

Somerset County Council

Report of Internal Audit Activity

Plan Progress 2018/19- March Update

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Contents

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Delivering Audit Excellence

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



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 assurance 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.

Summary of Audit Work 2018/19

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

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

Adults Placements - Finance and Operational Related Controls

Financial controls were given a Partial assurance opinion.

Invoices for homecare placements are not being adequately validated against the agreed care package in the Adult Social Care system prior to payment creating a risk that the Council may be making inaccurate payments. There are validation reports produced but they are not being reviewed or investigated in accordance with an agreed methodology. This has been an area of weakness that Internal Audit have been reporting across a number of years.

We were provided with evidence that residential and nursing providers are not paid on a timely basis due to delays in the completion of financial agreements by Social Work teams. As well as impacting providers, the delays increase queries that need to be dealt with and accurate budget projections are more difficult. A more efficient, ideally electronic way of obtaining signed agreements is needed.

The lack of documentary evidence and audit trail within AIS is a significant issue, because the time spent resolving queries and obtaining information that should have been recorded will also compound the continuing resource issues.

Health & Safety: Premises Management – Corporate Properties

Visits were conducted at a range of different corporate premises across the County. Some areas of good practice were identified in the use of systems to log and monitor maintenance and repair issues that require contractor attendance. We also observed improvements in respect of Premises Manager training, with seven managers having completed training and another manager having been booked onto a forthcoming session.

An area of weakness reported was in relation to statutory inspections, where there was a lack of evidence that inspections had been completed, with no certificate available on the premises. Most instances related to fire extinguishers and alarm systems.

Our visits also identified that risk assessments are often not completed or kept up to date for all expected risk areas, even though some had identified the omissions through a self-declaration process.

Despite the Council procuring and implementing the B-Safe system as a replacement for the previous EEC-live system, it is not used consistently by all premises. Use of B-Safe has not been made mandatory which results in an inability to conduct routine central monitoring.

A further issue was found in respect of defined responsibilities at premises which are rented from another organisation, or where Council staff are occupying an area of a partner organisation's property. There is no corporate process to ensure that all premises have a formal agreement in place detailing what are the landlord's responsibilities and what are the tenant's responsibilities in terms of health and safety compliance. Furthermore, where an agreement is in place, the detail is not always shared with the Premises Manager and at properties where the landlord is responsible, there are inconsistent arrangements to ensure that all relevant documentation to demonstrate compliance is shared with the Premises Manager.

A corporate landlord approach is currently being implemented which will centralise the management of premises and this provides an opportunity to strengthen controls in relation to the weaknesses reported.

Plan Performance 2018/19

Update 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 February 2019 is as follows:

Performance Target	SCC Performance	Partners Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not started	66% 34% 0%	55% 40% 5%
<u>Audit Plan – Delivery</u> On course to deliver at least 90% of plan by year end	Yes	Yes
<u>Quality of Audit Work</u> Customer Satisfaction Questionnaire	97%	95%

Summary of Work 2018/19

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 is now ahead 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.

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 also been 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 good progress is now being reported in relation to plan delivery. One third of the plan remains in progress, so a significant proportion of audit work remains ongoing, but we are on track to complete the plan, ahead of the annual opinion report scheduled for the June audit committee meeting.



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.
ICT	Follow-up	IT – Information Sharing	Q3	Final	n/a	27/07/2018					Sufficient progress made to be removed from JCAD.
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.



Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
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
Property Services	Follow-up	Strategic Asset Management	Q3	Final	n/a	05/11/2018					
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 Assurance	5/06/2018					
ICT	ICT	E5, MS Windows Defender, ATP, Security Suite Deployment	Q4	Final	n/a	06/09/2018					Advice only
Adult Services	Operational	Adults Placements - Finance & Operational Controls	Q1	Final	Partial: Financial Reasonable: Operational	23/07/2018	11		3	8	
Adult Services	Follow-up	Better Care Fund Follow-up	Q1	Final	n/a	09/10/2018					Insufficient progress made to remove from JCAD
Finance	Governance	Combating Tax Evasion	Q2	Final	Non-opinion	24/08/2018	3		1	2	Advisory review and will focus audit work in 2019/20

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Property Services	Operational	Health & Safety – Premises Management	Q3	Final	Partial	05/09/2018	8	2	4	2	
Adult Services	Operational	Client Finances	Q2	Final	Reasonable	01/08/2018	2			2	
Finance	Follow-up	Payroll IR35	Q2	Final	n/a	01/10/2018					Sufficient progress made to remove from JCAD.
Adults	Follow-up	Adults – New Operating Model	Q4	Final	n/a	21/01/2019					Sufficient progress made to remove from JCAD.
Schools	Schools	School Theme – Schools Financial Value Standard (SFVS)	Q3	Final	Reasonable	25/09/2018	17		2	15	
Schools	School Theme	School Theme – Safer Recruitment	Q4	Final	Reasonable	12/11/2018	3			3	
Finance	Key Control	STAR Payroll	Q3	Draft		30/08/2018					New
ICT	Follow-up	Payment Card Industry (PCI)	Q2	Draft		13/07/2018					
Adult Services	Advisory	Adults Residential Home Payments Advisory Review	Q2	Draft		10/09/2018					New
Finance	Key Control	Debt Management	Q3	Draft		14/09/2018					
Children's Services	Operational	Children's Direct Payments advisory review	Q2	Draft		24/09/2018					New

