Somerset County Council

Report of Internal Audit Activity

Plan Progress 2018/19- January 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 12th April 2018.

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
- School Reviews
- Follow-up Audits
- Other Special or Unplanned Reviews

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Summary of Work 2018/19

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being areas of major concern to 3, findings that require attention.

➡️ **Internal Audit Work programme**

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2018/19. 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.

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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 three 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'.

Review/Risks	Auditors Assessment
None have been reported during the period.	N/A

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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

No partial opinion reports have been finalised in the quarter.

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Plan Performance 2018/19

SWAP Performance

➡ 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 December 2018 is as follows:

Performance Target	SCC Performance	Partners Performance
Audit Plan – Percentage Progress Final, Draft and Discussion In progress/scoping Not started	47% 35% 18%	45% 41% 14%
Audit Plan – Delivery On course to deliver at least 90% of plan by year end	Yes	Yes
Quality of Audit Work Customer Satisfaction Questionnaire	94%	98%

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Update 2018/19 continued

SCC Performance

SCC Performance

Refer to Appendix B for detail of the individual audits.

The previous table shows the percentage plan progress at SCC to now be broadly in line with that of the SWAP average. This is despite some delays experienced in the scheduling of work, with both requests made to move audits back to later in the year and to defer to the following year.

In terms of our IT plan, much of the planned audit work has already been completed. Our IT auditor left in October but was able to complete much of the IT Plan ahead of their departure. Our first recruitment exercise was unsuccessful in securing a replacement, this is a very competitive market. Additional IT staff have now been appointed and are in the process of taking up their posts.

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Plan Performance 2018/19

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

The main changes agreed to the plan this year have been the result of requests made to delay audits to later in the year or to defer to the following year. Where audits have been deferred, a replacement audit has been agreed.

There have been some recent additions to the plan of an advisory or investigative nature and have been resourced by audits that have been deferred.

➡ Conclusion

Following a slow start due to audit delays and deferrals, catch-up has been possible over the last few months and reasonable progress is now being reported in relation to plan delivery. There still remains much audit work to deliver but we are now on track to do so.

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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

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major ⟷ 3 = Minor			Comments
								Recommendation			
								1	2	3	
ICT	Follow-up	RIPA Use of Internet as a means of Surveillance	Q1	Final	n/a	02/05/2018					Sufficient progress made to remove from JCAD
Education	Operational	Team Around the School	Q1	Final	Partial	01/05/2018	6		2	4	
Finance and Performance	Follow-up	Dillington House Financial Controls	Q1	Final	n/a	04/05/2018					Insufficient progress made to be removed from JCAD.
Governance	Governance	Whistleblowing Allegation	Q1	Final	Advisory	04/04/2018					Audit work concluded that there was not a case to be pursued.
Human Resources	Governance	Role of the Somerset Manager	Q1	Final	Partial	14/05/2018	2	1		1	
ICT	ICT	WAN Connections	Q1	Final	Advisory	20/06/2018					
ICT	ICT	Bring Your Own Devices	Q1	Final	Advisory	07/08/2018					New
Schools	Schools	Schools Financial Value Standard Moderation	Q2	Final	Advisory	11/09/2018					Involvement in annual moderation exercise.
ICT	Follow-up	Readiness for General Data Protection Regulations (GDPR)	Q3	Final	n/a	18/06/2018					Sufficient progress for recommendations to be removed from JCAD. Recommend further audit work next year.
ICT	Follow-up	IT – Information Sharing	Q3	Final	n/a	27/07/2018					Sufficient progress made to be removed from JCAD.

