to SRMG	Likelihood :4 Impact :5 20 Escalate to SRMG	15/08/2017 Score remains the same. The overall budget has significantly reduced but the in-year ongoing expenditure is a concern. Specific plans are being put in place to address all areas of Children's overspend (SOB, Transport, Early Help and Placements business cases.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0009 **Risk Owner:** Julian Wooster **Next Risk Review Date:** 07/09/2017	**Risk Description:** Strategic Risk 2016: Safeguarding Children: We fail to deliver our statutory service delivery duties and legal obligations in relation to vulnerable children. **Cause:** sustemic leadership and management challenges **Consequence:** Possible abuse, injury or loss of life to a vulnerable child caused by service failure. Reduced public confidence; emergency measures; increased inspection; personal litigation claims; negative publicity for both the Council and partners; possible financial penalty or service is removed from Council control.	Likelihood :5 Impact :5 25 Escalate to SRMG	◦ **CYPP 7 Improvement Programmes** Review: The Children's Trust Executive are pleased with the progress against the 7 Improvement Programmes, but recognise there is still much work to be done. Action plans for 2017/18 have been drawn up with a focus on a stepped improvement over this second year to ensure year 3 achieves the outcomes of the CYPP in 2019 *In Progress* (35% complete)	**Fiona Phur** 07/09/2017 *31/08/2017*	Likelihood :4 Impact : 5 20 Escalate to SRMG	Likelihood :4 Impact :5 20 Escalate to SRMG	07/06/2017 Progress for the first year of the Children and Young People's Plan has been reported to the Children's Trust Executive and the Cabinet. The Children's Trust Executive are pleased with the progress against the 7 Improvement Programmes, but recognise there is still much work to be done. Action plans for 2017/18 have been drawn up with a focus on a stepped improvement over this second year to ensure year 3 achieves the outcomes of the CYPP in 2019. Ofsted quarterly monitoring visits have concluded adequate progress is being made and DfE intervention has confirmed a "significant improvement" in Somerset's Children's Services, including more manageable case-loads, a more stable workforce and better partnership working as reported by the Minister in December 2016.Despite this, until a re-inspection, services are judged inadequate. Change is evident but universal improvement remains is a challenge.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0036 **Risk Owner:** Patrick Flaherty **Next Risk Review Date:** 10/08/2017	**Risk Description:** Strategic Risk 2016: Partnership working: We fail to increase our partnership working with a variety of organisations and agencies to deliver cost effective services and increase the investment in our County **Cause:** the Council does not look for, or instigate new opportunities for future growth and increased efficiency in service delivery **Consequence:** Costs of service delivery increase, we become less successful in delivering services and fail to secure new investment.	Likelihood :4 Impact :5 20 Escalate to SRMG	◦ **Develop preferred model `for integrated working with the NHS** Reviewed 03/07/2017: No change - review post election *In Progress* (95% complete) ◦ **Devolution Proposal for Somerset & potential partners - Statement of Intent to Central Government 4 Sept 2015** Reviewed 03/07/2017: no change - review post election *In Progress* (90% complete) ◦ **Linked to /001: SCC is working closely with CCS, and three Somerset NHS Trusts to develop our STP.** Reviewed 03/07/2017: no change - review post election *In Progress* (50% complete)	**Patrick Flaherty** 10/08/2017 *31/07/2017* **Patrick Flaherty** 10/08/2017 *31/08/2017* **Patrick Flaherty** 10/08/2017 *31/08/2017*	Likelihood :4 Impact : 5 20 Escalate to SRMG	Likelihood :3 Impact :5 15 Monthly	10/07/2017 Reviewed 03/07/2017: Post-election there has been very limited progress on these matters so I believe that post-review it remains as is.
	ORG0032 **Risk Owner:** Richard Williams **Next Risk Review Date:** 02/08/2018	**Risk Description:** Strategic Risk 2017: Information Governance: An event occurs that results in a statutory breach of data protection legislation. This could be an ICT security vulnerability that compromises the PSN network, a significant disclosure of sensitive personal data or another procedural breach of the EU GDPR. **Cause:** An intentional exploitation of a security vulnerability in the SCC network by hostile agents such as hackers or malware. Non-compliance with the articles and recitals in the EU GDPR in 2018. A significant unintentional data breach of sensitive personal or business data in email, post, fax by an employee, contractor, service provider or an SCC Councillor.	Likelihood :5 Impact :4 20 Escalate to SRMG	◦ **Publication of EUGDPR Privacy Notice** The EU-GDPR requires the publication of a comprehensive Privacy Notice detailing the services provided, the personal data processed, the sharing agreements, the retention periods and access arrangements for data subjects *In Progress* (25% complete) ◦ **Induction training for Information Security and Data Protection** The EU-GDPR requires that all employees are fully aware of their responsibilities for processing personal data. SCC will endeavour to ensure all new employees are trained in Information Security and Data Protection within 3 months of commencing employment. *In Progress* (10% complete)	**Peter Grogan** 02/10/2017 *01/05/2018* **Peter Grogan** 02/10/2017 *01/05/2018*	Likelihood :4 Impact : 4 16 Escalate to SRMG	Likelihood :3 Impact :4 12 Quarterly	03/08/2017 Given compliance requirements and need to protect confidential and sensitive data it is imperative that this risk is actively managed and that all members of staff are aware of their obligations.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
		Consequence: The Council is exposed to fraud, loss of reputation, legal action by clients or employees and / or the possibility of fines from the Information Commissioner's Office (currently estimated at £100k - £200k but potentially much higher in 2018). Members of the Public are exposed to harm or distress due to the significant unauthorised disclosure of personal data.		◦ **Publication and distribution of EU-GDPR policies to all employees** The EU-GDPR requires that all employees are made aware of SCC policy for processing personal data. SCC will endeavour to ensure all employees have received mandatory Information Security and Data Protection, by Metacompliance, prior to the adoption of the EUGDPR in may 2018. *In Progress* (25% complete)	**Peter Grogan** 02/10/2017 *01/05/2018*			
				◦ **Information Sharing Agreements** Somerset County Council will review and implement all current Information Sharing Agreements in compliance with the EU-GDPR *In Progress* (20% complete)	**Peter Grogan** 02/10/2017 *01/05/2018*			
				◦ **Information Asset register** Creation of a comprehensive Information Asset Register to enable SCC to identify where personal data is held, who is responsible for it and any risks associated with processing Business analyst from ICT is working on the initial IAR linked to the Applications register, anticipated completion June 2017. IAR has now been drafted, it is attached to the ICT Application asset register and the fields required are being formalised on target for June 2017 *In Progress* (50% complete)	**Peter Grogan** 02/10/2017 *01/05/2018*			
				◦ **Effective management of Data Subjects rights** SCC must ensure that all data subjects rights are respected with regard to lawful and fair processing and specifically access to records and DSAR processing *In Progress* (35% complete)	**Peter Grogan** 02/10/2017 *01/05/2018*			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0011 **Risk Owner:** Richard Williams **Next Risk Review Date:** 05/02/2018	**Risk Description:** Strategic Risk 2016: Health & Safety: Death or injury to a member(s) of the public or a member(s) of staff, volunteers, visiting contractors or service users **Cause:** Failure to manage our activities, assets, premises and contracts in compliance with our statutory duties and organisational policies in respect of Health & Safety, either directly, or indirectly through our strategic partners **Consequence:** 1. Death or serious harm ("dangerous occurrence" (defined by legislation)) to a service user, pupil, member of the public or a member of staff; 2. Criminal prosecution and enforcement action under H&S / Fire / Corporate Manslaughter legislation. 3. Civil Claims and/or personal litigation claims for negligence 4. Adverse publicity and damage to reputation for the Council 5. Increased audit inspection 6. Increased costs and financial penalties	Likelihood :5 Impact :5 25 Escalate to SRMG	◦ **Introduce arrangements on the Learning Centre for key policies/ arrangements and training to be completed** Update 07/08/17 Plans finalised for roll out of monthly training plan. From mid-August groups of employees will be directly contacted and encouraged to complete training relevant to their specific roles. Monitoring of the completion rates of the modules will take place with the Corporate Health and Safety Unit periodically. *In Progress* (70% complete) ◦ **Deliver against action plan agreed following SWAP audit of Premises Management** 10/04/2017: At present ATRIUM is unable to provide any evidence of Premise Managers Activity/Monitoring Function. However through expanding the use of RAMIS this is now in place and will be monitored through the rest of 2017 reports raised at HSPSG Meetings in April, July and October to confirm processes are functioning. By GLH *In Progress* (75% complete) ◦ **Ensure visibility of appropriate health and safety-related contract management activity in relation to key contracts** 10/04/2017: This has now been published and the HSPSG will be informed at the April 2017 Meeting. By GLH *In Progress* (20% complete)	**Clive Mallon** 11/10/2017 *01/10/2017* **Claire Lovett (LP)** 08/06/2017 *31/07/2017* **Carly Wedderburn** 24/09/2017 *31/08/2017*	Likelihood :3 Impact : 5 15 Monthly	Likelihood :3 Impact :5 15 Monthly	03/08/2017 Renewed focus by the organisation is necessary in the light of recent events (Grenfell). Actions are in place to provide assurance on fire safety in both our corporate and schools estate.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				◦ **Publish and implement Corporate H&S Training Policy** 10/04/2017: This has now been published and the HSPSG will be informed at the April 2017 Meeting. By GLH 5 July 2017: Policy published all informed. Essential Training to be completed within 3 years. By GLH *In Progress* (90% complete)	**Graham Holmes** 08/01/2018 *01/09/2017*			
				◦ **Create common processes so staff can be interchanged across County** 23/8/2017 HBoyle (via email). The FM Team have moved to Property and a review of work currently carried out is taking place. Functions such as management of the Vol Fund and Imprest and processing of the School Uniform Grant on behalf of the Taunton Heritage Trust have sat with FM because staff are always on site to issue payments however these are not FM functions. Once the review has taken place and there is clarity on the functions remaining with FM, this work will continue. *In Progress* (25% complete)	**Heidi Boyle** 18/09/2017 *30/03/2018*			
				◦ **Services to include actions related to meeting their H&S responsibilities within their planning processes** 10/04/2017: Core brief for April reflects the need to service teams to include H&S as a standing item in Team Meetings. In addition an Induction checklist has been created. This will all be covered again at the HSPSG in April 2017 and monitored at future HSPSG. *In Progress* (10% complete)	**Claire Lovett (LP)** 08/06/2017 *30/09/2017*			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0040 **Risk Owner:** Richard Williams **Next Risk Review Date:** 14/08/2018	**Risk Description:** Strategic Risk 2015: Benefit Realisation: Failure to deliver service transformation (financial and non-financial benefits), and necessary cost savings, performance improvements, and legislative changes requiring significant service re-design through our Core Council Programme. **Cause:** Transformation not considered a corporate priority with funding and resources not prioritised to this area. A lack of joint commissioning priorities to identify innovative ideas for future transformational change and a lack of collaboration between SCC services and partners. **Consequence:** Inability to balance the budget, reputational damage and fines through a failure to meet legislative change, stagnation or deterioration in performance impacting on the service we provide to our customers (including some of the most vulnerable people in the community).	Likelihood :5 Impact :5 25 Escalate to SRMG	◦ **Review need for Business Case refresher training during service planing** 14/08/17 - Business Cases being used to track 5 high-spend corporate priority areas. *In Progress* (75% complete) ◦ **Collaboration between Services and provision of specialist knowledge to the Core Council Programme projects/programmes** 14/08/17 - SME forum has developed into the Corporate Support Services Network (CSSN) and links to commissioning and corporate planning have been strengthened. Looking at Support Service needs across all planning and commissioning activity. *In Progress* (75% complete)	**Daniel Forgham-Healey** 14/02/2018 *14/08/2018* **Daniel Forgham-Healey** 14/08/2018 *14/08/2018*	Likelihood :3 Impact : 5 15 Monthly	Likelihood :3 Impact :5 15 Monthly	14/08/2017 14-08-17 - The increased scope and scale of transformation activity threatens to spread resources too thin across too many corporate priorities.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0042 **Risk Owner:** Chris Squire **Next Risk Review Date:** 26/10/2017	**Risk Description:** Strategic Risk 2015: HR: The risk of not having the employee capacity to deliver and support delivery of core front line services **Cause:** Combination of austerity measures and market forces in being able to attract suitably qualified people to work for the Council on a permanent basis **Consequence:** Reduced levels of service activity, more reliance on existing employees and possible issues with consistency on quality.	Likelihood :4 Impact :4 16 Escalate to SRMG	◦ **Locum's covering permanent posts. On-going recruitment campaign** Reviewed 27/07/2017: No Change *In Progress* (50% complete) ◦ **'Entry level' schemes used (e.g. 'Step Up to Social Care') & graduate social workers** Reviewed 27/07/2017: ongoing *In Progress* (60% complete) ◦ **Closely monitored operationally & at Programme Improvement Boards** Reviewed 27/07/2017: New dashboard in place at corporate & service level. Establishment control in place *In Progress* (75% complete) ◦ **Develop process for establishment control** Reviewed 27/07/2017: C Squire: established. Need a period of time to monitor effectiveness *In Progress* (95% complete) ◦ **Establish Adults Service Workforce Board** Reviewed 26/07/2017: First meeting about to take place *In Progress* (75% complete) ◦ **Implementation of Young People's Strategy – Increased employment of apprentices across the organisation** *In Progress* (10% complete)	**Chris Squire** 26/10/2017 **Chris Squire** 26/10/2017 **Chris Squire** 26/10/2017 **Chris Squire** 26/10/2017 *18/12/2017* **Chris Squire** 26/10/2017 *31/10/2017* **Chris Squire** 26/10/2017	Likelihood :3 Impact : 4 12 Quarterly	Likelihood :3 Impact :4 12 Quarterly	26/07/2017 27/7/2017 - C Squire: progress is being made but does not change the current score at present.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0007 **Risk Owner:** Paula Hewitt **Next Risk Review Date:** 14/11/2017	**Risk Description:** Strategic Risk 2014: Business Continuity: Short or long-term service disruption may occur **Cause:** [because of] Lack of formal arrangements in place or being finalised that enable managers to review risks in the planning for business continuity **Consequence:** [resulting in] Major disruptive challenge to service provision and unplanned costs.	Likelihood :3 Impact :5 15 Monthly	◦ **Business Continuity Steering Group** Hold regular meetings of the Business Continuity Steering Group. Membership includes SCC service representatives and colleagues from the District Councils. Purpose of the Steering Group is to embed and promote effective business continuity arrangements throughout the local authorities and contracted services. In 2017/18 meetings are scheduled for May, August, November and March. *In Progress* (25% complete) ◦ **Annual test of business continuity plans** Hold a table-top exercise in spring 2018 to test the SCC Corporate Business Continuity Plan and the supporting service level plans. District councils are invited to participate. Build on the lessons identified in Ex Viral Crisis held in March 2017. *In Progress* (10% complete) ◦ **Annual update of SCC Corporate Business Continuity Plan** Revise the SCC Corporate Business Continuity Plan annually or following an activation of the corporate level arrangements. Plan was last updated and re-issued in January 2017. Next routine update is scheduled for January 2018. *In Progress* (10% complete)	**Nicola Dawson** 21/11/2017 *31/03/2018* **Nicola Dawson** 26/11/2017 *31/03/2018* **Nicola Dawson** 03/02/2018 *31/01/2018*	Likelihood :3 Impact : 4 12 Quarterly	Likelihood :3 Impact :4 12 Quarterly	14/08/2017 Controlled risk score remains unchanged. P Hewitt 14/08/17

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0002 **Risk Owner:** Paula Hewitt **Next Risk Review Date:** 12/10/2017	**Risk Description:** Strategic Risk 2015: Commissioning: Failure to adequately commission services and/or failure in the market and supply chain **Cause:** Demand led response and not outcome driven (trying to deliver the same service with less resources is no longer feasible), limits the ability to deploy resources previously identified for investment in preventative services **Consequence:** Resulting in transfer and a reduction in planned long term savings and the council being unable to meet statutory obligations and/or to deliver the County Plan objectives, Incur additional financial costs, fail to achieve value for money, reputation damage, vulnerable individuals at greater risk, financial penalty	Likelihood :5 Impact :5 25 Escalate to SRMG	◦ **Workforce Development in place to ensure commissioning staff have the right skills &competencies for the role** 03/02/2016: New SM in post and developing plan to embed commissioning in SCC including workforce development plan. Commissioning Board to review plan in February. *In Progress* (60% complete) ◦ **A&H commissioning intentions for 2015 16 has been drafted and commissioning structure revised to align it to the TOM.** A&H commissioning intentions for 2015 16 has been drafted and commissioning structure revised to align it to the TOM. We are currently working through workplans to ensure resources are aligned to the new Commissioning Intentions *In Progress* (10% complete) ◦ **Discussions with commissioners to ensure information available is appropriate and readily accessible.** Review 5 Mar 2015: Regular updates with SCMG on a monthly basis regarding latest insight and intelligence *In Progress* (60% complete)	**Mickey Green** 02/08/2017 *28/07/2017* **Stephen Chandler** 06/05/2017 *28/04/2017* **Malc Riches** 30/04/2017 *30/09/2017*	Likelihood :3 Impact : 4 12 Quarterly	Likelihood :3 Impact :4 12 Quarterly	12/07/2017 Controlled risk score remains unchanged. P Hewitt 12/07/17

