Somerset County Council

Internal Audit Governance Board Update Report

End October 2019

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Unrestricted

Summary of Audit Work 2019/20

Performance Year to Date

Performance Measure	Current Performance	Last Year's Performance
Report stage (Final, Draft and Discussion)	45%	40%
In Progress	30%	37%
Yet to Start	25%	23%
Customer Satisfaction Questionnaire Scores	98%	94%

Performance is currently in line with last year and overall considered satisfactory. There have however been instances where audits have taken considerably longer than planned to complete. This has related to both progressing audit work and finalising reports, with multiple reminders from audit staff and myself necessary.

Significant Corporate Risks

Review/Risks	Auditors Assessment
Objective: Risk:	None reported in the year so far.

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Partial Opinion Reports

Supplier Resilience

This audit has found that current arrangements are not effective in ensuring that the risk of supplier failure is being adequately controlled. Currently there is not a consistent and co-ordinated approach to supplier resilience.

Though due diligence checks are completed prior to procurement, we found that these checks could not always be evidenced. There is a requirement for contract managers to monitor the financial standing of their suppliers once a contract has been awarded; we found these checks are not carried out consistently and some contract managers were unaware they were responsible for conducting such checks.

Of further concern is that Business Continuity Plans prepared by SCC service areas do not consistently outline who their key suppliers are, or what steps would need to be taken in the event one of these suppliers failed. It is unrealistic to expect detailed contingency plans to exist at service level for every contract, however such plans should be prepared for critical contracts.

The Commercial & Procurement service is currently drafting a new Contract Management Framework. This Framework will need to include enhanced guidance for contract managers.

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Summary of Follow-up Work

A follow-up audit takes place to confirm that actions have been implemented as agreed for all Partial Opinion audits and where there is evidence of this, the audit is removed from JCAD.

A summary of the outcomes of follow-up work finalised is shown below. For detail of the follow-up audits refer to Appendix 2.

Follow-up Outcomes	In Month	Year to Date
Removed from JCAD	0	3
Remaining on JCAD	0	0
Total	**0**	**3**

Changes to the Plan

There have also been additions to the plan to accommodate higher level risks or to carry out advisory work that has been requested. These have been resourced by audits that have been deferred. For further detail refer to Appendix 2. No changes have been made since the last progress report.

Other

The auditor responsible for IT has recently left and this will have a short-term effect on planned IT audit delivery. To help maintain service delivery in the short-term using an IT audit contractor is currently under investigation.

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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.

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Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	⟷	3 = Minor	Comments
								1	2	3	
Opinion Based Audits											
ECI	Operational	Passenger Transport – Driver Records	1	Final	Reasonable	09/04/2019	3		1	2	Sufficient Progress made to remove this audit from JCAD.
Procurement	Governance	Supplier Resilience	1	Final	Partial	16/04/2019	9		6	3	
Children's services	Schools	School Expenditure	1	Final	Reasonable	16/05/2019	6		1	5	
Finance	Governance	Treasury Management	2	Final	Substantial	06/06/2019	0		0	0	
Human Resources	Governance	Use of Volunteers – DBS checks	2	Final	Reasonable	11/07/2019	7		0	7	
Finance	Governance	Payroll	2	Draft		26/06/2019					
Human Resources	Governance	Health and Wellbeing – Working Well Programme	1	Draft		09/05/2019					
ICT	ICT	ICT Strategy and Governance	1	Discussion document		11/04/2019					
Adult Services	Operational	Residential Homes – contracts	1	Discussion document		04/06/2019					
Finance	Governance	Cash Handling	3	Discussion Document		14/08/2019					
PMO	Governance	The Commissioning and Delivery of schools	1	In Progress		23/05/2019					Delays from change of scope request and sickness of key staff.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major ⟷ 3 = Minor			Comments
								Recommendation			
								1	2	3	
Performance	Governance	Service Planning	2	In Progress		27/06/19					
Adult Services	Operational	Mental Health – Financial Decision Making	2	In Progress		15/07/19					
Children Services	Operational	Early Years – Compliance with Code of Practice	2	In Progress		25/07/19					Visits undertaken during September/October.
Children's services	Operational	Somerset Virtual School	2	In Progress		26/07/19					Delays experienced in progressing this audit.
Children's Services	Operational	Children's Education, Health and Care Plans (EHCPs)	3	In Progress		20/08/19					
Children's Services	Operational	Dillington House – Financial and Business Planning	3	In Progress		08/10/19					Originally scheduled for Q1, moved back to Q3 to review updated business plan.
Adult Services	Operational	FAB Assessments	3	In Progress		01/11/19					
Public Health	Operational	Transfer of Public Health Nursing Services	3	In Progress		19/9/19					
Children's Services	Operational	Children's Services Budget Management	3	In Progress		4/11/19					
Children's Services	School	Schools - Pupil Premium Grant	3	In Progress		05/09/19					
Finance	Key Control	Debt Management	3	In Progress		02/10/19					
Human Resources	Governance	Career Development and Pathways	2	Not Started							Agreed with Director of HR to move back to Q4