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Education	Follow-up	Independent Placements for CLA and Education – Financial Controls	Q1	Discussion Document		04/06/2018					
Governance	Governance	Lone Working	Q3	Discussion Document		13/11/2018					New
Finance	Key Control	Creditors	Q3	Discussion Document		15/10/2018					
Children's Services	Key Control	Troubled Families - Phase 2 Claims	Q1	In progress		22/06/2018					Certification of claims ongoing through the year
Children's Services	Follow-up	The Education of Children Looked After	Q3	In progress		15/10/2018					
Children's Services	Follow-up	Use of Part-time Timetables	Q3	In Progress		23/10/2018					
ECl	Operational	Concessionary Fares	Q4	In Progress		28/11/2018					Delays experienced in receipt of data from contractor.
Children's Services	Follow-up	Children's Direct Payments	Q3	In Progress		07/01/2018					
Adult Services	Operational	Management of Blue Badges	Q2	In Progress		11/03/2019					Client request to delay to Q4.
Governance	Governance	Risk Management	Q2	In Progress		28/01/2019					
Governance	Governance	MTFP – the new Approach	Q3	In Progress		16/01/2019					
Adults	Follow-up	Risk of Care Provider Failure	Q3	In Progress		20/01/2019					

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Property Services	Governance	Corporate Property Maintenance – Schools	Q3	In Progress		14/01/2019					Initial Meeting held
Children's Services	Operational	Children's – Special Guardianship Allowances	Q4	In Progress		16/01/2019					
Property Services	Governance	Corporate Management of Health and Safety	Q4	In Progress		17/01/2019					
ECl	Operational	Section 106 Agreements	Q4	In Progress		09/01/2019					
Schools	Schools	School Theme – Sports and PE Grants	Q4	In Progress		04/03/2019					Spring term visits.
Adults	Operational	Discovery Contract Management	Q4	In Progress		29/01/2019					
ECl	Operational	Delivery of Major Transport Projects	Q4	In Progress		10/01/2019					
ECl	Operational	Broadband Delivery UK audit certification	Q4	In Progress		14/03/2019					New
ECl	Operational	Ongoing Investigation support	Q1	In Progress		01/04/2018					Ongoing advice across the year.
Finance	Key Control	Cash Handling	Q1	Removed							Issue of Policy delayed - deferred to 2019/20 – days used for BDUK audit certification.
ICT	ICT	Back Ups – Azure	Q2	Removed							Move to Azure not complete.
ICT	Follow-up	SAP – Key controls	Q3	Removed							Deferred to 2019/20 to be completed alongside active directory follow-up.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
ICT	ICT	Asset Management – Telephony	Q4	Removed							Following some initial work full review not completed as arrangements not sufficiently embedded.
Adult Services	Operational	Learning Disabilities – Review to Improve Lives	Q2	Removed							Project ended – days used for Direct Payments Advisory review.
Adult Services	Follow-up	Mental Health – Care Plans	Q3	Removed							Insufficient progress made to start – will revisit in 2019/20
ICT	ICT	Procurement	Q1	Removed							Days added to Q2 risk management
Procurement	Governance	Procurement - Category Management	Q1	Removed							Covered within Healthy Organisation review in Q2. Days used for STAR payroll.
Finance and Performance	Governance	Performance Management	Q1	Removed							Covered within Healthy Organisation review in Q2. Days used for MTFP as scope extended beyond follow-up.
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							Covered within Healthy Organisation in Q2. Days used for Adults Residential Payments advisory review.
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.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
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 management review.
Schools											
Schools	Follow-up	Stoke St Michael Primary - SFVS Follow-Up Audit	Q1	Final	n/a	17/07/2018					
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 - Ditchheat 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	

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 - 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	
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	Final	Partial	25/09/2018	18		7	11	
Schools	School	Safe Recruitment - Wadham School	Q4	Final	Reasonable	10/01/2019	2		1	1	
Schools	School	Safe Recruitment - St Cuthbert’s Primary	Q4	Final	Reasonable	10/01/2019	4		1	3	
Schools	School	Safe Recruitment - Oake Primary	Q4	Draft		10/01/2019					
Schools	School	Safe Recruitment - Cheddar First	Q4	Draft		10/01/2019					

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Schools	School	Safe Recruitment - Westover Green	Q4	Draft	Reasonable	10/01/2019					
Schools	School	Safe Recruitment - Bruton Primary	Q4	Draft	Reasonable	10/01/2019					
Schools	School	Safe Recruitment - North Cadbury Primary	Q4	Draft	Partial	10/01/2019					