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0024 **Risk Owner:** Richard Williams **Next Risk Review Date:** 03/02/2017	**Risk Description:** Strategic Risk 2011: Operations: Quality of service delivery is inconsistent and fails to meet our customers expectations **Cause:** Funding constraints coupled with increasing demand. This continues as we move to a new MTFP period and the likely CSR announcement for us. **Consequence:** Loss of customer confidence and trust in the Council, impacting on the reputation of the council	Likelihood :4 Impact :4 16 Escalate to SRMG	◦ **Putting in place effective contract management at a senior level throughout the Council** Update 25/06: Greater commercial awareness cascaded through organisation. Establishing greater clarity between day - to -day Contract Management via operations and Commercial management delivered via procurement team. as part of SWAP Audit *In Progress* (40% complete) ◦ **Ensure adequate management information and reporting is in place to monitor quality through the Business Intelligence Function** *In Progress* (80% complete)	**Richard Williams** 02/08/2018 *02/08/2018* **Malc Riches** 07/09/2017	Likelihood :4 Impact : 3 12 Quarterly	Likelihood :4 Impact :3 12 Quarterly	03/08/2016 This remains a risk to the Council as budgets tighten still further and as in year demands continue to grow, particularly in children's services and adult services. As such its status needs to remain.
	ORG0010 **Risk Owner:** Stephen Chandler **Next Risk Review Date:** 10/10/2017	**Risk Description:** Strategic Risk 2016: Safeguarding Adults: We fail to deliver our statutory safeguarding activity in relation to adults **Cause:** there is a risk that death or injury to a vulnerable member of the public or a member of staff, where the county council has not completely fulfilled its responsibilities may occur **Consequence:** leading to increased audit inspections, personal litigation claims, adverse publicity for the council and possible financial penalties	Likelihood :3 Impact :5 15 Monthly	◦ **Establish a dedicated ASC Safeguarding and Quality Service and ensure it effectively and efficiently manages and responds to** A dedicated Safeguarding Service has been in place since Sept 2015. Action plan in place to manage growing demand, and significant work now underway to ensure performance standards are understood and targets routinely met. Recent SWAP Audit undertaken which recognises both strengths and areas requiring further attention. Current ASC Restructure will have impact on current model of service delivery and capacity, and split the current function between ops and commissioning, with ops sitting beneath Carolyn Smith (Strategic Manager for Mental Health & Safeguarding) and commissioning/care quality aspects sitting beneath Niki Shaw (Strategic Manager for Quality & Performance) *In Progress* (90% complete)	**Mel Lock** 09/10/2017 *29/09/2017*	Likelihood :3 Impact : 4 12 Quarterly	Likelihood :3 Impact :4 12 Quarterly	10/07/2017 Risk reviewed and action updated, reflecting ASC restructure developments

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0001 **Risk Owner:** Paula Hewitt **Next Risk Review Date:** 14/11/2017	**Risk Description:** Strategic Risk 2014: Civil Emergencies: A major civil emergency results in loss of life and major disruption to services **Cause:** we do not adequately plan for civil emergencies including the testing of plans and prioritisation of our resources, **Consequence:** impact on Somerset County Council's reputation and standing locally and Nationally	Likelihood :4 Impact :5 20 Escalate to SRMG	∘ **Test the new Joint Emergency Response Arrangements: Exercise Electrum 2017** Hold an emergency exercise for all six Somerset local authorities to test the new sections of the Joint Corporate Emergency Response and Recovery Plan. The exercise is scheduled for October (deferred from June due to date clashes) and will be preceded by a programme of awareness briefing and training. During May, over 30 Business Support staff were trained in their emergency centre support roles. *In Progress* (25% complete) ∘ **Deliver phase one of the SLACCP Training and Exercise Policy** At the July 2017 SLACCP meeting, all six authorities signed off a SLACCP Training and Exercising Strategy. This will deliver a consistent and sustainable rolling programme of role and capability based training. It will make full use of IT eg e-learning, webinars etc as well as face to face training and exercises. First phase to be rolled out from autumn 2017. *In Progress* (10% complete)	**Nicola Dawson** 13/09/2017 *30/11/2017* **Nicola Dawson** 03/11/2017 *31/03/2018*	Likelihood :2 Impact : 5 10 Monthly	Likelihood :2 Impact :5 10 Monthly	14/08/2017 Controlled risk score remains unchanged. P Hewitt 14/08/17

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0031 **Risk Owner:** Trudi Grant (JB) **Next Risk Review Date:** 15/12/2017	**Risk Description:** Strategic Risk 2014: Public Health: Non-delivery of statutory functions and legal obligations in relation to protecting and improving the health and well-being of the local population **Cause:** Increased demand and costs of health and social care services **Consequence:** Possible deaths, inability to respond to serious disease outbreaks/epidemic, rises in avoidable deaths and morbidity. Lack of business continuity, reduced public confidence, litigation claims, bad publicity, reduced social and economic prosperity.	Likelihood :5 Impact :5 25 Escalate to SRMG	◦ **All mitigating actions are in place the risk rating is in relation to health protection specifically** All mitigating actions are in place and assurance for the health protection system is gained through the Health Protection Forum. The risk rating is in relation to health protection specifically as most Public Health outbreaks / risks could result in numerous deaths. *In Progress* (99% complete)	**Trudi Grant (JB)** 15/12/2017	Likelihood :2 Impact : 5 10 Monthly	Likelihood :2 Impact :5 10 Monthly	16/03/2017 Statutory Assurance has been reviewed - risk to be reviewed again in 6 months

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0025 **Risk Owner:** Simon Clifford 2 **Next Risk Review Date:** 17/10/2017	**Risk Description:** Governance: Our decision-making cumulatively increases inequality **Cause:** As a result of decision-making which is ill-informed, unsubstantiated and the cumulative impact of these decisions being considered **Consequence:** Organisation - We may find that the consequences leave SCC open to legal challenge or action. Increased demand for and future costs of service. Community – The community could be potentially negativity impacted if there is not a collective consideration of changes to service. Whilst there is the potential for this to affect all members of the community by their nature it could affect groups identified under the Equality Act 2010 more profoundly and disproportionately. Some of the wider impacts on the community could be: increase in poor mental health, substance misuse, NEETS, young people leaving the county, loss of community cohesion and an increase in community tension. should any of these occur it will accept the individual, their community and potential increase service need from local authorities.	Likelihood :3 Impact :5 15 Monthly	◦ **Staff and Members have an opportunity to understand their requirements under the Equality Act 2010** Staff and Members have an opportunity to understand their requirements under the Equality Act 2010 - A mandatory set of training will be over the coming years. This will be supported by mandatory online training and additional bespoke elements. *In Progress* (50% complete) ◦ **Establish continuing dialogue with communities to establish whether the impact is as expected** Establish continuing dialogue with communities to establish whether the impact is as expected *In Progress* (60% complete)	**Tom Rutland** 05/02/2018 *31/03/2018* **Tom Rutland** 16/11/2017 *31/12/2018*	Likelihood :3 Impact : 3 9 Quarterly	Likelihood :3 Impact :3 9 Quarterly	17/07/2017 moving to the new themed approach in MTFP in theory gives us a more balanced view across directorates as to the level and impact of decisions and awareness of their cumulative impact. There is a risk that due to the themes becoming effective silos that we fall into old ways and do not look across the board at our decisions. If this came to pass it would by its nature would not be an improvement but also would not be any worse than the systems we have had in place for many years. The challenge therefore is to be rigorous and to challenge the themed system to ensure it does not slide backwards.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0022 **Risk Owner:** Richard Williams **Next Risk Review Date:** 04/12/2017	**Risk Description:** Strategic Risk 2014: ICT: Unintentional events, including changes to our IT system, or intentional attempts that damage our systems, property, reputation or one of our other resources. **Cause:** Communication disruption, reduced satisfaction with services e.g. unplanned downtime for ICT, increased FOI culture. Increase in claims for compensation, increased external / internal fraud, increased tendency to 'work the system'. **Consequence:** Risk to our customers wellbeing if data can not be accessed, financial cost - reduced funding to meet objectives, reputation damage, ties up management time, cost of extra control, possible aversion to risk taking.	Likelihood :3 Impact :5 15 Monthly	∘ **Updated Information Governance Policies New Enterprise Architecture team security training & awareness sessions for IT & SMEs** *In Progress* (40% complete)	**Dave Littlewood** 04/12/2017	Likelihood :3 Impact : 2 6 Six Months	Likelihood :2 Impact :2 4 Six Months	03/08/2017 The resilience and security of our IT systems and data has been a focus in our implementation of cloud based and other changes to the IT infrastructure. We need to remain vigilant particularly to external threats including viruses. Given pace of change in IT this should be a 6 monthly review.

Report Selection Criteria

Status Flag=ACTIVE - ISNULL(Project Code) - Business Unit Code=ORG

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Somerset County Council
Audit Committee
– 21 September 2017

Adults – Safeguarding Alerts – Audit Update

Lead Officers: Mel Lock Operations Director, Adults and Health, Carolyn Smith Strategic Manager & Louise White Service Manager
Authors: As above
Contact Details: Tel: 07977401915 email LXWhite@somerset.gov.uk
Cabinet Member: Cllr David Huxtable
Division and Local Member: Not applicable

1. Summary

1.1. This report provides an update for Audit Committee following the recommendations received following the Safeguarding Alerts audit issued 3 May 2017.

2. Issues for consideration / Recommendations

2.1. Members are asked to note the actions that have taken place by officers since the audit was completed and in particular focuses on the management actions agreed.

3. Background

3.1. The attached appendix provides an update on the management actions agreed as part of the Safeguarding Alerts audit completed in January 2017.

The audit was commissioned to assess the adequacy of the control and procedures in place for the Adults Safeguarding Alert process across Somerset County Council.

In particular the audit focussed on the 'alert stage' of a safeguarding contact being received by SCC. Extending focus to the subsequent timescales and reporting processes that are in place to ensure that all contacts that are accepted as needing a safeguarding response are responded to in a timely way, that there is a clear audit trail to support this and that enquiries are concluded timely.

In addition the audit identified the importance of case recording that evidenced practice decision making of a suitable quality and standard.

4. Update on Management Actions

4.1. Please see the attached Appendix A
Update - all actions are in progress but due to various service demands additional time is needed to allow for sufficient data to be available to be test.

5. Background papers

5.1. Adults – Safeguarding Alerts Final Report 3 may 2017

Note; For sight of individual background papers please contact the report author

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Adults – Safeguarding Alerts

Final Report

Issue Date: 3 May 2017

Working in Partnership to Deliver Audit Excellence

Contents

Executive Summary

Overview

As part of the 2016/17 audit plan a review has been undertaken to assess the adequacy of the controls and procedures in place for the Adults Safeguarding Alert process across Somerset County Council.

Organisations and individuals make contact with the Council should they feel that a vulnerable adult is at risk of harm. Upon receiving these alerts the Council will make urgent enquiries to understand the situation and make decisions about what needs to be done next to make sure adults are safe. Under the Care Act (2014), Local authorities must make enquiries, or cause another agency to do so, whenever abuse or neglect are suspected. The scope of that enquiry, who leads it and its nature, and how long it takes, will depend on the particular circumstances.

Somerset County Council has a dedicated Safeguarding service that will:

- Receive all the safeguarding concerns for adults who may be at risk across Somerset;
- Make the decision if the concern meets the criteria for statutory further enquiries;
- Work with the adult at risk or their advocate to agree what outcome they want to achieve;
- Determinate the proportionate response and timescales for achieving these;
- Make sure the response is personal to the individual concerned;
- Lead the enquiry, or cause others to enquire, and make sure the most appropriate other people assist with the enquiry to inform decision making;
- Link with other key people or agencies in the person at risks system;
- Make sure that there is a protection plan in place;
- Review the outcomes with the person at risk; and
- Identify lessons learned and make changes to practice and process.

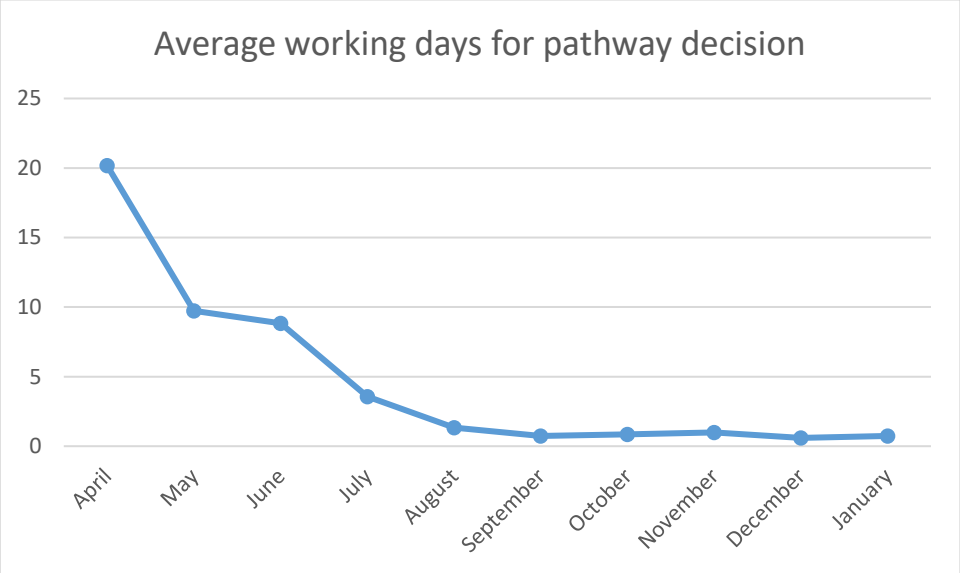
Between 1 April 2016 and 17 January 2017, a total of 4,212 safeguarding alerts were received by the Safeguarding team. Safeguarding alerts can be received from any source, with the highest number of contacts made by care providers or the police. These are broken down by source type below:

Source type	Number of alerts raised
Care Provider	1,854
Police	1,052
Social Service	256
Mental Health Social Care	211
Hospital	181
Family/relatives	180
Other*	478

*Other field includes – Ambulance service, GP, Somerset Partnership (NHS), Friend, Anonymous, Self, Neighbour, Educational Institute, Not Recorded, Hospital and Early Intervention Service.

All alerts received go through a triage process which needs to be completed within 2 working days (alert received to pathway decision). There is a current target set for 95% of all alerts to be triaged within this timeframe. Where a safeguarding enquiry is relevant, there is a target to complete the enquiry within 20 working days. At the end of the 20 day process, enquiries should be completed within the Safeguarding team with referrals made to local social worker teams where necessary with clarity about how the protection plan should be progressed.

During 2016/17 the Service & Operations Manager, Safeguarding & Quality has been working on improving the performance of the triage process and reducing timescales. A triage team has been in place since April 2016; in September 2016 staff transferred from the Somerset Direct First Point of Contact team to the Safeguarding team in Chard. There are now regular performance reports that show the effectiveness of the triage process that are reviewed in Adult Social Care's Performance Improvement Meetings (PIMs). Performance reporting has shown that the timescales for the triage process have substantially improved. The chart below shows the average timescales for the pathway decision on whether a referral is accepted for a safeguarding enquiry.



Objective

The service responds to safeguarding alerts promptly ensuring adults are protected from neglect and/or abuse.

Significant Findings

Finding:	Risk
The 20 working day target for completing enquiries was not met in half of the sample tested.	Vulnerable adults are subject to neglect and/or abuse as a result in safeguarding alerts not being effectively acted upon.
Five examples tested did not contain sufficient data in AIS to demonstrate that either the pathway decision of the information gathered prior to triage.	

Audit Opinion:	Partial

I am able to offer partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Whilst partial assurance has been offered it is acknowledged that significant work has already been undertaken within the financial year to improve the timescales of the triage process, there is a clear

demonstrable improvement in performance with effective monitoring processes in place. Weaknesses identified relate primarily to the enquiry process undertaken post-triage, where data quality and performance monitoring issues were identified. The service has its own action plan for improvement that covers post-triage, which includes developing performance reports and quality assurance.

The weaknesses identified during this review include:

- Policies outline a twenty-day timescale for completing enquiries, this is flexible depending on the level of risk. However, there is no guidance to outline this flexibility leaving the process undefined. Procedures describing how staff should manage the safeguarding process post-triage are not well defined and require further development.
- The quality of the data contained within AIS was insufficient to determine what further information was gathered prior to triage in three examples tested.
- The twenty-day target for enquiries was not met in 50% of cases reviewed, there is currently no process in place to ensure that enquiries are being managed within 20 days, nor to raise any alert for prolonged cases.
- Case notes contained within the AIS system were missing the outcome of pathway decisions in two examples and three out of nine sampled cases that required a Section 42 investigation were missing evidence of an indexed outline strategy plan in AIS.

Well Controlled Areas of the Service

Performance of the triage process is monitored through monthly performance management reports, these reports provide a detailed overview of the alert outcomes, timescales for completing alerts and compliance with the two-day deadline, where alerts are coming from and how many safeguarding cases are awaiting allocation. The report also provides trend analysis allowing readers to see the direction of travel.

Corporate Risk Assessment

Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. Vulnerable adults are subject to neglect and/or abuse as a result in safeguarding alerts not being effectively acted upon.	**High**	**Low**	**Low**

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk based audit. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

A report of all contacts made through Safeguarding between 1 April 2016 and 17 January 2017 was provided by the ASC Business Support Manager, a sample of 20 cases was selected for review weighted towards more recent examples as a result of the change of processes.

Interviews were held with the Service & Operations Manager, Safeguarding & Quality and members of the Safeguarding team based at the Lace Mill office in Chard. AIS was accessed by audit to review sampled cases for evidence of case notes and timescales.

This audit primarily focused on the timescales for managing alerts and enquiries, it did not assess the quality and the effectiveness of safeguarding interventions put in place to support vulnerable adults.

Risk 1.	Vulnerable adults are subject to neglect and/or abuse as a result in safeguarding alerts not being effectively acted upon.	**Low**

1.1 Finding and Impact

<u>Documented procedures and timescales</u>

The service has a flowchart which outlines how to triage alerts received into the team. However, it was also identified during testing that Somerset Direct receive police reports and ambulance information through their secure email address, these emails are reviewed by an Advanced Practitioner who reviews the report and assigns a worker to gather more information. If the email is deemed an inappropriate safeguarding referral it is returned to the sender. The Business Support team are requested to then create a record on AIS and create the Safeguarding contact. Although the email part of the process is included, the documented flowchart does not outline the subsequent part of the process and should be included for completeness.

The triage process appeared well defined during audit. However, processes became less clear post-triage. Within the triage process overview document it states “enquiries will be completed within a 20 working days timescale – this will be flexible dependent on the level of risk and will be determined in consultation with the triage Advanced Practitioner”, however there is no internal guidance to cover this flexibility to ensure that it is consistently applied across the team or how differing targets can be agreed. There is therefore a risk that officer discretion could be used to extend the timescale beyond a limit that the Council would deem acceptable.

There is currently no ongoing assessment determining how the Council is meeting its target timescales compared with other authorities. Benchmarking would provide a beneficial external

marker as to the reasonableness of their set targets. There is a risk that operating without a sufficient comparator prevents continuous improvement. Through discussion with the Service & Operations Manager, Safeguarding & Quality she stated that she has started to make some initial contact with Bath and North East Somerset Council which may lead to some future opportunities.