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Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major ⟷ 3 = Minor Recommendation			Comments
								1	2	3	
ICT	ICT	Vulnerability Management	2	Not Started							
ICT	ICT	Disaster Recovery	3	Not Started							Initial Meeting scheduled in November
Information Management	Governance	Data Subject Access Requests (DSARs)	3	Not Started							Initial Meeting scheduled in November
Adult and Children's	Operational	Direct Payments (including follow-up)	4	Not Started							
Children's Services	Operational	Independent Placements - Financial Controls & Contract Management	4	Not Started							
Performance	Governance	Value for Money Strategy and Reporting	4	Not Started							
Finance	Key Control	Creditors	4	Not Started							
Children's Services	School	Schools - Unofficial Funds	4	Not Started							
Libraries	Operational	Community Library Partnerships	4	Not Started							
PMO	Governance	Project Management - Use of Project Mobilisation Toolkit	4	Not Started							
Adult Services	Operational	Adults - Workforce Planning	4	Not Started							
ICT	ICT	Cloud Service Management	4	Not Started							

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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	
ICT	ICT	Firewall Management	4	Not Started							
ICT	ICT	Agile ICT Audit Project Assurance	4	Not Started							
Finance	Key Control	MTFP	4	Not started							New
Follow Ups											
ICT	Follow-up	Software Asset Management	1	Final	n/a	12/04/2019					Sufficient progress made to remove from JCAD
ICT	Follow-up	Hardware Asset Management	1	Final	n/a	12/04/2019					Sufficient progress made to remove from JCAD
ICT	Follow-up	Active Directory	2	Final	n/a	02/07/2019					Sufficient progress made to remove from JCAD
ICT	Follow-up	SAP – General IT Controls	2	In Progress							
Adult Services	Follow-up	Better Care Fund	2	Not Started							Initial Meeting 05/09
Children's Services	Follow-up	Team Around the School	3	In Progress		12/08/19					
	Follow-up	Healthy Organisation	3	In Progress		01/10/19					
Adult Services	Follow-up	Better Care Fund	2	Not Started							Delayed to allow time for recommendations to be implemented
Finance	Follow-up	Combatting Tax Evasion	3	Not Started							Delayed to allow time for recommendations to be implemented

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								Recommendation			
								1	2	3	
Adult Services	Follow-up	Mental Health – Care Plans	3	Not Started							Agreed with Service to move back to Q4
Property Services	Follow-up	Premises Management Health and Safety	3	Not Started							

Grant Certification Work

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1	2	3	Comments
ECI	Grant	Growth Deal – J25 M5 at Henlade	1	Final	n/a	27/06/19					New
ECI	Grant	Local Transport Capital Funding (including Pothole Action)	2	Final	n/a	23/08/19					New
Children & Families	Grant	Troubled Families – Phase 2 Claims	1	In Progress		03/05/19					Certification of claims completed through the year.
ECI	Grant	BDUK Grant Certification	4	Not Started							New

Advisory Work

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1	2	3	Comments
ECI	Advisory	Concessionary Fares – Reimbursement Calculation	1	Final	n/a	12/04/19	5		4	1	New
Children's	Advisory	Children's Direct Payment case review	All	In Progress		23/07/19					Service request.
All	Advisory	Organisational redesign	All	Not started							Advisory time to be used as projects develop.

Audits Deferred/Removed from the Plan

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								Recommendation			
								1	2	3	
Commissioning	Governance	The Commissioning Gateway	1	Removed							To form part of the scope of the corporate contract management audit. Days reallocated to grant work.
Children's services	Operational	SEN Data Management	1	Removed							Removed from plan due to lack of client response.
Human Resources	Operational	Apprenticeship Scheme	4	Removed							Deferred to 2020/21 to release days for Concessionary Fares.
Procurement	Governance	Corporate Contract Management	3	Removed							Deferred until 2020/21 to allow time for new corporate approach to embed. Replaced with MTFP audit.

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