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								Recommendation			
								1	2	3	
ICT	Follow-up	Network Resilience	Q3	Final	n/a	04/10/2018					Removed from JCAD, Business Continuity identified as a risk area for 19/20 Plan.
Governance	Governance	Ethical Governance	Q2	Final	Reasonable	18/07/2018	5			5	
Schools	Schools	School Theme – Premises Health and Safety	Q1	Final	Reasonable	22/05/2018	7		1	6	School visits took place during the summer term.
Procurement	Follow-up	Corporate Contracts – Performance Management follow-up	Q2	Final	n/a	09/08/2018					Contract Toolkit now largely established
Children's Services	**Operational**	**Children's Direct Payments review**	**Q2**	**Final**	**Non-Opinion**	**24/09/2018**	**8**		**1**	**7**	**Advisory Review**
Property Services	**Follow-up**	**Strategic Asset Management**	**Q3**	**Final**	**n/a**	**05/11/2018**	**n/a**				
Schools	**Schools**	**School Financial Accounting Review**	**Q3**	**Final**	**Non-Opinion**	**05/10/2018**	**8**		**2**	**6**	**Advisory Review**
Governance	**Governance**	**Healthy Organisation**	**Q2**	**Final**	**Medium**	**5/06/2018**					
ICT	**ICT**	**E5, MS Windows Defender, ATP, Security Suite Deployment**	**Q4**	**Final**	**n/a**	**06/09/2018**					**Advice only**
ICT	ICT	Payment Card Industry (PCI)	Q2	Draft		13/07/2018					
Adult Services	Operational	Adults Placements - Finance & Operational Controls	Q1	Draft		23/07/2018					

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major ⟷ 3 = Minor			Comments
								Recommendation			
								1	2	3	
Adult Services	Follow-up	Better Care Fund Follow-up	Q1	Draft		09/10/2018					Moved to Q3 from Q1 due to review underway with CCG.
Finance	Governance	Combating Tax Evasion	Q2	Draft		24/08/2018					Days increased to ensure all key areas can be covered.
Adult Services	Governance	Adults Residential Home – Payments Review	Q2	Draft		10/09/2018					Advisory Review
Property Services	Operational	Health & Safety – Premises Management	Q3	Draft		05/09/2018					
Finance	Key Control	Debt Management	Q3	Draft		14/09/2018					
Children's Services	Key Control	Troubled Families - Phase 2 Claims	Q1	In progress		22/06/2018					Certification of claims ongoing through the year
Education	Follow-up	Independent Placements for CLA and Education – Financial Controls	Q1	In progress		04/06/2018					
Governance	Governance	Lone Working	Q3	In progress		13/11/2018					New – request to include in plan.
Adult Services	Operational	Client Finances	Q2	In progress		01/08/2018					Testing moved to Q3 to allow for embedding of bank-line.
Finance	Key Control	STAR Payroll	Q3	In progress		30/08/2018					New - replaces Procurement Category Management.
Schools	Schools	School Theme – Schools Financial Value Standard (SFVS)	Q3	In progress		25/09/2018					Autumn Term visits

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major		3 = Minor	Comments
								Recommendation			
								1	2	3	
Children's Services	Follow-up	The Education of Children Looked After	Q3	In progress		15/10/2018					
Finance	Key Control	Creditors	Q3	In progress		15/10/2018					
Finance	Follow-up	Payroll IR35	Q2	In Progress		01/10/2018					Will carry-out in Q3 with STAR payroll to improve efficiency and minimise staff disruption.
Children's Services	Follow-up	Use of Part-time Timetables	Q3	In Progress		23/10/2018					Actions not yet complete – will revisit in Q4
ECI	Operational	Concessionary Fares	Q4	In Progress		28/11/2018					
Children's Services	Follow-up	Children's Direct Payments	Q3	In Progress		07/01/2018					
Schools	School Theme	School Theme – Safer Recruitment	Q4	In Progress		12/11/2018					School visits – Spring Term.
Finance	Key Control	Cash Handling	Q1	Not started							Request to move back to Q4 to allow new policy to embed.
Adult Services	Operational	Management of Blue Badges	Q2	Not started							Client request to delay to Q4. Initial meeting scheduled.
ICT	ICT	Back Ups – Azure	Q2	Not started							Move to Azure not complete.
Governance	Governance	Risk Analysis Full Lifecycle	Q2	Not started							Initial meeting scheduled.
Governance	Governance	MTFP – the new Approach	Q3	Scoping							Initial Meeting held
Adults	Follow-up	Risk of Care Provider Failure	Q3	Scoping							Initial Meeting held