1.1a	Agreed Outcome:	Priority 3

I recommend that the Acting Strategic Manager – Safeguarding and Quality develops the recorded procedures to monitor safeguarding alerts beyond the initial triage process and to outline situations where the 20 day targets should be increased or reduced. Changes to timescales should be authorised and recorded in the case notes.

Action Plan:

Person Responsible:	Acting Strategic Manager – Safeguarding and Quality	Target Date:	30 June 2017
Management Response:	A draft policy has already been produced that will advise on divergent timescales. Rather than an authorisation process for cases taking longer than 20 days, policy wording should state that enquiries beyond 20 days will be discussed with staff in supervision. A review of the flowchart process is being taken forward as part of the upcoming pilot referral process with the Constabulary.		

1.1b	Agreed Outcome:	Priority 3

I recommend that the Acting Strategic Manager – Safeguarding and Quality ensures there is liaison with other authorities to share performance data to drive improvement.

Action Plan:

Person Responsible:	Acting Strategic Manager – Safeguarding and Quality	Target Date:	Ongoing
Management Response:	Agreed - There is already a South West Safeguarding Leads group that can be used to obtain this information. The continuous monitoring of benchmark data can be used to drive improved performance and will provide greater context as to how well Somerset is performing beyond existing report measures such as SAC.		

1.2 Finding and Impact

Sample testing

Safeguarding alerts and enquiries are managed on the Council's Adults Social Care database (AIS), with Somerset Direct loading initial contacts onto the database to initiate the triage process. An audit trail demonstrating each step of the process should be contained within the system. A sample of 20 cases was reviewed on AIS to assess compliance against processes, the sample was weighted to include ten cases that did not meet the two working day target for initial pathway decision. The following findings were made from this review:

- Two examples reviewed had no pathway decision case note recorded within AIS, this prevents determining whether the case had been closed or not; and
- Three examples were not clear within AIS to determine what further information was gathered during triage.

The lack of evidence contained within the system limits the ability to place assurance that processes have been effectively followed and there is a potential risk that safeguarding actions have not been undertaken.

A further example reviewed showed that the triage process took longer than two working days, it was identified that the alert was received on the same day as another similar alert for the same individual which was deemed inappropriate (not safeguarding), it appears that this caused some

confusion where both alerts were assumed to be closed. There are validation tools in place to ensure that open alerts are picked up and identified however in this instance the validation reports used failed to identify this case. The Business Support Assistant stated that this reporting error is known and work is ongoing to rectify it. Without an effective reporting tool, there is a potential that exceptions are not identified and reviewed and any safeguarding actions required are delayed.

Of the sampled cases only nine required a Section 42 investigation (where the local authority must make enquiries to establish whether any action needs to be taken to prevent or stop abuse or neglect) of these only three had evidence of a strategy indexed within AIS.

The 20 working day enquiry completion target was not met in ten out of twenty cases. See the following breakdown:

- Four cases were closed between 21-34 days
- Four cases still have ongoing investigations, of these two have exceeded 100 days.
- One case was closed after 196 days as part of a data cleansing process
- One case had insufficient information contained within the system to follow the process.

As stated within finding 1.1, it is acknowledged that there may be some legitimate reasons for safeguarding investigations taking longer than the 20 working days, a recommendation has already been stated as part of 1.1a to develop policy to provide greater clarity in this area. However, without an effective process to monitor timescales between allocation and closure there is a risk that without sufficient controls in place to monitor timescales that safeguarding actions are unnecessarily delayed. A recommendation relating to this has already been made in 1.2 above.

Through sample testing it was identified that contacts recorded within the AIS system case notes do not always have the date included in the title, this then creates difficulty in identifying a timeline of activity. Whilst reviewing the data held within AIS it was also noted that two cases that had been closed did not have any evidence that the referrer had been notified of the outcome.

In reviewing the data held on AIS it was identified that whilst there is a pro-forma for Pathway decision case notes, there is no standardised convention within AIS for the quality and content of further safeguarding case notes.

There is a risk that records are not sufficient to enable review of timescales and information in an easy and timely manner which may be essential should cases be reviewed following a near miss incident/death of a client.

1.2a	Agreed Outcome:	**Priority 4**

I recommend that the Acting Strategic Manager – Safeguarding and Quality ensures that timescales are monitored for:

- Working days between contact and allocation
- Working days between allocation and closure

Cases that take longer than target timescales should be monitored on a sample basis. Validation reports must identify all open cases.

Action Plan:

Person Responsible:	Acting Strategic Manager – Safeguarding and Quality	Target Date:	June 2017
Management Response:	Agreed – a request has already been made for a daily report that will allow this analysis and to identify specific cases. This data will also be used to support the quality and performance monitoring detailed under recommendation 1.3a. All cases identified where no pathway decision was recorded were identified and addressed as part of the Safeguarding		

	Service's on-going validation process – we can confirm there were no issues in terms of these referrals not being responded to. Issues identified around case note recording and quality will be followed up through supervision discussions.

1.3	Finding and Impact

Management oversight: Performance and Quality

The Performance Improvement Meeting reports provide a detailed analysis of all safeguarding alerts received through to their initial allocation to a Social Worker. However, reporting does not include anything beyond the allocation stage and therefore the timescales for any strategy/interventions or the length being place are not monitored by the service. Through discussion with the Service & Operations Manager, Safeguarding & Quality the reporting structure for identifying cases that have fallen outside the stated timescales is currently being developed, the action to have this completed has been assigned to individuals and progress is being monitored through the monthly PIMs report. Without full reporting in place, there remains a risk that delays are not identified and acted upon to ensure an effective safeguarding response is consistently delivered.

A recommendation has already been made on updating the reporting process and therefore no further recommendation is made in relation to this finding.

The Safeguarding Team currently don't have an audit process, however they are trying to obtain an 'audit tool' to initiate this. The Service & Operations Manager, Safeguarding & Quality has stated that she wants this to be in place by April 2017, with a current plan to review two cases per month. This will check to ensure that due process has been followed and the quality of case notes and 'Understanding You K' forms etc. is of a sufficient standard. This will also assess whether staff are capturing discussions effectively, and ensuring that suitable advocate support is arranged for vulnerable individuals where necessary. There is a risk that without a quality assurance process in place that output of work is not delivered to the standards as defined by the Council. There is an action plan in place to deliver quality reviews which was evidenced as part of this audit. However, a recommendation has been made within this audit to ensure that this is delivered.

1.3a	Agreed Outcome:	Priority 3

I recommend that the Service & Operations Manager, Safeguarding & Quality samples cases on a periodic basis to ensure that action plans, case notes and supporting documentation are completed to sufficient quality as defined by SCC and input in a timely manner.

Action Plan:

Person Responsible:	Service & Operations Manager, Safeguarding & Quality	Target Date:	June 2017
Management Response:	Agreed - Where quality standards are not met feedback will be provided through supervision.		

Audit Framework and Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.	
Priority 5	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4	Important findings that need to be resolved by management.
Priority 3	The accuracy of records is at risk and requires attention.
Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.	

Report Summary

Report Authors

This report was produced and issued by:

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Lisa Fryer, Assistant Director

Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

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Jon Padfield, ASC Business Support Manager

Distribution List

This report has been distributed to the following individuals:

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Working in Partnership with

Devon & Cornwall Police & OPCC
Dorset County Council
Dorset Police & OPCC
East Devon District Council
Forest of Dean District Council
Herefordshire Council
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North Dorset District Council
Sedgemoor District Council
Somerset County Council
South Somerset District Council
Taunton Deane Borough Council
West Dorset District Council
West Somerset Council
Weymouth and Portland Borough Council
Wiltshire Council
Wiltshire Police & OPCC

Statement of Responsibility

Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

Appendix A – Adults Safeguarding Alerts Management Response

1.1a Audit recommendations; I recommend that the Acting Strategic Manager – Safeguarding and Quality develops the recorded procedures to monitor safeguarding alerts beyond the initial triage process and to outline situations where the 20 day targets should be increased or reduced. Changes to timescales should be authorised and recorded in the case notes.
1.1a Management response A draft policy has already been produced that will advise on divergent timescales. Rather than an authorisation process for cases taking longer than 20 days, policy wording should state that enquiries beyond 20 days will be discussed with staff in supervision. A review of the flowchart process is being taken forward as part of the upcoming pilot referral process with the Constabulary.
1.1a Audit Committee Update The policy has been circulated within the service and will shortly be published as part of a local procedures document on the Somerset Safeguarding Adults Board website. Staff awareness of achieving the 20 day timescale has increased and an enhanced conversation during supervision is held. The AIS recording process has changed so that there is a clear audit trail of who is responsible for the enquiry, thereby enabling caseloads to reflect allocated work. Action links to 1.2.

1.1b Audit recommendations; I recommend that the Acting Strategic Manager – Safeguarding and Quality ensures there is liaison with other authorities to share performance data to drive improvement.
1.1b Management response; Agreed - There is already a South West Safeguarding Leads group that can be used to obtain this information. The continuous monitoring of benchmark data can be used to drive improved performance and will provide greater context as to how well Somerset is performing beyond existing report measures such as SAC.
1.1b Audit Committee Update; The Strategic Manager for Quality & Performance is working as part of the South West Safeguarding Leads ADASS Group to share and obtain information to help drive improvement. In July 2017, she arranged for the group to share their respective Local Authority Safeguarding Adult Collection annual returns submitted to the Department of Health; this regional data is now being analysed and benchmarked by an independent analyst and will be presented back to the group at the next meeting in late September, and used to inform local awareness and action. Further information will be published nationally in October by the DoH.

1.2a Audit recommendations; I recommend that the Acting Strategic Manager – Safeguarding and Quality ensures that timescales are monitored for: • Working days between contact and allocation • Working days between allocation and closure Cases that take longer than target timescales should be monitored on a sample basis. Validation reports must identify all open cases.
1.2a Management Response;

Agreed – a request has already been made for a daily report that will allow this analysis and to identify specific cases. This data will also be used to support the quality and performance monitoring detailed under recommendation 1.3a. All cases identified where no pathway decision was recorded were identified and addressed as part of the Safeguarding Service's on-going validation process – we can confirm there were no issues in terms of these referrals not being responded to. Issues identified around case note recording and quality will be followed up through supervision discussions.
1.2a Audit Committee Update IMT are building a report that reports when a contact is received, that is accepted for a safeguarding response, to show timescale for how long this then takes to be allocated. Our aspiration as a service is to have minimal waiting for allocation and to allocate on the same day as pathway decision. In addition IMT are building a report that will show working days between allocation and conclusion of enquiry – this will then identify outstanding enquiries beyond 20 day timescale. Both reports have errors on when run so we continue to test this with service manager oversight. Supervisions with staff take place monthly; all cases allocated are discussed therefore the quality assurance of case recording and timescales are addressed. All cases between contact and allocation are reviewed and prioritised daily to manage risk.

1.3a Audit recommendations I recommend that the Service & Operations Manager, Safeguarding & Quality samples cases on a periodic basis to ensure that action plans, case notes and supporting documentation are completed to sufficient quality as defined by SCC and input in a timely manner.
1.3a Management response; Agreed - Where quality standards are not met feedback will be provided through supervision.
1.3a Audit Committee Update; Governed by the ASC restructure underway supervision accountability has changed within the service. Whilst recruitment to safeguarding lead roles is underway our supervision arrangements are temporary waiting full structure implementation. Nonetheless every worker is allocated a supervisor and has received formal supervision monthly. Case sampling occurs within supervision and also on a daily basis by senior officers within the service. Where quality standards are not met feedback is provided, and recorded, in formal supervision conversations. The safeguarding service will be part of the sample supervision audit being undertaken by L&D team. Outstanding action – there is a need for the service to have a formal audit process and description of what our expected standards are.

Somerset County Council
Audit Committee
– 21 September 2017

Partial Assurance Audit – Adults AIS Data Quality – Audit Update

Lead Officers: Jon Padfield, Business Manager, Adults & Health & Mel Lock, Operations Director, Adults and Health
Authors: As above
Contact Details: Tel: 01823 355745/email jpadfield@somerset.gov.uk
Cabinet Member: Cllr David Huxtable
Division and Local Member: Not applicable

1. Summary

1.1. This report provides an update for Audit Committee following the partial opinion received following the *Data Quality* audit issued 21 January 2017.

2. Issues for consideration / Recommendations

2.1. Members are asked to note the actions that have taken place by officers since the audit was completed and in particular focuses on the management actions agreed.

3. Background

3.1. The attached appendix provides an update on the management actions agreed as part of the Data Quality audit completed in January 2017.

In particular the audit was focussed on the use of AIS as the Adult Social Care case management system and the measures in place to ensure that the quality of data recorded on AIS is as robust as possible.

4. Update on Management Actions

4.1. Please see the attached Appendix A

5. Background papers

5.1. Data Quality Audit - Final Report 21 January 2017

Note For sight of individual background papers please contact the report author

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AIS – Data Quality

Final Report

Issue Date: 21 January 2017

Working in Partnership to Deliver Audit Excellence

Contents

Executive Summary

Overview

As part of the 2016/17 audit plan a review has been undertaken to assess the adequacy of the controls and procedures in place for AIS – Data Quality across Somerset County Council. A previous audit of AIS carried out by SWAP in 2013 focused on the application itself. Issues identified in this audit included data quality being undermined by a lack of robust input validation within the application. The Adults & Health Operations Director requested that any future audits of AIS focused on data quality.

Data input to AIS is completed across multiple teams and users, ranging from social workers inputting care assessments to finance staff using the system for managing Direct Payments (via interface to Council's Financial Management system – SAP). Due to the multiple points of access to the AIS system and data fields being used by these staff, this audit has primarily focussed on how data quality is assured centrally and how the system is meeting the current and future demands of the system.

Access to the system is controlled by all users being required to complete online training prior to accessing the data and are set up in accordance with set security user groups and these provide differing levels of access according to job role. New users are also required to provide a Disclosure and Barring Service certificate prior to access being granted. System Administration access is limited to only seven members of staff.

Further Adults audits are being undertaken within the 2016/17 audit plan including audits on Safeguarding, Personal Finance Contributions and Residential Placements. These services all utilise AIS for managing their processes and for generating reports. Any potential weaknesses in data input identified at an operational level within these audits will be reported as a finding within the associated audit report.

The AIS system contract with the supplier, Northgate, has been managed by South West One. With the re-integration of services from South West One from December 2016 this contract will subsequently be managed by SCC. Recommendations identified from this review will support in any future contract management.

Objectives

To ensure there are effective processes in place that ensure data input on AIS is accurate and valid.

To ensure that reports generated from AIS are sufficient and support business decisions.

Significant Findings

Finding:	Risk
There is no guidance in place detailing the service's approach to validating data, determining priority items for validation and timescales for clearing exceptions identified. Validation reports showed a high number of exceptions being reported, some data fields	The care needs of individual or statutory obligations are not met through data error or omission.

appear to have been open for long periods of time.	
There is no strategy in place to determine what system functionality is expected from AIS and how it will be achieved limiting Adult Services to ad-hoc system development.	System reporting is unable to support business decisions and performance monitoring.

Audit Opinion:	Partial

I am able to offer partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Although there are resources in place to validate and ensure data quality is managed weaknesses were identified in relation to the following:

- User rights being clearly defined and subject to regular review
- Training and guidance in place to support staff in editing system data
- The use of validation reports to improve data quality
- The ability to monitor individual/team data input quality to improve processes
- The use of system audit data

The opportunity to review system capability against business need has not been undertaken, and although system reporting has been developed through the use of scorecard data, long-term outcomes have not been identified and there is no strategy in place to ensure that the full use of the AIS system is realised.

It is noted that the AIS system contract has previously been managed by South West One, with the re-integration of services from December 2016 there is opportunity to review how the contract has previously been managed and to establish a new relationship with Northgate.

Well Controlled Areas of the Service

There are processes in place with regard to granting access rights that involves personnel checks, training and access requests. The guidance provided to support staff with data input is well-written, concise and clear.

Corporate Risk Assessment

Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. The care needs of individual or statutory obligations are not met through data error or omission.	**High**	**Medium**	**Medium**
2. System reporting is unable to support business decisions and performance monitoring.	**High**	**Medium**	**Medium**

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk based audit approach. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

Due to the number of individuals that have access to the system with ability to create/edit data, this review has focussed primarily on the centralised resources to ensure data quality is sufficient.

We were unable to access reports that would indicate the timeliness with which data is input into the system due to the way the system records this data. For example, data on assessments is recorded using the date of the actual assessment, rather than the date input and there is no system date stamp to record when users have input data, this prohibits audit from identifying the timeliness of data input into the system e.g. reviewing when care assessments occurred and when this data was entered into AIS.

Validation reports are run periodically, however these are contained within the Business Objects system and evidence of previously executed reports is not retained. Therefore we were unable to assess how often these are run and reviewed and the timescales for amending identified exceptions could not be checked.

This audit has focused on data contained within the AIS system, however, it is acknowledged that there is a SWIFT finance platform that interfaces with AIS. Audit testing has not covered data quality, guidance and validation of data input through SWIFT.

Risk 1	The care needs of individual or statutory obligations are not met through data error or omission.	Medium

1.1 Finding and Impact

Defined job roles in relation to user roles have not changed since the AIS predecessor (Swift) was in place. Verbal assurance was provided by the Senior Business Process Co-ordinator (Adults & Health) that access rights/security groups were reviewed when SCC went over to AIS in 2012. However no evidence was provided to substantiate how access rights were originally determined or to support any subsequent review.

There is a risk that data quality could be compromised if users are given access rights that are not applicable to their job role.

A sample of ten AIS users were checked against the system with the Technical Support Officer (Swift Team) to ensure their user roles had been set correctly. Data Security and Access Forms are submitted by Line Managers (this sets out the security group/job role profile they will be assigned to in AIS), along with confirmation of a DBS check and completion of the applicable e-learning modules for the prospective AIS user. Once the Technical Team has all three elements then they

will set up the employee with a user profile and the associated access rights for this profile (Security Group 1-9). The DBS forms are retained but the Data Security Forms are not and so we were unable to substantiate whether users had been set up with the correct security access requested for their job role.

These forms should be retained to ensure that they are available for audit purposes or if there was a query over access rights.

1.1a	Proposed Outcome:	Priority 3

I recommend that the Business Support Manager – Adult Social Care ensures all access rights for AIS are reviewed against required need on a periodic basis. Maintaining a record of the Data Security Forms would support reviewing access rights against requested functionality.

Action Plan:

Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	31 March 2017
Management Response:	Agreed		

1.2	Finding and Impact

New users must complete e-learning modules for AIS and sign the Data Security and Access Forms prior to being given access. The type and number of modules to be undertaken depends upon the job role of the individual. A matrix called the 'AIS & Swift e-learning Curricula' is used by the IT Learning & Development Team to determine what training is required by an individual according to their job role. The relevant e-learning modules must be completed within the first week of employment for new starters.

New users are assigned a security group within AIS that determines what access they have to create, edit and delete data held within specified parts of the system. A sample of four out of nine security groups were tested to ensure that staff are required to undertake training to support the edit rights available to them. It was found that staff undertake e-learning for the majority of edit rights available to them. However, e-learning modules were not provided for the following permissions:

- **Group 1 (Operational & Support Staff)** - No training provided for 'Create Person' (this group able to add, insert, update, and delete information). Additionally no training is provided for 'Care Plan' despite this group being able to read, insert and update a Care Plan (note - this group are unable to delete Care Plans).
- **Group 5 (Support Maintenance Group) -** No training provided for 'Care Plan' despite being able to add, insert, update and delete a Care Plan. Additionally, no training provided for being able to edit 'Hazards (add, insert, update and delete).

The IT Training Officer stated that there has not been a joined-up approach with the Swift Team in terms of linking the edit permissions available to the various security user groups with the e-learning Curricula. There is therefore a risk that the users will have edit/right access to parts of the system without receiving relevant training.

1.2a	Proposed Outcome:	Priority 3

I recommend that the Business Support Manager – Adult Social Care ensures that a joined-up approach is implemented between the Swift Team and the IT Learning & Development Team with regards to training requirements for AIS edit permissions. (This should be completed in line with a review of access rights stated above).

Action Plan:

Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	31 March 2017
Management Response:	Agreed – this has previously been two teams with one managed by South West One. Now South West One staff have returned to SCC there is opportunity to review a more joined up approach.		

1.3	Finding and Impact

There are a total of 370 validation reports which are run automatically on a regular basis by the Information Reporting Team via the Business Objects data reporting tool. Whilst these are available to support staff in validation these are not downloaded and retained by officers to demonstrate that validation work has been undertaken and although run may not actually be used. Operational Teams are responsible for validating their own data however much of this work is done by the Business Support Team but a cited lack of resources has meant that the validation of data has slipped as a priority over 'client care'.

Areas of validation considered during this review focussed on identification of duplicate users, identification of unlikely data and matches with other sources (e.g. NHS Rio data). Unlikely data tends to be identified by chance in the course of operational work rather than being reported as falling outside agreed parameters and included in an exception report. Although informed during testing that there are validation processes in place, no evidence of the duplicates report or data matching exercise was provided and is therefore noted as a limitation of testing.

Whilst a large number of validation reports are available within Business Objects, discussion with the Senior Information Analyst suggests that many of the validation reports are not being utilised for validation purposes and data that requires validation is not being checked and amended due to the significant pressure on resources. It is also understood that the Senior Business Process Coordinator will input amendments to data rather than returning data to the responsible operational teams and there is therefore a risk that performance improvement opportunities are not being realised.

The Senior Business Process Co-ordinator stated that his team will provide support where repeated data input errors point to a gap in understanding as they will walk through the correct process with the user. Evidence of this was not available during testing.

1.3a	Proposed Outcome:	**Priority 4**

I recommend that the Business Support Manager – Adult Social Care ensures that high priority validation reports are identified, run and downloaded to an agreed timeframe. All exceptions appearing on reports should be cleared to zero by local teams on a routine basis and an explanation for outstanding items should be documented.

Action Plan:

Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	31 March 2017
Management Response:	The number of validation reports is high and will require review. There is a need to identify high priority reports to be included in a rolling validation programme with consideration as to which teams resolve exceptions. The Director of Adult Services has tasked senior managers on reviewing data in teams, including the number of outstanding reviews within teams to ensure that there are no reviews outstanding for more than three years.		

1.4	Finding and Impact

Due to validation reports not being retained it was not possible to determine how long identified exceptions remain on the system. Furthermore, there are no set timescales in place to investigate and correct exceptions reported. Out of the 370 reports, a sample of ten validation reports run during November 2016 was downloaded to identify whether exceptions were at a minimum. The following findings were made:

Number of exceptions	Number of reports
Zero exceptions	1
0-10 exceptions	0
11-99 exceptions	4
100-199 exceptions	3
200+ exceptions	2

These findings demonstrate that although there are a high number of validation reports, exception reporting is not minimal. Whilst there may be reasons for these exceptions occurring, where reports are generating 200+ items there is a risk that data held on AIS is not valid.

Of the reports detailed above we were informed the Current Open Clients - Date of Birth (DOB) Validation report, validates clients' date of birth which considered essential information and is required for statutory returns (such as Short And Long Term Care), ASCFR (Adult Social Care Finance Return), surveys and there is a business need to know this information as clients are divided into 18-64 and 65+ years old populations. Inputting this data is the responsibility of the Social Care Teams and the Senior Information Analyst stated that historically there would be few clients with this data missing but the report run from the system on 9 November 2016 indicated **52** clients with no DOB recorded. Of these records, the oldest exception dates back to 2013 however there were 20 exceptions awaiting validation from 2014 & 2015 and 31 from the current year.

Considering the stated frequency of the validation reports being run, outstanding items should be minimal if being remedied. Implementing timescales would assist in prioritising data validation where resources are limited.

1.4a	Proposed Outcome:	**Priority 4**

I recommend that Business Support Manager – Adult Social Care ensures that guidance is put in place that details the service's approach to validating data and timescales for review. Performance against timescales should be monitored on a periodic basis to ensure compliance.

Action Plan:

Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	31 March 2017
Management Response:	To be delivered in line with recommendation 1.3a.		

1.5	Finding and Impact

There is no system in place to identify individual or team data input performance but the Senior Business Process Coordinator believes that running the validation reports identifies users that make a high number or repeated data input errors and that the Business Support Team would address this with the user concerned as a learning point. It should be noted that this was a verbal assurance.

AIS is not able to time-stamp data and therefore there are no reports that can be produced from the system to demonstrate timeliness of data input e.g. when a care assessment is input on the

system the only identifiable date is the date of the assessment, however it may have been input three months after the assessment had been completed. Without this data, it is not possible to report on the timeliness of data input or currency of reporting data held within the system. This data, available in reportable format, would aid in improving data quality, specifically in areas highlighted as not having robust data input such as Safeguarding.

In addition to this, there are no mandatory fields in AIS, even for information that is considered essential for both business need and statutory reporting such as client D.O.B. Through discussion with relevant officers it was established that there would be a large cost involved with creating mandatory fields in AIS (although I was not made aware of the actual figure). Although there would be an initial cost to setting up this functionality in the system it may prove beneficial in reducing the amount of resource required to report on information in AIS that is incomplete or missing.

1.5a	Proposed Outcome:	Priority 3

I recommend that the Business Support Manager – Adult Social Care undertakes a review of system functionality with Northgate to verify whether timestamping data and mandatory fields can be incorporated into the system to support business reporting and performance management.

Action Plan:

Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	28 February 2017
Management Response:	There has been an ongoing weakness with using the AIS system where system functionality has not been available as a result of using a tailored package and developing the package further with Northgate will have a cost. There is currently a planned review of the AIS system which will outline the future system requirements to support business need. The first meeting is planned for December. Following a meeting on 19/01/17 – we are now going to test 'audit' functionality provided by Northgate which will enable us to track entries/changes on AIS and who has made them. This won't help with mandatory fields on AIS, which still aren't possible, but will help with accuracy of data.		

1.6	Finding and Impact

A previous 2012/13 audit finding determined that the audit log/trail within the AIS database had been switched off to improve system response times. Through discussion with relevant officers during this audit it was established the audit log function remains disabled due to the impact of enabling it on performance.

Partial audit records are available in the form of 'significant events'. These records show amendments made to assessments, reviews and case notes but not all areas of AIS are covered by this and so it cannot be relied upon as a true audit trail. In addition, no regular reports are run of the significant events and they would only be accessed in response to a query over data. There is a risk that in not viewing significant event data on a periodic basis that the Council is unable to identify potential data errors at the earliest opportunity.

Database Administrators are able to access the database and view who last updated a record but this would not identify a data input error as such. Any investigation would hinge upon a data input error being identified in the first instance.

1.6a	Proposed Outcome:	Priority 3

I recommend that Business Support Manager – Adult Social Care ensures that significant events are reviewed on a periodic basis to identify potential events that require further investigation.

Action Plan:			
Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	28 February 2017
Management Response:	Agreed – to undertake a review to determine what information is available particularly with regard to identifying if there are high numbers of deletions and determining rationale. See above update – we will be able to track all deletions/amendments as well as identify 'out of hours' access to the system and actions undertaken during these times.		

Risk 2	System reporting is unable to support business decisions and performance monitoring.	Medium

2.1	Finding and Impact

Through discussion with relevant officers on this audit it was established that has been no assessment of the system development required to support Adults operational requirements and future priorities. Without an improvement plan in place on how Adults Services will use AIS there is a risk its utilisation will be developed ad-hoc and not in line with priority business needs.

Through discussion with the Service Manager – Information it is acknowledged that future use of the AIS system is currently still being reviewed as the version (29.1) may not be supported by in the near future if they do not upgrade to the latest version. He stated that SCC has decided not to upgrade until plans for the SWO succession had been finalised and it was certain that the AIS application would continue to be used by Social Care services. One upgrade has been missed so far.

Developing a business plan that outlines system expectations and required development would support in determining AIS suitability going forwards.

2.1a	Proposed Outcome:	Priority 4

I recommend that Business Support Manager – Adult Social Care creates a business improvement plan that ensures full system realisation of AIS for the business. This should include identifying future requirements of the system.

Action Plan:			
Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	30 September 2017
Management Response:	As stated in 1.5a there is an Adults System review commencing as part of the Technology and People programme being undertaken by SCC. There is also further work being undertaken as part of the Performance Improvement Meetings where they are linking up with Nottinghamshire Council and will be able to look at how they record scorecard data.		

2.2	Finding and Impact

The Information Reporting Team estimates that it takes two to three days of one analyst's time to produce the monthly scorecard based on current reporting requirements. Reports are collated primarily from data contained within AIS (which is assumed to be accurate) however some data is also drawn from other externally held sources e.g. Deprivation of Liberties or Mental Capacity Act data where AIS is not able to meet their reporting requirements. There is a risk where data is not held within AIS that the alternatives used, commonly spreadsheets, hold data less securely and provide reduced assurance regarding their integrity.

In addition if all data was recorded in AIS it would reduce the resource required to produce the scorecard.			
2.2a	Proposed Outcome:		Priority 3
I recommend that Business Support Manager – Adult Social Care undertakes a review with Northgate to identify what system development can be undertaken to ensure all reportable data is held within AIS.			
Action Plan:			
Person Responsible:	Business Support Manager – Adult Social Care	Target Date:	See below.
Management Response:	To be undertaken with 2.1a – the AIS contract has previously been managed by South West One which has prohibited SCC from being able to manage the contract effectively. The contract is now managed in-house and may facilitate improvements in the system. Due to the ongoing review of current database use, the delivery of this recommendation will be dependent on the Technology and People project outcomes and timescales. Whilst these are still being determined no implementation date has been set.		

Audit Framework and Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.	
Priority 5	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4	Important findings that need to be resolved by management.
Priority 3	The accuracy of records is at risk and requires attention.
Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.	

Support and Distribution

Report Authors

This report was produced and issued by:

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Adam Williams, Senior Auditor
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Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

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Karen Griggs, Senior Business Process Co-ordinator
Dave Martin, Service Manager - Information
Claire Croome, Senior Information Analyst
Tom Blake, Information Analyst
Diana Fraser, Technical Support Officer (Swift Team)

Distribution List

This report has been distributed to the following individuals:

Stephen Chandler, Director of Adult Social Services
Mel Lock, Adults & Health Operations Director
Martin Gerrish, Strategic Manager (Finance Governance)
Pip Cannons, Service Manager - Adults &. Health Business Management
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Karen Griggs, Senior Business Process Co-ordinator

Working in Partnership with

Devon & Cornwall Police & OPCC

Dorset County Council

Dorset Police & OPCC

East Devon District Council

Forest of Dean District Council

Herefordshire Council

Mendip District Council

North Dorset District Council

Sedgemoor District Council

Somerset County Council

South Somerset District Council

Taunton Deane Borough Council

West Dorset District Council

West Somerset Council

Weymouth and Portland Borough Council

Wiltshire Council

Wiltshire Police & OPCC

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Appendix A – Adults AIS Data Quality Management Response

1.1a I recommend that the Business Support Manager – Adult Social Care ensures all access rights for AIS are reviewed against required need on a periodic basis. Maintaining a record of the Data Security Forms would support reviewing access rights against requested functionality.
1.1a Management Response *[Target date March 2017]* Agreed
1.1a Audit Committee Update All Adult Social Care staff are assigned to an access group that has pre-defined access rights aligned to each of the key roles (e.g. Social Worker/Occupational Therapist, Team Manager, SOM etc). The restructure currently underway within Adult Social Care will necessitate a review of these roles and the access rights assigned to them. This work will be completed by December 2017.

1.2a I recommend that the Business Support Manager – Adult Social Care ensures that a joined-up approach is implemented between the Swift Team and the IT Learning & Development Team with regards to training requirements for AIS edit permissions. (This should be completed in line with a review of access rights stated above).
1.2a Management Response [*Target date March 2017]* Agreed – this has previously been two teams with one managed by South West One. Now South West One staff have returned to SCC there is opportunity to review a more joined up approach.
1.2a Audit Committee Update See 1.1a above, the restructure currently underway within Adult Social Care will necessitate a review of the access rights assigned to each group of staff. We will then ensure that the training for each set of access rights is appropriate. This work will be completed by December 2017.

Appendix A – Adults AIS Data Quality Management Response

1.3a I recommend that the Business Support Manager – Adult Social Care ensures that high priority validation reports are identified, run and downloaded to an agreed timeframe. All exceptions appearing on reports should be cleared to zero by local teams on a routine basis and an explanation for outstanding items should be documented.
1.3a Management Response [*Target date March 2017]* The number of validation reports is high and will require review. There is a need to identify high priority reports to be included in a rolling validation programme with consideration as to which teams resolve exceptions. We have tasked the newly appointed Locality Managers to consider these reports ensure the correct validation process and audits are in place.
1.3a Audit Committee Update An agreed list of 'priority' validations was agreed. However, the restructure of Business Support that is currently underway (and which is likely to result in significant reductions) has meant that the rolling validation programme has been disbanded. All validation reports are now the responsibility of the 4 new Locality Managers, who will work with their Business Support Supervisor to identify how their area reports and data quality can be improved via validation by their operational staff. The PIMS approach within Adults means that managers are using and interrogating data much more frequently. This means that some underlying data quality issues will be resolved outside of the validation process.

1.4a I recommend that Business Support Manager – Adult Social Care ensures that guidance is put in place that details the service's approach to validating data and timescales for review. Performance against timescales should be monitored on a periodic basis to ensure compliance.
1.4a Management Response [*Target date March 2017]* To be delivered in line with recommendation 1.3a.

Appendix A – Adults AIS Data Quality Management Response

1.4a Audit Committee Update See 1.3a above, the rolling validation programme has been disbanded and data validation will now be the responsibility of Locality Managers. PIMS will maintain an oversight of data quality.

1.5a I recommend that the Business Support Manager – Adult Social Care undertakes a review of system functionality with Northgate to verify whether timestamping data and mandatory fields can be incorporated into the system to support business reporting and performance management.
1.5a Management Response [Target date February 2017] There has been an ongoing weakness with using the AIS system where system functionality has not been available as a result of using a tailored package and developing the package further with Northgate will have a cost. There is currently a planned review of the AIS system which will outline the future system requirements to support business need. The first meeting is planned for December. Following a meeting on 19/01/17 – we are now going to test 'audit' functionality provided by Northgate which will enable us to track entries/changes on AIS and who has made them. This won't help with mandatory fields on AIS, which still aren't possible, but will help with accuracy of data.
1.5a Audit Committee Update Soft market testing has taken place with providers of Adult Social Care systems and we are about to commence a full procurement exercise to procure a new system. For this reason, a full review of system functionality with Northgate is not appropriate. In terms of the audit functionality within AIS, this was tested and found not to be fit for purpose and so a decision was taken not to use it.

Appendix A – Adults AIS Data Quality Management Response

1.6a I recommend that Business Support Manager – Adult Social Care ensures that significant events are reviewed on a periodic basis to identify potential events that require further investigation.
1.6a Management Response [Target date May 2017] Agreed – to undertake a review to determine what information is available particularly with regard to identifying if there are high numbers of deletions and determining rationale. See above update – we will be able to track all deletions/amendments as well as identify 'out of hours' access to the system and actions undertaken during these times.
1.6a Audit Committee Update As per 1.5a above, the audit functionality within AIS has been reviewed and was found not to meet our requirements. Audit within Significant Events only covered a very small area of AIS. Northgate said it was not able to build in additional audit functionality in this area. There is no audit facility within Significant Events for deletions.

2.1a I recommend that Business Support Manager – Adult Social Care creates a business improvement plan that ensures full system realisation of AIS for the business. This should include identifying future requirements of the system.
2.1a Management Response [Target date September 2017] As stated in 1.5a there is an Adults System review commencing as part of the Technology and People programme being undertaken by SCC. There is also further work being undertaken as part of the Performance Improvement Meetings where they are linking up with Nottinghamshire Council and will be able to look at how they record scorecard data.

Appendix A – Adults AIS Data Quality Management Response

2.1a Audit Committee Update The procurement exercise for a new Adults Social Care system will include a full specification of Somerset's requirements in future. The Performance Improvement Meetings (PIMS) have highlighted the need for a Performance Framework outlining what we will measure and what good looks like. This document has been produced in draft format.