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								Recommendation			
								1	2	3	
ICT	Follow-up	SAP – Key controls	Q3	Not started							
Property Services	Governance	Corporate Property Maintenance – Schools	Q3	Scoping							Initial Meeting held
Adults	Follow-up	Adults – New Operating Model	Q4	Not started							Initial Meeting scheduled
Children's Services	Operational	Children's – Special Guardianship Allowances	Q4	Scoping							Initial Meeting held
Property Services	Governance	Corporate Management of Health and Safety	Q4	Not started							Initial Meeting scheduled
ECI	Operational	Section 106 Agreements	Q4	Scoping							Initial Meeting held
Schools	Schools	School Theme – Sports and PE Grants	Q4	Not started							Initial Meeting scheduled
Adults	Operational	LD – Discovery Contract	Q4	Not started							Initial Meeting scheduled
ECI	Operational	Delivery of Major Transport Projects	Q4	Scoping							Initial Meeting held
ICT	ICT	Asset Management – Telephony	Q4	Not started							Request to defer to Q4
Adult Services	Operational	Learning Disabilities – Review to Improve Lives	Q2	Removed							Project ended – days used for Direct Payments Advisory review.

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								Recommendation			
								1	2	3	
Adult Services	Follow-up	Mental Health – Care Plans	Q3	Deferred							Insufficient progress made to start – will revisit in Q4
ICT	ICT	Procurement	Q1	Removed							Days added to Q2 risk management
Procurement	Governance	Procurement - Category Management	Q1	Removed							Will pick up within Healthy Organisation review in Q2.
Finance and Performance	Governance	Performance Management	Q1	Removed							Will pick up within Healthy Organisation review in Q2.
ICT	Follow-up	Data Subject Access Request (DSAR)	Q1	Removed							More officer time needed to complete agreed actions. Days transferred to Q2 Tax Evasion.
Human Resources	Governance	People Strategy	Q2	Removed							Will pick up within Healthy Organisation in Q2.
ICT	ICT	BRM Infolink Azure	Q3	Removed							Replaced with Q1 Bring Your Own Devices
Human Resources	Governance	Workforce Planning	Q3	Removed							Removed to allow Lone Working audit to be carried out.
Procurement	Follow-up	Procurement – The Monitoring and Control of Savings Made	Q3	Removed							Will form part of Q4 MTFP review.
Procurement	Governance	Corporate Contract Management	Q2	Removed	n/a	09/08/2018					Days added to the Discovery contract

Schools

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1	2	3	Comments
Schools	Follow-up	Stoke St Michael Primary - SFVS Follow-Up Audit	Q1	Final	n/a	17/07/2018					

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Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major		3 = Minor	Comments
								Recommendation			
								1	2	3	
Schools	School	Premises Management - Ash Primary	Q1	Final	Reasonable	21/05/2018	8		1	7	
Schools	School	Premises Management - Fiveways	Q1	Final	Reasonable	21/05/2018	6		2	4	
Schools	School	Premises Management - St Nicholas Primary	Q1	Final	Reasonable	21/05/2018	8			8	
Schools	School	Premises Management - Ditcheat Primary	Q1	Final	Reasonable	21/05/2018	8		1	7	
Schools	School	Premises Management - Blackbrook Primary	Q1	Final	Reasonable	21/05/2018	10		1	9	
Schools	School	Premises Management - Haselbury Plucknett Primary	Q1	Final	Reasonable	21/05/2018	6			6	
Schools	School	Premises Management - Berrow Primary	Q1	Final	Reasonable	21/05/2018	7		1	6	
Schools	School	SFVS – Tor School	Q3	Final	Partial	25/09/2018	19		2	17	
Schools	School	SFVS - Stogursey	Q3	Final	Partial	25/09/2018	13		4	9	
Schools	School	SFVS – Sky College	Q3	Final	Reasonable	25/09/2018	9		1	8	

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								Recommendation			
								1	2	3	
Schools	School	SFVS – Dulverton Junior School	Q3	Final	Reasonable	25/09/2018	8		2	6	
Schools	School	SFVS - Chilthorne Domer	Q3	Final	Reasonable	25/09/2018	16		2	13	
Schools	School	SFVS – St Benedict's Junior	Q3	Final	Reasonable	25/09/2018	13		2	11	
Schools	School	SFVS - Bishop Henderson C of E Primary	Q3	Draft		25/09/2018	18		7	11	

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