2.2a I recommend that Business Support Manager – Adult Social Care undertakes a review with Northgate to identify what system development can be undertaken to ensure all reportable data is held within AIS.
2.2a Management Response [Target date September 2017] To be undertaken with 2.1a – the AIS contract has previously been managed by South West One which has prohibited SCC from being able to manage the contract effectively. The contract is now managed in-house and may facilitate improvements in the system. Due to the ongoing review of current database use, the delivery of this recommendation will be dependent on the Technology and People project outcomes and timescales. Whilst these are still being determined no implementation date has been set.
2.2a Audit Committee Update See response to 1.5a. A procurement exercise is underway to source a new Adult Social Care system. The specification of the new system will ensure that any new system fully meets our requirements.

Appendix A – Adults AIS Data Quality Management Response

Somerset County Council
Audit Committee
– 21 September 2017

Financial Management of Care Provision – Audit Update

Lead Officers: Martin Young, Strategic Finance Manager- Adults, Childrens and Public Health and Mel Lock, Operations Director, Adults and Health
Authors: As above
Contact Details: Tel: 01823 359057/email mjyoung@somerset.gov.uk
Cabinet Member: Cllr David Hall/Cllr David Huxtable
Division and Local Member: Not applicable

1. Summary

1.1. This report provides an update for Audit Committee following the partial opinion received following the *Financial Management of Care Provision* audit issued 31 March 2017.

2. Issues for consideration / Recommendations

2.1. Members are asked to note the actions that have taken place by officers since the audit was completed and in particular focuses on the management actions agreed.

3. Background

3.1. It is important for Members to note that the audit carried out preceded three things:

- The restructure (and reduction) of the county's Finance service establishment 1 April 2017.
- The implementation of the contracts for the *Provision of Regulated Homecare Service in Somerset* which commenced 27 March 2017
- The restructure and reduction of restructuring of the Adults & Health Operations Business Management Service (ongoing).

These projects have resulted in the introduction of major changes to staff, contract practice and structures, that address a number of the outcomes recommended. As such the audit has helped inform some of the changes adopted

3.2. It should be noted that in some cases the savings resulting from the restructures which are necessary to ensure a sustainable foundation for the authority (included in 3.1 above) can impact on controls and risk, albeit we have looked to ensure that any changes have a positive impact on behaviours and practice where possible.

4. Update on Management Actions

4.1. Please see the attached Appendix A and Appendix B

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5. Background papers

5.1. Financial Management of Care Provision Audit - Final Report 31 March 2017

Note For sight of individual background papers please contact the report author

Financial Management of Care Provision

Final Report

Issue Date: 31 March 2017

Working in Partnership to Deliver Audit Excellence

Contents

Executive Summary

Overview

As part of the 2016-17 audit plan a review has been undertaken to assess the adequacy of the controls and procedures in place for the financial management of Care Provision across Somerset County Council.

The Care Act sets out a new legal duty for an adult's 'eligible needs' to be met by the local authority, subject to their financial circumstances. Their eligible needs are those that are determined after an assessment. The Act says clearly that a person will be entitled to have their needs met when:

- the adult has 'eligible' needs;
- the adult is 'ordinarily resident' in the local area (which means their established home is there); and
- any of five situations apply to them.

These are the five situations:

- the type of care and support they need is provided free of charge;
- the person cannot afford to pay the full cost of their care and support;
- the person asks the local authority to meet their needs;
- the person does not have mental capacity, and has no one else to arrange care for them; and
- when the cap on care costs comes into force, their total care and support costs have exceeded the cap.

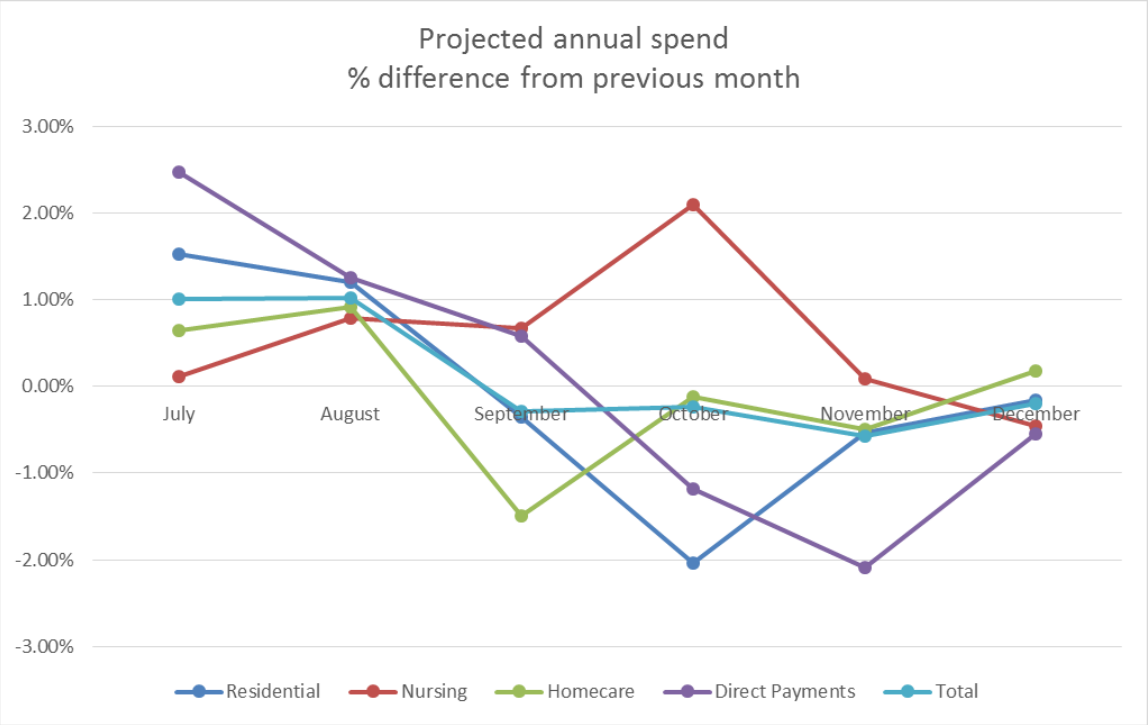
Examples of how the local authority can meet eligible needs are through placing adults in residential or nursing care or through arranging home care. As part of this process clients are assessed by a social worker who recommends a proposed care order. Since September 2016, all care orders have been subject to a panel approval process. The weekly Panel is chaired by the Learning Disabilities Senior Operational Manager, with members from Finance, Commissioning, Procurement, Care Co-ordination and a Team Manager in attendance. The purpose of Panel is to provide challenge on the proposed care orders and to assess alternative methods for meeting an individual's care needs without funded care.

The management of care provisions is managed through the Care Coordination team, who arrange care with providers based on the content of the care plan. Care plans are entered into the Adult's Social Care database (AIS) which will automatically pay residential and nursing care providers through the software interfacing tool (ISP) into the financial management system (SAP). Home care charges are invoiced to the Council by the care providers, the data held on care provision is then checked against delivery notes for accuracy before the invoice is authorised.

The top level projected annual spend from June 2016 is shown in the table below:

	June	July	August	September	October	November	December
Residential	19,937,260	20,241,610	20,484,040	20,412,790	19,995,400	19,887,670	19,856,800
Nursing	18,333,140	18,353,100	18,498,740	18,622,090	19,012,950	19,030,660	18,943,630
Homecare	20,269,660	20,399,920	20,587,420	20,279,820	20,256,850	20,156,710	20,193,090
Direct Payments	9,554,240	9,790,030	9,913,380	9,971,530	9,853,850	9,648,520	9,596,030
All provision	68,094,300	68,784,660	69,483,580	69,286,230	69,119,050	68,723,560	68,589,550
% difference from previous month		1.01%	1.02%	-0.28%	-0.24%	-0.57%	-0.19%

When analysing the percentage difference across all provisions from July there is a notable downward trend. See chart below:



The Council principally has two agreements in place for the pricing of care provision. The larger providers are signed up to a strategic contract with agreed consistent rates across. Other care providers have individual 'spot' agreements, the payment scales in this are dependent on the provider.

Objective
To review the financial control arrangements in place for Adult and Learning Disability placements.

Significant Findings	
Finding:	**Risk**
Due to a backlog of Care Orders being input by Care Coordination team not all invoices are able to be checked to care plans and other supporting documentation, resulting in some payments being processed without verification of legitimacy/accuracy.	Payments made in relation to Placements are not appropriate or do not provide value for money.
The quality of provider invoices prohibit efficient validation processes as do not easily correspond to system validation reports.	
Data input timeliness and quality prevents efficient validation of payments.	

Audit Opinion:	Partial
I am able to offer partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.	

The ability to validate invoice payments is currently hampered by a backlog of care plans and other supporting documentation being input onto AIS by care coordinators. Consequentially validation cannot occur in a timely manner and resource as additional time is required to investigate all instances of variation. Looking at residential and nursing payments made through the ISP system, in June 2016 there were 3,275 ISP payments made totalling £4,700,711 however 1,277 (39%) of these were adjusted payments, a number of these adjustments will be required to ensure that SAP is correct and correct payment is made. A follow-up audit of Direct Payments made in AIS is planned for 2017/18 and further investigation of the ISP interface will be undertaken as part of this review.

Through testing it was identified that home care providers do not always provide sufficient detail on their invoices to be able to check the validity of charges made. As above additional resource is needed to carry out further checking but without information such as client names, hours and invoice periods being clearly stated invoices are being paid without it being possible to properly validate them.

In addition, data input quality requires improvement. From a limited sample of temporary placements weaknesses were identified with inputting care end dates on the AIS system for residential nursing. Consequentially this can impact on the Finance team's ability to monitor these provisions and ensure payments are ended.

As has been reported in other recent audits covering direct payments and personal finance contributions, local finance teams each have their own processes for completing validation work and maintaining records, with some being predominantly manual. The current restructuring of the local finance teams should be used as an opportunity to standardise processes to improve efficiency, using reporting capability within AIS where-ever possible.

Corporate Risk Assessment

Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. Payments made in relation to Placements are not appropriate or do not provide value for money.	**High**	**Medium**	**Medium**

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk based audit. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

Reductions have been applied to the planned sample sizes as a result of additional time needed to obtain invoice supporting data across different local finance teams, testing was also concluded once it was felt that there was sufficient evidence of a weakness. Sample sizes are quoted throughout the findings section.

Verbal assurance was received from the Senior Care Coordinator that temporary cost increases in care placements are very rare. It was not possible to obtain any data to support this view and therefore this has not been assessed. It is noted that care plans may include respite care and re-ablement as temporary provisions and therefore these plans were used to assess the management of temporary cost changes.

AIS and ISP interface - this was not tested as part of this work and therefore testing was undertaken on the assumption the interface was working correctly in transferring care data from AIS to SAP. ISP testing was limited to an overview of payments shown in ISP and the payments made through SAP. As payment is driven based on data contained within the AIS database, poor data quality will always be a risk in processing these payments. Previous testing has been undertaken on the ISP payment process in relation to Direct Payments with a follow-up review due for completion this year.

The reports requested to demonstrate changes to packages did not outline changes to costs and limited our testing. Instead a record of panel outcomes was reviewed to verify whether costs were processed in line with panel approval.

Risk 1.	Payments made in relation to Placements are not appropriate or do not provide value for money.	**Medium**

1.1 Finding and Impact

<u>Payment validation: Home Care Strategic Providers</u>

The Senior Finance Officer stated that staff try to validate all invoices every month using the Council's reporting tool (Infoview). Where there is more care charged than on the original care plan, AIS is checked for an explanation. Finance staff review the lines of care detailed on the delivery notes and highlight those that don't match and return a list of queries to the Care Coordinators or Care Providers. The Senior Finance Officer stated that there have been some months where validation was not completed due to care package data not being up to date on AIS due to the inputting backlog with the Care Coordination team. The effect of this backlog was seen in the sample testing.

A sample of 15 invoices was selected for testing the findings are demonstrated below by region:

Taunton (3 Cases):
• Two out of three invoices were not validated. The Senior Finance Assistant confirmed that the validation was not completed due to the information on AIS not being available due to a backlog in Care Coordination input. The invoices were for £58,567 and £28,721.

Sedgemoor (3 Cases):
• Two out of three invoices had no evidence of checking. The Finance Officer stated that this resulted from various inputting problems within the care coordination team. These unchecked invoices were for £137,325 and for £5,234.

Mendip (5 Cases):
• All five invoices had copies of the data sheets provided with ticks against individual client lines demonstrating validation.

South Somerset (4 Cases):
• One out of four invoices was a block payment for night response agreed by contract. The Finance Officer stated that there is no validation for these types of payments.
• Two out of four invoices were fully validated complete with a spreadsheet showing the data sheet with the hours requested by SCC for each client listed, next to the hours charged by the care providers.
• One out of four invoices was partially validated. The total hours booked were compared with the total hours charged by the care provider. The Finance Officer stated that further validation was not completed due to staff availability (invoice was for £90,043).

The testing undertaken identified that methodology for this validation varies across the four local finance teams, with some using spreadsheets to record their checks and others paper documentation. One officer was completing their checks 'every couple of months.' It was also noted during testing that there were consistently queries being raised by the finance teams as part of the verification process, and therefore invoices that are not checked creates a risk of payments not being made accurately.

1.1a	Agreed Outcome:	Priority 4

I recommend that the Strategic Manager - Finance Strategy ensures there is sufficient contingency in place to manage the authorisation process, when care plans have not been entered onto the finance system or there are limited staffing resources in place to undertake checking. These could include, but are not limited to identifying agreed tolerances for validation of payments based on the backlog position – resource is lost in checking payments where the source data is not sufficient.

Action Plan:

Person Responsible:	Strategic Finance Manager	Target Date:	September 2017
Management Response:	A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is also focussing on a more consistent approach, recognising materiality and risk. Given the pressures across the care coordination teams, Finance teams' ability to fully validate invoices is impacted.		

1.1b	Agreed Outcome:	Priority 3

I recommend that the Finance Manager ensures that there is guidance detailing how invoices are authorised, what records should be retained of checks and queries raised and that this is adopted

across Somerset. There should be consistency across all four regions to ensure the most efficient way of working is used that also allows for business continuity in the event of staff absence.			
Action Plan:			
Person Responsible:	Finance Manager	Target Date:	September 2017
Management Response:	A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is also focussing on a more consistent approach, recognising materiality and risk. Full guidance notes across all areas of service will run alongside this restructure.		

1.2	Finding and Impact

Payment validation: Home Care Spot Providers

Care provision is entered onto the AIS database by the Care Coordination team. This should be undertaken at the point the care is booked, however, as a result of high volume and staff turnover the coordination team have focussed on prioritising arranging care over inputting data. Whilst this balance of resources manages the risk of not providing care it causes a significant impact on the ability to validate invoices. The care that has been input onto AIS is extracted and used to verify invoice payments, where this is not up to date local finance staff are required to contact the Care Provider to query the differences. It is noted, however, that there are some instances where these may be justified. Alternatively the care providers have made an error on their invoice and either a revised invoice or a credit note (depending on the provider) will be issued.

During a walkthrough of the invoice validation process, one out of two invoices processed were affected as a result of AIS not being up to date. The Care Coordination backlog has also been identified during a previous audit as having an impact on the management of personal finance contributions, during November 2016 there was approximately 1,000 cases that contained within the backlog that required processing. The backlog was attributed to a loss of staff and there was evidence to show that it was being monitored and reducing,

A verification report was provided to audit by the Finance Manager, this report was used to match against fourteen invoices between April and September to ensure that care had been paid correctly in line with the orders recorded on AIS. The verification report provided was a live document based on current data held in the database, when reviewing previous payments against this report it is acknowledged that the contents may be different to that viewed by Finance as part of their checking processes as may have been updated with more current information, a locked version of the report or a download is not always retained that would demonstrate exactly what was checked against the invoice. Consequentially it is difficult for audit to assess whether variances would have been identified as part of this process. A total of fourteen payments invoiced were reviewed which identified the following findings:

- Five out of fourteen invoices did not include a clear total for number of hours of care provided on their invoice. Three invoices provided a line by line breakdown of care but not totals, two of these had a total of six pages itemising the care delivered. One invoice made reference to units of care however it was unclear what a unit was (ie 15mins or an hour). One invoice simply stated the Net Amount and the unit price, but did not provide any breakdown to the number of hours of care delivered to support validation.
- The Council's record of hours booked did not include an entry for three out of fourteen providers and therefore it was not possible to verify that the payment was legitimate – this can be attributed to the Care Coordination backlog.
- Four out of fourteen invoices only could be matched against the Council's verification report. A further three invoices listed client names however some/all of these were not present on the verification report.
- Three out of fourteen invoices did not provide client names and therefore could not be

matched back to the report, and one out of fourteen included names but it was unclear whether these were staff names or clients.

The main weakness identified was the lack of information present on invoices which limits the Council's ability to easily validate invoice payments against care plans.

Finance Manager and Service Manager Finance, confirmed there will be a new contract due to be rolled out from 1 April that will improve alignment.

1.2a	Agreed Outcome:	Priority 4

I recommend that the Finance Manager works with key providers to ensure that there is a consistent invoicing format for all care provided, considerations to include:

- Clear payment periods
- Breakdown of care received per individual

Action Plan:

Person Responsible:	Finance Manager	Target Date:	27 March 2017
Management Response:	New contract for homecare will require a consistent format across all providers. Meetings are taking place with some providers to ensure understanding and delivery.		

1.3	Finding and Impact

ISP Payments: Nursing and Residential Care Top Level Analysis

As stated in the scope section, limited testing was undertaken in this area due to limited time available within the audit. An analysis of the payments has been provided to demonstrate context, and findings referenced previously will have an impact on the management of this process.

Within June 2016, £4,700,711 was paid across 3,275 care provisions. These payments are driven automatically by the AIS system interfacing into SAP and therefore require correct data to be contained within the system. Where adjustments are made to data held within AIS, the system will recalculate and adjust the next payment automatically. A report of all ISP payments between April 2016 and September 2016 was provided to audit by the AIS/SWIFT Project Manager. Reviewing the payments for June 2016 there were a total of 1,277 adjustments made through this process (39% of all payments), these adjustments relate either to a system generated adjustment as detailed above or a manual adjustment completed by a user. The 1,277 adjustments in June relate to the following periods of time:

- One adjustment with a start date in 2013
- Seven adjustments with start dates in 2014
- Ninety-three adjustments with start dates in 2015

The volume of adjustments demonstrates that the data contained with AIS is playing catch-up with the payment process. This could be a result in delays of paperwork from Social Workers, further testing has not been undertaken in this area to determine whether these adjustments are necessary/justified amendment. A further review of ISP processing is planned as part of the 2017/18 audit plan.

1.3a	Agreed Outcome:	Priority 3

I recommend that the Finance Manager should monitor the volume of adjustments on periodic basis to ensure there is an ongoing review of the timeline of data input

Action Plan:

Person Responsible:	Finance Manager	Target Date:	September 2017
Management Response:	Whilst the volume of adjustments is large, these are necessary to ensure accurate payments are made. A further audit review of the ISP interface is planned for Quarter 2 in the 2017/18 audit plan, any recommendations and proposed outcomes will be considered following this review.		

1.4	Finding and Impact

Panel meet weekly to review proposed care orders, following the meeting the panel email their decisions to the Care Coordination team, the assigned Social worker, the Senior Operational Manager and the Team Manager. Where decisions are sent to the Care Coordinator it is their responsibility to formally record the decision in AIS, this will include any specific details such as whether the care package will be for a temporary periods or whether a review is required.

A sample of ten cost increases were selected from the panel outcomes spreadsheet, of these seven out of ten had been actioned correctly on the AIS database with outcomes recorded, case notes attached and a revised care order indexed.

- Two out of ten did not have the Care Order attached. In one instance the client went into respite care shortly afterwards, and in discussion with the Senior Care Coordinator he felt that as events had overtaken the paperwork this was acceptable.
- One out of ten was missing case notes and documents, the client is currently in a care home and receiving care however it is unclear whether the current level of care is that which was authorised by panel.

Ten cost increases that were denied by panel were also reviewed and were found to have been processed satisfactorily. However, similar to the findings above it was identified that two out of ten had not adequately recorded the panel outcomes on AIS.

If outcomes and supporting documentation are not recorded on AIS there is reduced assurance of the validity of payments being made for care.

Whilst reviewing documentation with the Senior Care Coordinator it was also identified that an email from Panel had been shared with a Care Provider, it is noted that caution should be undertaken when sharing these details with outside agencies to ensure confidential/sensitive information is redacted.

1.4a	Agreed Outcome:	Priority 4

I recommend that the Business Support Manager implements a quality control process within the Care Coordination team to monitor and improve the following:

- evidence of panel outcomes
- evidence of care orders
- timescales for processing care

Action Plan:

Person Responsible:	Business Support Manager	Target Date:	31 May 2017
Management Response:	Agreed		

1.4b	Agreed Outcome:	Priority 3

I recommend that the Business Support Manager ensures that Panel decision emails that contain personal information are not forwarded to Care Providers with the care orders.

Action Plan:

Person Responsible:	Business Support Manager	Target Date:	31 May 2017
Management Response:	Agreed, work is already being undertaken with the Policy Development Officer and Senior Care Coordinator to develop a policy for data sharing between providers.		

1.5	Finding and Impact

Management and monitoring of temporary care provisions

The panel approval process ensures that decisions made meet care needs and that due consideration is given to viable alternatives to funded care, to ensure value for money is achieved The Panel is chaired by a Senior Operational Manager, with members from Finance, Commissioning, Procurement, Care Co-ordination and a Team Manager in attendance to provide support and challenge.

Five cases where Panel had approved temporary care were selected to check that the Panel decisions were recorded accurately within AIS and the care packages were input with end dates to ensure that care would not continue to be paid for beyond the approved period. All five cases had the panel decisions correctly recorded in the AIS case notes detailing the restrictions as approved by panel, however the following weaknesses were identified with three cases in the sample:

- Two instances where the care package had not been added as it had been caught up in the Care Coordinators inputting backlog. The email requesting this to be completed was seen in the HIS inbox awaiting action. As previously stated, the Finance Assistants validate the invoices against the care packages in AIS. Should the care package not be present, then they check the care against the Care Order indexed in AIS if validation processes are completed for the month.
- A care package had been loaded on to AIS but the end date had been left blank. This would mean that should the care provider keep charging for this care beyond the end date, then the Finance Assistant processing the payment request may not pick this up when validating the invoice and could approve payment.

There is an inherent risk of error where data is input manually. With the lack of end date entered for above, there is a risk that payments could continue beyond the approved timeframe. To counteract the effects of errors in the data a system of periodic quality checks could be introduced, based on sample checking to ensure that the accuracy of care packages does not fall below a certain accepted level.

1.5a	Agreed Outcome:	**Priority 4**

I recommend that the Business Support Manager and Finance Manager ensure that a system of periodic quality checks is introduced to ensure that the accuracy of data entered into AIS is monitored. This could be on a sample basis and feed into the monthly performance targets.

Action Plan:

Person Responsible:	Finance Manager	Target Date:	31 May 2017
Management Response:	Business Support Manager – Agreed to be delivered with recommendation 1.4a by 31 May 2017. Finance Manager – Not agreed as there are insufficient resources to provide this function.		

Audit Framework and Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.	
Priority 5	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4	Important findings that need to be resolved by management.
Priority 3	The accuracy of records is at risk and requires attention.
Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.	

Report Summary

Report Authors

This report was produced and issued by:

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Adam Williams, Senior Auditor
Lisa Fryer, Assistant Director

Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

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Distribution List

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Statement of Responsibility

Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

Appendix A – Financial Management of Care Provision Management Response

1.1a Agreed Outcome

I recommend that the Strategic Manager - Finance Strategy ensures there is sufficient contingency in place to manage the authorisation process, when care plans have not been entered onto the finance system or there are limited staffing resources in place to undertake checking. These could include, but are not limited to identifying agreed tolerances for validation of payments based on the backlog position – resource is lost in checking payments where the source data is not sufficient.

1.1a Management Response *[Target date September 2017]*

A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is also focussing on a more consistent approach, recognising materiality and risk. Given the pressures across the care coordination teams, Finance teams' ability to fully validate invoices is impacted.

1.1a Audit Committee Update 21 September 2017

It is recognised that it is Finance's role to validate, and following the restructure of Finance local teams, implemented in the spring, we now have one dedicated Homecare team based in Shepton Mallet, covering the whole county. This now ensures a more consistent approach to supporting payment of homecare providers and in addition secures additional staffing contingency should it be required, in one office base with staff working collectively.

In addition to this, new style Homecare contracts have been implemented from 27 March 2017. These are a major departure from previous practice in that they ensure a consistent format of data, driven by the information the council requires from nominated strategic providers, as opposed to a more provider orientated (less consistent) approach to data provision. This has also led to a significantly reduced volume of invoices, reducing some of the administrative burden previously experienced. Note however there is a reducing legacy of clients receiving care form providers who have not entered into the new style Homecare contracts with SCC, and as such we are not able to apply this regime to those providers.

Software developers within SCC's ICT service are now undertaking an exercise to allow the new provider data to be uploaded automatically into AIS, the Adults case management system.

Given the backlog across care Coordination, finance staff are only able to validate what has been included by care Coordination, which currently has a backlog. This has been flagged with Care Coordination. The Business Support review currently underway has identified the need to increase the capacity of the Care Co-ordination team and the size of the team will approximately double by Christmas.

Appendix A – Financial Management of Care Provision Management Response

1.1b Agreed Outcome I recommend that the Finance Manager ensures that there is guidance detailing how invoices are authorised, what records should be retained of checks and queries raised and that this is adopted across Somerset. There should be consistency across all four regions to ensure the most efficient way of working is used that also allows for business continuity in the event of staff absence.
1.1b Management Response [*Target date September 2017]* A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is also focussing on a more consistent approach, recognising materiality and risk. Full guidance notes across all areas of service will run alongside this restructure.
1.1b Audit Committee Update 21 September 2017 **The authorisation process of invoices follows SCC's adopted policy in Financial Regulations i.e. the two part approval process through SAP. Regarding the specifics of ASC Homecare invoices, the attached workflow diagram *(Appendix B)* details the required actions for approval, validation, retention of records and payment, implemented in June 2017 (updated 4 September 2017). The centralised function (see above) allows for greater cover, whilst recognising that the reduction in Finance capacity (in line with the whole county) needs to be understood.**

Appendix A – Financial Management of Care Provision Management Response

1.2a Agreed Outcome I recommend that the Finance Manager works with key providers to ensure that there is a consistent invoicing format for all care provided, considerations to include: □ Clear payment periods □ Breakdown of care received per individual
1.2a Management Response [*Target date 27 March 2017]* New contract for homecare will require a consistent format across all providers. Meetings are taking place with some providers to ensure understanding and delivery.
1.2a Audit Committee Update 21 September 2017 **All providers covered by the new style Homecare Contracts (implemented 27 March 2017) are providing a consistent format of invoicing alongside pre-determined four-weekly payment periods. This includes a clear breakdown of care provided to clients per week.** **This invoice format is compulsory within the new style Homecare contract, providers must adhere to.** **We continue to work with Adults commissioners to ensure that adherence to these instructions is maintained.**

1.3a Agreed Outcome I recommend that the Finance Manager should monitor the volume of adjustments on periodic basis to ensure there is an ongoing review of the timeline of data input
1.3a Management Response [*Target date September 2017]* Whilst the volume of adjustments is large, these are necessary to ensure accurate payments are made. A further audit review of the ISP interface is planned for Quarter 2 in the 2017/18 audit plan, any recommendations and proposed outcomes will be considered following this review
1.3a Audit Committee Update 21 September 2017 **The further audit review is planned for Quarter 3 - 2017**

Appendix A – Financial Management of Care Provision Management Response

1.4a Agreed Outcome I recommend that the Business Support Manager implements a quality control process within the Care Co-ordination team to monitor and improve the following: □ evidence of panel outcomes □ evidence of care orders □ timescales for processing care
1.4a Management Response [Target date May 2017] Agreed
1.4a Audit Committee Update 21 September 2017 **All panel outcomes are now recorded on a central spreadsheet. Where a package of care is approved by Panel the decision is recorded on AIS at the point that the package is sourced. At this point the care order is also indexed to AIS.** **Care Orders form part of the suite of information that is required by Panel prior to a funding decision being made. Decisions will not be made by Panel without a care order being present.** **Re 1.5a below, staff shortages within the Care Co-ordination team have meant there have sometimes been delays in care being sourced. The additional staff being allocated to the team will mean that these timescales will improve.** **As part of the Adult Social Care restructure the management of the Care Co-ordination team now comes under the Service Manager for Quality and he will be working to implement a performance framework for the team which includes performance targets.**

1.4b Agreed Outcome I recommend that the Business Support Manager ensures that Panel decision emails that contain personal information are not forwarded to Care Providers with the care orders.
1.4b Management Response [Target date May 2017] Agreed, work is already being undertaken with the Policy Development Officer and Senior Care Coordinator to develop a policy for data sharing between providers.
1.4b Audit Committee Update 21 September 2017 **This was an isolated incident and the Care Co-ordination team have been reminded that only Care Orders (Requests for Service for Reablement packages) are shared with providers. Until a package of care has actually been awarded to a provider (and the provider has agreed accept it) all client information remains confidential.**

1.5a Agreed Outcome I recommend that the Business Support Manager and Finance Manager ensure that a system of periodic quality checks is introduced to ensure that the accuracy of data entered into AIS is monitored. This could be on a sample basis and feed into the monthly performance targets.
1.5a Management Response [Target Date 31 May 2017] Business Support Manager – Agreed to be delivered with recommendation 1.4a by 31 May 2017. Finance Manager – Not agreed as there are insufficient resources to provide this function.
1.5a Audit Committee Update 21 September 2017 **The Care Co-ordination team has suffered from staff shortages over the last 12 months due to sickness and departures. The available resource within the team has needed to focus on supporting the hospital interface service to ensure that care is sourced in a timely manner for patients being discharged from hospital.** **The restructure of Business Support within Adult Social Care that is currently underway addresses the under resourcing of the Care Co-ordination team and will see a significant increase in the number of staff in**

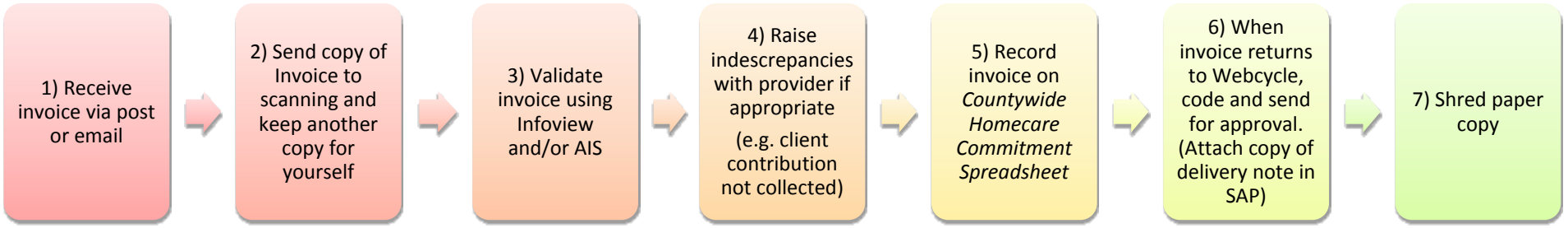
the team. By December 2017 the team will have more than double the current number of staff and will be able to introduce the recommended data sampling systems.

Appendix B

SCC Adults Finance Homecare Invoice Process

Originator - Adults Finance Manager 1 June 2017

WWW.SOMERSET.GOV.UK



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Somerset County Council
Audit Committee
– 21 September 2017

Personal Finance Contributions, Income Collection – Audit Update

Lead Officers: Martin Young, Strategic Finance Manager- Adults, Childrens and Public Health and Mel Lock, Operations Director, Adults and Health
Author: As above
Contact Details: Tel: 01823 359057/email mjyoung@somerset.gov.uk
Cabinet Member: Cllr David Hall/Cllr David Huxtable
Division and Local Member: Not applicable

1. Summary

1.1. This report provides an update for Audit Committee following the partial opinion received following the *Personal Finance Contributions, Income Collection* audit, issued 31 March 2017.

2. Issues for consideration / Recommendations

2.1. Members are asked to note the actions that have taken place by officers since the audit was completed and in particular focuses on the management actions agreed.

3. Background

3.1. It is important for Members to note that the audit carried out preceded the restructure of the county's Finance service establishment 1 April 2017. This project has resulted in the introduction of major changes and reductions to staff, practice and structures, that relate to a number of the outcomes recommended. As such, the audit has helped inform some of the changes already adopted and being implemented.

3.2. It should be noted that in some cases the savings resulting from the restructure which is necessary to ensure a sustainable foundation for the authority can impact on controls and risk, albeit we have looked to ensure that any changes have a positive impact on behaviours and practice where possible.

4. Update on Management Actions

4.1. Please see the attached Appendix A

5. Background papers

5.1. Personal Finance Contributions, Income Collection Audit - Final Report 31 March 2017.

Note For sight of individual background papers please contact the report author

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Personal Finance Contribution - Income Collection

Final Report

Issue Date: 31 March 2017

Working in Partnership to Deliver Audit Excellence

Contents

Executive Summary

Overview

As part of the 2016-17 audit plan a review has been undertaken to assess the adequacy of the controls and procedures in place for the management of income from personal finance contributions towards adults care across Somerset County Council.

Under the Care Act (2014) local authorities have a duty to arrange care and support for adults with eligible needs and a power to meet non-eligible needs. In both cases the local authorities have discretion to choose whether or not to charge.

Somerset County Council (SCC) has applied its powers (provided within the Care Act) to require clients to make a personal financial contribution towards their care. The amount of contribution is worked out using Government guidance and is based on the amount of money that can be afforded after taking into account all income and essential expenditure. Clients can choose to manage their care themselves through a Direct Payment where they are required to set up their own account and pay contributions into this or have their care managed by the Local Authority. This audit review has focussed on care managed by the Local Authority.

At SCC, clients' care needs are assessed by a Social Worker first, this is then referred to the Care Coordination team to arrange care provision, once a care placement has been made the client is then referred to the Finance and Benefits teams to complete a financial assessment to determine the client's ability to contribute towards their care costs. Charges can only commence once the financial assessment has been completed. Where individuals refuse to be financially assessed, the Council will assume they have the ability to pay for their care and will be charged for the full value of their care provision.

Clients are required to make their contributions direct to the care homes who will chase debts outstanding for three, four-weekly, payment periods. Where the debt remains outstanding, these are transferred from the care home to SCC. Once transferred, SCC will pay the outstanding debt to the care home and will invoice the client for the outstanding debt and undertake their own debt recovery process. It should be noted that this arrangement is of significant benefit to SCC

Debts transferred by the Care Homes to SCC are managed by relevant local finance teams based in Taunton, Bridgwater, Shepton Mallet and Yeovil. Officers within these teams are responsible for raising the debts on the Council's Financial Management system (SAP) and for completing the debt recovery.

As at 31 August 2016, there was a total of £645k of client debt at SCC (note total income per annum =approx. £20m). This has been broken down by region and debtor days below:

Location	Instalment Plans	Not due	31-60 days	61-90 days	91-180 days	181-365 days	1 year+	Total
Client Finances	87	3,739	17,216	19,021	5,759	9,767	16,187	71,775
Direct Payments	13,293		7,446	465	9,732	1,306	10,348	42,589
Mendip	56	11,075	0	1,103	19,975	20,186	74,640	127,034
Sedgemoor	0	3,678	583	6,896	11,959	2,085	1,277	26,476
South Somerset	24,277	99,976	1,488	493	6,632	161,175	61,711	355,752
Taunton	6,206	243	2,082	28	56	11,901	1,008	21,525
Total	**43,918**	**118,711**	**28,814**	**28,005**	**54,114**	**206,420**	**165,169**	**645,151**

*Note – figures have been rounded to nearest £.

Somerset County Council's Financial Assessment and Benefits Team have targets of completing a Financial Assessment within 15 working days for Fairer Charging (i.e. Care at Home) and 20 working days for Residential. Between 1 April 2016 and 30 September 2016, the average timescales between a placement commencing and a finance assessment being completed was 31 days this is broken down by local offices as follow:

Local Office	Days
Mendip	39
Sedgemoor	30
South Somerset	29
Taunton	23

Clients are required to make a contribution based on a calculation of their savings and income less expenditure covering general living expenses, housing costs and extra costs linked to their disability. Clients who have over £23,250 in savings will pay towards the full costs of their care. For clients required to pay towards their care, any delays in completing their financial assessment will result in a loss of income to the Council.

The local finance teams are currently going through a consultation which will result in some restructuring of teams and responsibilities. The findings based in this report are based on current methods of working, the recommendations included will support future processes once structures have been determined.

Objective

To ensure that people pay their agreed contribution towards their care and support costs.

Audit Objective: To provide assurance that personal contributions are identified promptly and there are sufficient controls in place to record and recover debts where personal contributions are not made to care homes.

Significant Findings

Finding:	Risk:
No clear guidance to support staff in recovering debts from vulnerable clients.	Personal Finance Contribution is not collected leading to increased expenditure for the local authority.
Debt recovery was managed inconsistently across local finance teams, and unsuccessful attempts were routinely repeated without appropriate escalation.	

Audit Opinion:	Partial

I am able to offer partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

The main areas of concern can be summarised as follows:

- There is no single team approach to the management of debt recovery across the local finance teams resulting in differing monitoring and control frameworks and inconsistent record keeping between offices and a reliance on hard copy files.
- Debts are chased by individual officers which results in a lack of continuity of chasing when absences occur.
- Outstanding debts are not escalated promptly, in some instances this may allow debts to accrue beyond a client's financial ability to repay. Debts are already outstanding for 90 days before being managed by the service.
- Debt recovery does not follow the defined corporate standards, whilst there will be some expected variation due to the nature of these debts, these variations should be defined clearly by the service.
- Initial debt chasing by care homes differed in quality, one care home did not provide an adequate breakdown of costs or copies of invoices. This will impact on the success of the debt recovery prior to being transferred over to SCC.

It is now recommended that the findings in this report are used to strengthen the debt management framework and monitoring arrangements in place, to ensure that income collection is maximised across Adult Services.

Corporate Risk Assessment

Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. Personal Finance Contribution is not collected leading to increased expenditure for the local authority.	**High**	**Medium**	**Medium**
2. Delays in determining the Personal Finance Contribution result in increased SCC expenditure towards care.	**High**	**Medium**	**Low**

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk based audit. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

Client contributions made as part of the Direct Payment procedures are subject to a different control framework and have therefore been excluded from this review.

Aged debt reports have been generated by the Finance Manager from the Council's Financial Management System (SAP) and provided to Audit. Evidence of debt recovery and timescales for completing financial assessments was accessed by the Auditor using the Adults Social Care system, AIS. Audit also accessed SAP to verify whether any case notes had been entered in relation to debt recovery.

Audit was only able to obtain a report of all personal finance contribution debts once they had transferred to the SAP system. Therefore it is not possible to place assurance that all debts reported by Care Homes have been transferred to the system.

It was not possible to report on instances where individuals have refused a Finance and Benefits assessment, we received verbal assurance from the Senior FAB Officers that there are very few instances where this happens. It was determined during testing that where FAB Assessments are declined there is provision in SCC policy to assume they are a maximum payer and therefore there is no impact on the Council.

A Corporate Debt Management audit has also been undertaken during quarter 3 of the 2016/17 audit plan, recommendations made within this adults review are at a service level rather than corporate, however references have been made to the Corporate Debt Management findings where relevant.

Risk 1	Personal Finance Contribution is not collected leading to increased expenditure for the local authority.	**Medium**

1.1 Finding and Impact

<u>Council debt recovery procedures and guidance</u>

There is corporate Code of Practice for Income Management at SCC, however, as a result of the nature of these debts the local finance teams cannot always follow the principles within this policy e.g. it is not possible to cease the care provision to the client based on non-payment of debt and escalation of some debts needs to be handled sensitively due to safeguarding concerns. There is no internal guidance however on what level of discretion can be used in relation to pursuing client debt and therefore there is a risk that the debt recovery will be managed inconsistently based on the officer undertaking the recovery process.

Due to the types of client accumulating debt, it is acknowledged that a different approach may be required rather than the procedures used for recovering other traditional types of debt. However, lengthy timescales will result in an increased accumulation of debt and potential inability to repay. In particular, early intervention may require social worker support to ensure and identify reasons for non-payment with the client before engaging in a recovery process and some guidance should be provided on how this process will work. In some cases, the Council may need to apply for Court of Protection to assume responsibilities for the client's finances and consideration to this part of the process needs to be given before any progress to write-offs.

The Code of Practice for Income Management at SCC states that for debts between 28-35days the client should be contacted to ascertain a payment date, 35-42 days debts should be passed to the budget holder to agree a plan of action to recover the debt over the next 14 days and between 49-56 days debt is referred to the legal debt recovery officer. Debts are only pursued by the Council after being chased for three payment periods by the Care Home. At this point the debt chasing effectively commences again.

Without clear guidance for officers managing the non-payment of client contributions there is a risk that debts will not be chased/escalated in a timely manner and opportunities for the recovery and settlement of debts at an early stage will be missed.

If these processes are followed once the debt has been passed over to SCC the payment will have been outstanding for at least 139 days before it is progressed to legal.

It was noted during the Corporate Debt Management review that the Income Code of Practice does have provision for agreeing variations from corporate guidelines however no service variations had been noted. A recommendation has been at a corporate level to further develop the Code of Practice.

1.1a	Agreed Outcome:	Priority 4
I recommend that the Finance Manager ensures there is sufficient guidance in relation to unpaid income from clients including Social Worker involvement (where relevant) and timescales for escalating the recovery actions to the Legal Team. Guidance should refer to the Corporate Code of Practice for Income Management.		

Action Plan:			
Person Responsible:	Finance Manager	Target Date:	June 2017
Management Response:	A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is introducing a dedicated debt recovery post. This will result in a more consistent recovery however given the nature of the debtor, i.e. vulnerable adults the collection of these debts require a more flexible approach		

1.2	Finding and Impact

<u>Management of debt following notification from Care Home</u>

No associated timescales have been published with regards to inputting debtor data onto the Financial Management System following return from the Care Homes but the Senior Finance Officer stated that it should be completed as soon as possible. As soon as debt is recorded on the system an invoice should be raised to client.

Based on a review of 20 debts, the west of the region averaged 16 days from receipt of the debt from the care providers to the data being input onto SAP, the East of the region had a n average of 34 days (however two cases had to be excluded from this calculation as relevant paperwork was not available). Within this sample there was a delay of 64 days processing one debt transfer onto

SAP, which resulted from staff vacancies Recalculating the average from November 2015, the average days for the East of the region have improved from 34 days to 24 days.

The same sample was reviewed to check that all debts received by Care Homes had been processed on SAP, promptly and accurately. The following findings were identified:

• Five debts were transferred from Candlelight Care, the supporting evidence and debt chasing letters for these debts from the provider were poor. The letters sent to clients did not make reference to any debt chasing, only that the amounts outstanding will be passed to SCC for collection.
• Two debts in the sample did not have any supporting evidence, limiting the quality of the audit trail to determine that debts were transferred accurately and promptly.

There is a risk that with supporting evidence from care homes either being inconsistent in its quality or not being retained on file, the Council does not have a sufficient audit trail of debt recovery action that has been undertaken. This could also create difficulties for SCC in pursuing the debt further.

In addition, no qualitative data is received from Care Homes, detailing client circumstances or any discussions had with the client or members of the family, only the amounts outstanding and records of chasing. Additional information could be requested to help identify an individual's ability to pay and to determine whether there have been any discussions with the clients regarding their debt.

There is a risk that debts are being transferred to the Council without sufficient information to support the Council in maximising debts recovered.

1.2a	Agreed Outcome:	Priority 3

I recommend that the Finance Manager ensures that contracts provide greater detail on what information needs to be provided to both clients and the local authority regarding recovery action undertaken. Guidance should include:

- how debt should be reported to the client and the role of the local authority following non-payment;
- details on how to engage in Social Worker support if required; and
- records of any conversations with clients (or family/support if appropriate) regarding the non-payment of debt.

Example pro-formas could be provided by the Local Authority to ensure consistency across all providers with a lead officer working with providers to ensure continuous improvement

Action Plan:			
Person Responsible:	Finance Manager	Target Date:	June 2017
Management Response:	Whilst recognising these points, it should be noted that the large majority of client debt is collected successfully by the providers. Not only this – It also reduces the administrative financial burden on the council. The finance service do however recognise the need to work with providers to ensure they have suitable debt recovery processes in place. This will be considered by a new dedicated debt recovery post.		

1.3	Finding and Impact

<u>Management of debt recovery processes</u>
Contrary to the requirements detailed within the Corporate Code of Practice for Income Recovery, the Local Finance teams do not use the Council's Financial Management system (SAP) to record details of recovery action.

Although it is acknowledged that debt recording on SAP is an organisation-wide weakness, during this review it was also identified that there are inconsistencies with recording information across the four local finance teams.

The debt recovery records held were dependent on whether the debt was being managed in the East of the County (Shepton Mallet and Yeovil) or the West (Taunton and Bridgwater). The East teams were recording all recovery action on the Adult Social Care database (AIS) and attaching evidence where relevant, however in the West of the Council, recovery records were hard copy paper files with some limited notes on AIS.

The reliance on paper records creates a risk to data integrity and business continuity in the event that records cannot be accessed, the use of paper records also does not facilitate cross-team working. Inconsistencies with how local finance teams manage controls has been reported previously as part of the Direct Payments – ISP implementation audit 2015/16. The findings reported in this audit demonstrate that there is still no single team approach.

Similar findings were identified during the Corporate Debt Management audit with multiple services not consistently recording a full audit trail on the financial management system. A wider recommendation was made to improve guidance and training for staff in this area.

1.3a	Agreed Outcome:	Priority 4

I recommend that the Finance Manager ensures that there is a single defined process to manage debt recording, recovery and the retention of records ensuring consistency across all areas. Processes should be consistent and records accessible from other offices to ensure business continuity in the event of staff absence. This may be delivered through the planned restructure.

Action Plan:

Person Responsible:	Finance Manager	Target Date:	September 2017
Management Response:	A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is introducing a dedicated debt recovery post. This will result in a more consistent recovery across the county.		

1.4	Finding and Impact

<u>Management review of aged debts</u>

There is a monthly management meeting held between the Finance Manager and the Senior Finance Officers where debts and ongoing recovery is discussed. Evidence of the data used to facilitate these discussions was provided to audit, however, it was identified during testing that not all debts discussed had been raised ahead of these meetings. The Finance Officer in South Somerset has recently been absent from work, during this time no further action has been undertaken on her cases and consequently no update on the status of these debts has been provided to management.

There is a risk that without adequate cover arrangements and shared processes the success and continuity of debt recovery actions is compromised by staff absence.

1.4a	Agreed Outcome:	Priority 3

I recommend that the Finance Manager develops a protocol that ensures there is sufficient cover for managing debts rather than being managed locally the responsibility of one individual to ensure sufficient cover in the event of staff absence/turnover.

Action Plan:

Person Responsible:	Finance Manager	Target Date:	September 2017

Management Response:	There are insufficient resources to provide this function consistently across the service in periods of extended staff absence. This will be considered however as the restructure is implemented.

1.5	Finding and Impact

Recovery action undertaken

A sample of ten aged debts was reviewed to identify what recovery action had been undertaken, given the differences in how local teams treat processes the sample was split across the four regions as follows (3 cases each for Mendip and South Somerset and 2 cases each for Bridgwater and Taunton) the findings were as follows:

- Mendip - Some debts appear to have built up over a number of years with repeated reminder letters being issued, but no further action. One example showed a debt first being raised in 2013, with nine debt chasing letters sent since this time. However it noted that the most recent letter stated that the debt would be referred to legal within seven days.
- South Somerset - Two of the sampled debtors did not appear on the reports to management as referenced above. The Finance Officer stated that they had recently returned from long term sick (several months) and no action had been taken on her cases during this time. Consequently no update of the status of these debts was provided to management during this time. These two cases have also had no action recorded against them since June 2016. This again is due the Finance Officer being off sick and this part of her workload not being covered in her absence.
- South Somerset – one debt was transferred to the service with a value of £217.50 in 2011, since then 29 debt chasing letters have been sent with the debt accumulating to a value of just under £7k.
- Taunton - one of the sample had accrued a debt of £742.50 since being referred to SCC in 2013 at a value of £340, during this time there has been approximately 40 debt chasing letters sent to the debtor without sufficient escalation, whilst some payments have been received in this time, these payments have not cleared the balance and the debt has continued to accumulate.
- Sedgemoor - supporting evidence has not been provided to allow an assessment to be made during testing.

Repeated debt chasing letters demonstrates the limited effectiveness of the debt recovery procedures at present. Furthermore, the debt will continue to accrue throughout this duration to a level that may become unmanageable or may, if repaid, may impact on their capital thresholds and future contributions. Debt recovery is unlikely to be successful where 40 letters have already been sent and consideration needs to be made regarding whether social worker intervention at an earlier stage would support the recovery process or whether the case needs progressing to legal. It was noted that the two examples at Mendip included a request for Social Workers to visit the clients prior to any legal action being undertaken.

The findings above demonstrate that debt chasing is prolonged with repeated unsuccessful attempts continuing, without a review of the strategy undertaken or willingness to escalate. As a result balances continue to accumulate and debt becomes increasingly unrecoverable. It should also be noted that the Care Homes will already have chased the debts for up to 90 days prior to the debt being transferred over to SCC.

Discussions with the Finance Officer and Finance Manager have indicated that the need to refer debt to legal earlier is recognised and a recommendation has been made to produce supporting guidance with guidance from legal.

1.5a	Agreed Outcome:	**Priority 4**

I recommend that the Finance Manager should develop guidance for the Finance Officers on what attempts should be made to recover debt and when they should be referred to legal. Guidance

should consider the following:

- Timescales for managing the process, to include consideration of time already spent by Care Homes pursuing debts; and
- Guidance on where exceptions or social worker involvement may apply and an identified authorisation process to apply such exceptions.

Action Plan:			
Person Responsible:	Finance Manager	Target Date:	June 2017
Management Response:	We acknowledge the findings above and will be implement a more robust process as part of the restructure.		

1.6	Finding and Impact

A sample of five debt write-offs was reviewed to identify whether appropriate recovery actions were undertaken prior to the approval of the write-off. Of this sample, two cases were from the Taunton region, one from South Somerset, one from Mendip and one from the Learning Disabilities (LD) team.

The findings identified this testing were as follows:

- Evidence of debt recovery actions prior to the write-offs were only available for one case (LD). Signed copies of the write-of request forms were available for all five from the Debtor Team Leader, however, copies of the approved forms are not always returned to the originating Finance Officer to allow them to keep complete records.
- The client in one case was assessed as having no funds in her estate after her death in May 2014, yet the debt was not written-off until January 2016.

Without adequate records for write-offs being retained, there is a risk that debts will be written off before all avenues of recovery action have been exhausted resulting in a financial loss to the Council. A recommendation regarding the management of recovery evidence has already been stated above and no further recommendations are made in this area.

However, debts once identified should be progressed to write-off without delay. There is a risk that budget reporting will be impacted where debts are not written off in a timely manner.

1.6a	Agreed Outcome:	Priority 3

I recommend that the Finance Manager should ensure that debt is progressed to write-off once adequate demonstration of non-recovery has been identified.

Action Plan:			
Person Responsible:	Finance Manager	Target Date:	June 2017
Management Response:	We acknowledge the findings above and will be implement a more robust process as part of the restructure.		

Risk 2	Delays in determining the Personal Finance Contribution result in increased SCC expenditure towards care.	Medium

2.1	Finding and Impact

Timescales for assessing financial contributions

There are no formal target timescales included in SCC procedures for completing FAB assessments, however, Senior FAB Assessors state there is a target of 15 days for Care at Home and 20 days for Residential Care. Despite these timescales, there is no performance monitoring to assess whether these targets are being met. The Senior FAB Assessor (East) has been tasked with setting up reports on the system to provide monthly performance data that will demonstrate average timescales at

both individual and team level. They are also looking at amending some of the fields within AIS to provide better data on the reasons for delays.

Once a FAB Assessment is requested for a client, it was reported that there are currently no delays in completing financial assessments. However, cases are currently not being work flowed into the team as a result of a backlog within the Care Coordination team where they have an estimated 1,600 cases that may require a FAB assessment and these are not getting passed through to the FAB team in a timely manner. There is a risk that these cases may be suddenly progressed and the FAB team will not have capacity to deliver.

A sample of ten delayed cases were reviewed with the Senior Care Coordinator to identify causes in the delays. The Senior Care Coordinator stated that there is currently a significant backlog in the administrative side of their process as they are prioritising the sourcing of care to ensure that clients are safe, this means that the background processes have not been completed promptly. The backlog started to build in April 2016, when three members of staff left the team, leaving them with only 2.4 full-time equivalent members of staff. The task of training their replacements and subsequent further loss of staff have further contributed to the extent of the backlog. Staff have been borrowed from other departments, and the backlog is currently being reduced. The Senior Care Coordinator estimated that the backlog totals approximately 1,000 items across a number of team in-boxes, although there may be a number of items associated to one client, and therefore these will not necessarily relate to 1,000 client accounts. Results of sample testing is detailed below:

- 6/10 delays can be directly attributed to the backlog in administrative work.
- 1/10 delayed due to the Clients admission to hospital
- 2/10 were Direct Payments and FAB would have been requested by the Finance Teams. The Senior Care Coordinator could not fill in the reasons for the delay in these cases.
- 1/10 delayed could not be identified from the information available although system data showed that the request for a FAB Assessment was raised by the Care Coordinators on 17/05/2016, but did not appear in the FAB team's task list until 29/09/2016. The Senior Care Coordinator stated this could be the result of incorrect data input which caused the action to remain hidden until September or the FAB Assessment was reallocated which then reset the date.

Although there is a backlog relating to processing it was evidenced during testing that the timescales between provision start and FAB assessment are reducing as seen below:

Month	Calendar Days
April 2016	52
May 2016	30
June 2016	27
July 2016	24
August 2016	23
September 2016	16

There continues to be a risk that the volume of care coordination impacts on the delivery of FAB Assessments and these delays result in a loss of income to the Council. Efforts should be made to ensure that timescales are monitored to identify they remain at an acceptable level where volume is increased.

2.1a	Agreed Outcome:	Priority 3

I recommend that the Senior FAB Assessor develops a process for monitoring the performance of the FAB team and FAB assessments, this data should then be used to inform future performance targets.

Action Plan:			
Person Responsible:	Team Manager – Client Finances and FAB	Target Date:	31 July 2017
Management Response:	Agreed		

2.1b	Agreed Outcome:	Priority 3

I recommend that the Team Manager - Client Finances and FAB Team develops a strategy with the Care Coordination team to develop a manageable flow of referrals to the FAB team, this may involve cross-team working to minimise impact of high demand for care provision.

Action Plan:			
Person Responsible:	Business Support Manager	Target Date:	Ongoing
Management Response:	Business Support Manager – since the audit testing was undertaken additional resource has been made available in the care coordination team and the backlog is now cleared. The team is currently going through a restructuring process which will facilitate an improvement in the process.		

2.2	Finding and Impact

FAB Assessments are completed by four different local teams in Mendip, Sedgemoor, South Somerset and Taunton. A review of timescales between provision start date and FAB assessment was undertaken by audit for all financial assessments between 1 April 2016 and 30 September 2016. This provided the following results:

	Calendar days
Mendip	39
Sedgemoor	30
South Somerset	29
Taunton	23

20 cases were reviewed (10 each from the East and West of the County) with the relevant Senior FAB Assessors to identify reasons for delays. The timescales reported above are from the date of the provision starting and not the date that the request for FAB Assessment was made. Results as follows:

East Somerset:

- 3/10 assessments were completed within the target of 15 days following the request for assessment being recorded on AIS. For 1/10 the timescale was not applicable as it was identified during testing as being a reassessment and therefore client contributions had already been determined previously.

Of the 6/9 assessments that exceed the 15 day target the following reasons were recorded in the AIS case notes:

- 1/9 due to social worker availability
- 1/9 FAB team delay due to staff illness.
- 3/9 due to Client/Power of Attorney availability
- 1/9 due to Client hospital admission

West Somerset:

- 9/10 assessments were completed within the target of 15 days following the request for assessment being recorded on AIS. 1/10 assessments could not be completed at the initial request as the package of care had not been put in the system. This client was subsequently

assessed as above the financial threshold.

- 0/10 had appointments that were cancelled/missed.

The findings above indicate that there are delays within the FAB Assessment process as well as the Care Coordination process detailed previously. Delays in completing the Financial Assessment will, inevitably, resulting in a direct loss of income for the Council. 893 assessments were completed for this period with the average weekly charge for this period was £21.15. Therefore a ten day delay would result in an estimated loss to the Council of c.£27k for the six month period.

A recommendation on performance reporting and monitoring has already been made and no further recommendations are made as a result of this finding.

2.3	Finding and Impact

The Council allows clients to delay a FAB assessment three times before they are automatically assessed as being self-funding. Although, as part of this, missed/cancelled assessments due to hospital admissions and other unforeseen medical appointments and other incidents beyond the control of the clients are disregarded. Social Workers will also contact the Client and/or their designated Power of Attorney to stress the importance of the need to complete the FAB assessment. This is not recorded with in the internal FAB assessment procedures as a formal policy.

There is a risk that without this part of the process being noted down in the formal procedures, it will be inconsistently applied across the region with potential for costs of care being covered at the expense of the Council until such time as a financial assessment has been completed.

It should also be noted, that in assuming clients are maximum payers if they have not completed a FAB Assessment, there is a risk that resources will be utilised in progressing debt recovery where the client has no current or previous financial ability to repay. This is an accepted risk of implementing such a control.

2.3a	Agreed Outcome:	Priority 3

I recommend that the Team Manager – Client Finances and FAB ensures that the Finance and Benefits Assessment procedures are updated to include the Council's policy of allowing clients to delay a FAB assessment three times before they are automatically assessed as being self-funding.

Action Plan:			
Person Responsible:	Team Manager – Client Finances and FAB	Target Date:	31 July 2017
Management Response:	Agreed		

Audit Framework and Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.	
Priority 5	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4	Important findings that need to be resolved by management.
Priority 3	The accuracy of records is at risk and requires attention.
Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.	

Report Summary

Report Authors

This report was produced and issued by:

Lisa Millar, Auditor
Adam Williams, Senior Auditor
Lisa Fryer, Assistant Director

Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

Ben Casson, Finance Manager
Penny Gower, Senior Finance Officer
Simon Edser, Senior Care Coordinator
Janet Johnson, Team Manager – Client Finances & FAB Team
Tracy Bradley, Senior FAB Assessor
Gayle Bullet, Senior FAB Assessor

Distribution List

This report has been distributed to the following individuals:

Ben Casson, Finance Manager
James Sangster, Service Manager
Janet Johnson, Team Manager – Client Finances & FAB Team
Jon Padfield, Business Support Manager
Mel Lock, Adults & Health Operations Director
Stephen Chandler, Director of Adult Social Services
Martin Young, Strategic Manager – Finance Strategy
Gerry Cox, Chief Executive – SWAP

Working in Partnership with

Devon & Cornwall Police & OPCC
Dorset County Council
Dorset Police & OPCC
East Devon District Council
Forest of Dean District Council
Herefordshire Council
Mendip District Council
North Dorset District Council
Sedgemoor District Council
Somerset County Council
South Somerset District Council
Taunton Deane Borough Council
West Dorset District Council
West Somerset Council
Weymouth and Portland Borough Council
Wiltshire Council
Wilshire Police & OPCC

Statement of Responsibility

Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

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Appendix A – Personal Finance Contribution Management Response

1.1a Agreed Outcome I recommend that the Finance Manager ensures there is sufficient guidance in relation to unpaid income from clients including Social Worker involvement (where relevant) and timescales for escalating the recovery actions to the Legal Team. Guidance should refer to the Corporate Code of Practice for Income Management.
1.1a Management Response A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is introducing a dedicated debt recovery post. This will result in a more consistent recovery however given the nature of the debtor, i.e. vulnerable adults/wills/estates/probate, the collection of these debts require a more flexible approach
1.1a Audit Committee Update 21 September 2017 **It is considred that escalation of recovery actions should be the responsibility of a dedicated member of staff in Finance. Consideration is being given as to how this can be implemented as part of the restructure and downsizing of Finance establishment**

1.2a Agreed Outcome I recommend that the Finance Manager ensures that contracts provide greater detail on what information needs to be provided to both clients and the local authority regarding recovery action undertaken. Guidance should include: □ how debt should be reported to the client and the role of the local authority following non-payment; □ details on how to engage in Social Worker support if required; and □ records of any conversations with clients (or family/support if appropriate) regarding the non-payment of debt. Example pro-formas could be provided by the Local Authority to ensure consistency across all providers with a lead officer working with providers to ensure continuous improvement
1.2a Management Response Whilst recognising these points, it should be noted that the large majority of client debt is collected successfully by the providers. Not only this – It also reduces the administrative financial burden on the council. The finance service do however recognise the need to work with providers to ensure they have suitable debt recovery processes in place. This will be considered by a new dedicated debt recovery post.
1.2a Audit Committee Update 21 September 2017

Appendix A – Personal Finance Contribution Management Response

Finance Management Team to agree implementation

1.3a Agreed Outcome I recommend that the Finance Manager ensures that there is a single defined process to manage debt recording, recovery and the retention of records ensuring consistency across all areas. Processes should be consistent and records accessible from other offices to ensure business continuity in the event of staff absence. This may be delivered through the planned restructure.
1.3a Management Response [Target Date September 2017] A restructure of all Adults Local Finance Teams is already underway which whilst resulting in a reduction in staff, is introducing a dedicated debt recovery post. This will result in a more consistent recovery across the county.
1.3a Audit Committee Update 21 September 2017 **A full review of the Income Code of Practice has been completed and an implementation plan agreed (see Appendix B). In addition the centralisation of staff from four to two offices and the establishment of one Finance Manage overseeing all local team staff and practice will ensure greater consistency.**

1.4a Agreed Outcome I recommend that the Finance Manager develops a protocol that ensures there is sufficient cover for managing debts rather than being managed locally the responsibility of one individual to ensure sufficient cover in the event of staff absence/turnover.
1.4a Management Response There are insufficient resources to provide this function consistently across the service in periods of extended staff absence. This will be considered however as the restructure is implemented.
1.4a Management Update 21 September 2017 **Consideration is being given as to how this can be implemented as part of the restructure and downsizing of Finance establishment. Centralisation of staff (see above) will provide greater cover.**

Appendix A – Personal Finance Contribution Management Response

1.5a Agreed Outcome I recommend that the Finance Manager should develop guidance for the Finance Officers on what attempts should be made to recover debt and when they should be referred to legal. Guidance should consider the following: □ Timescales for managing the process, to include consideration of time already spent by Care Homes pursuing debts; and □ Guidance on where exceptions or social worker involvement may apply and an identified authorisation process to apply such exceptions.
1.5a Management Response We acknowledge the findings above and will be implement a more robust process as part of the restructure.
1.5a Audit Committee Update 21 September 2017 **An additional Adults appendix to the Income Code of Practice will be provided (see Appendix B).**

1.6a Agreed Outcome I recommend that the Finance Manager should ensure that debt is progressed to write-off once adequate demonstration of non-recovery has been identified.
1.6a Management Response We acknowledge the findings above and will be implement a more robust process as part of the restructure.
1.6a Audit Committee Update 21 September 2017 **See Appendix B attached. Reiteration of best practice included.**

Appendix A – Personal Finance Contribution Management Response

2.1a Agreed Outcome I recommend that the **Senior FAB Assessor** develops a process for monitoring the performance of the FAB team and FAB assessments, this data should then be used to inform future performance targets.
2.1a Management Response Agreed
2.1a Audit Committee Update 21 September 2017 **We are in the process of setting up performance monitoring, with expectations of the number of residential and fairer charging assessments to be completed per week by each FTE staff member on a pro rata basis, being reported on through Infoview. However we are presently rethinking our work processes, and writing a business case for Mel Lock for increased staff resources, and so these are still a work in progress.**

2.1b Agreed Outcome I recommend that the Team Manager - Client Finances and FAB Team develops a strategy with the Care Coordination team to develop a manageable flow of referrals to the FAB team, this may involve cross-team working to minimise impact of high demand for care provision.
2.1b Management Response Business Support Manager – since the audit testing was undertaken additional resource has been made available in the care coordination team and the backlog is now cleared. The team is currently going through a restructuring process which will facilitate an improvement in the process.
2.1b Audit Committee Update 21 September 2017 **The FAB Team works closely, and liaises with, the Care Coordination Team on a regular basis. However the Care Coordination Team has to forward work to the FAB Team when it is appropriate, and managing this work is not easily managed, as it depends on demand on the Care Coordination Team to access care. The backlogs in work of the Care Coordination Team have been worked on.**

Appendix A – Personal Finance Contribution Management Response

2.3a Agreed Outcome I recommend that the Team Manager – Client Finances and FAB ensures that the Finance and Benefits Assessment procedures are updated to include the Council's policy of allowing clients to delay a FAB assessment three times before they are automatically assessed as being self-funding.
2.3a Management Response Agreed
2.3a Audit Committee Update 21 September 2017 **This has been amended in 'Charging policy' Personal Budgets 2017' page 3 found at: http://extranet.somerset.gov.uk/adults-and-health/policies-and-processes/money-matters/**

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Appendix B – Income Code of Practice Review and Actions (Adults) – May 2017

Practice	Recommendation	Action	Progress
Signed Agreements with customer	Signed agreements in place for Residential & Nursing but not in regards to homecare where they sign a document with FAB that agree to pay but no formal agreement with the client. Needs to be in place for all new Home care packages as soon as possible	(PG to put on agenda for next FMT)	FMT to agree process and agree accordingly
Accuracy	Accurate completion of invoices by local teams a priority for recovering monies	Action: PG/SR/BH to follow up	Finance Managers are addressing with staff.
Charge details	To ensure all teams including full details of charges included on invoices raised.	PG/SR/BH:	Delivered. Breakdowns being provided.
Promptness	Invoices to be raised promptly – aim to provide to customer within 5 working days	Action: PG/SR/BH to follow up	Being addressed as part of the restructure of Adults Finance Local Teams
Adults Appendix	Take advantage of adding appendix to general code of practice re adults approach & process to take forward re not referring to budget holders but to a dedicated debt recovery post	Action: MY	To be included
Client Finance Fees	Need to ensure annual fees and charges paper now includes Client Finances fees.	Action: BC/JS to follow up	Paper drafted each January/February. Will be included.
Credit Notes	To work with teams to distinguish correct usage of credit notes and to produce written guidance accordingly	PG/SR/BH to complete	To be completed
Credit Notes	Ascertain approvers of credit notes following restructure	Action: JS to discuss with AR to ensure approvals are at the appropriate levels across his team	To be done following completion of restructure
Instalment Plans	Agreed that instalment plans set up are to be closely monitored and actions to be taken immediately if repayments cease.	Action: PG/BH/SR to ensure staff follow up on this	To be done following completion of restructure

Appendix B – Income Code of Practice Review and Actions (Adults) – May 2017

Reminders	To ensure reminders issued by Accounts Payable are sent out to the customer directly with immediate effect. This should also apply to invoices raised.	PG/SR/ BH	Delivered. Achieved through Print to Post
Timetable and Responsibilities	Social Workers would not be the appropriate people to agree plan of action to recover the debts. The budget holder responsible for the plan of action would be the Service and Operations Managers, however, this is not considered a realistic and effective option. Recommend that a dedicated finance post should have responsibility for agreeing further plans of action post 28 days.	Action: MY to discuss with JS	To be completed
Aged Debts	Need to review and remove any extremely aged debts in particular from the South Somerset area should recovery be unrealistic	PG/SR To look into this.	Delivered
Utilisation of notes functionality	To utilise on-system notes on SAP summarising debt recovery action	All staff	Being addressed
Management Reporting	FMT to agree how we manage monthly reporting and focusing on key debts over and above the standard processes.	FMT	Agreement at next FMT
Direct Payments	Financial returns are sent quarterly. PK assesses the level of surplus. A letter is then written before an invoice is raised when the amount is ascertained. When surplus funds are returned, invoices are not currently raised. A letter is written requesting for funds to be returned. This has been reviewed and a new template has been drafted to be used on the invoices in future. An invoice is to be raised in future rather than a letter sent. We agreed a revised narrative to be included on an invoice as opposed to an initial letter.	Action: BH to implement	Delivered
Direct Payments	Misspending of direct payments – invoices are raised immediately and followed up accordingly. Important that the Income code of practice is adhered to in order to 1) maximise debt recovery and, 2) minimise administrative burden.	Action: BH to implement	Delivered

Somerset County Council
Audit Committee
21st September 2017

Forward Work Plan

Service Director: Kevin Nacey, Director of Finance and Performance
Lead Officer: Martin Gerrish, Strategic Manager – Financial Governance
Author: Martin Gerrish, Strategic Manager – Financial Governance
Contact Details: tel (01823) 355303 or e-mail: mgerrish@somerset.gov.uk
Cabinet Member: Cllr D Hall, Cabinet Member for Resources
Division and Local Member: All

1. Summary/link to the County Plan

1.1. Members have asked that we review forthcoming items coming to Audit Committee, and also that officers ensure that the Committee has Partial assurance audits brought to it in a timely manner.

1.2. A draft Forward Work Plan will be brought to the Audit Committee quarterly.

2. Issues for consideration

2.1. Members are asked to note the outline Agendas for the November 2017 and January 2018 meetings, as set out in Appendix A to this report, and to comment on any further items that they would like to be scheduled.

2.2. Members are asked to consider other agenda items on this September agenda, and whether they would like to have a further update on any of these audits, risks or topics.

3. Background

3.1. Audit Committee has set out the requirement for any internal audit from SWAP that only achieved Partial Assurance to come to a future public meeting and for the manager(s) responsible to update members as to their progress against the agreed action plan.

3.2. There is also a number of “staple” Audit Committee items that form part of either the annual Statement of Accounts cycle, or that are regularly brought to Audit Committee as part of its general risk and governance role.

3.3. It is always possible, and has been the case in the recent past, that additional Audit Committee meetings can be added to incorporate the workload.

3.4. At the June 2017 meeting, members required that officers scheduled in previous Partials audits to ensure that these were “caught up”. The proposals Agendas as set out in Appendix A should ensure that the backlog of concluded Partials will have returned to Audit Committee by the end of the November meeting, leaving some capacity in January for any Partial audits arising in 2017.

4. Consultations undertaken

4.1. None required

5. Implications

5.1. Any items requested not yet covered by the draft Forward Work Plan at Appendix A will require scheduling by officers, in conjunction with the Chair.

6. Background papers

6.1. Previous Audit Committee decisions on the process for dealing with Partial Audits.

Note For sight of individual background papers please contact the report author

APPENDIX A : Draft Audit Committee Work Programme

Future Agenda Items	**Notes**
23rd November 2017	
External Audit Update	**The regular external audit update as part of their annual cycle.**
Internal Audit Update	**The regular progress report from SWAP on the completion of the 2017/2018 Internal Audit Plan, highlighting any high risks that have arisen from their work.**
Risk Management	**The regular update on progress in mitigating the highest scoring risks that face the County Council.**
Partial Audit – Debt Management	**This will also include the regular update on the latest debt position, plus an update on the latest legislative and accounting considerations.**
Partial Audit – Childrens Independent Placements – Financial Controls	**Catching up the backlog of Partial audits coming back to Audit Committee.**
Partial Audit – The Planned Use of Schools Balances	**Catching up the backlog of Partial audits coming back to Audit Committee.**
Partial Audit – ICT Benefits Management	**Catching up the backlog of Partial audits coming back to Audit Committee.**
25th January 2018	
Anti-Fraud and Corruption Update	**This is the annual review of our anti-fraud work, incorporating a review of the relevant policies, the latest national picture on emerging fraud risks facing Local Authorities, our local fraud defences and their review by SWAP, plus anonymised local cases that are being investigated.**
National Fraud Initiative	**This will be an information item for members on the key national database that is used by Local Authorities to review possible fraud "matches".**
External Audit Update	**The regular external audit update as part of their annual cycle.**
Internal Audit Update	**The regular progress report from SWAP on the completion of the 2017/2018 Internal Audit Plan, highlighting any high risks that have arisen from their work.**

Debtor Management	**The regular performance report on our progress to collect monies owed to the County Council and the causes of outstanding debts.**
Risk Management	**The regular update on progress in mitigating the highest scoring risks that face the County Council.**
Future Items (for noting)	
Internal Audit Plan and Charter	**The 2018/2019 proposed Plan and Charter will come to the February / March 2018 meeting.**
Partial Audits and Risks	**To review any completed internal audits that have only received a Partial Assurance.** **These can be added to any suitable agenda as time, circumstances and member requests dictate.**