



Somerset County Council

Report of Internal Audit Activity

Plan Progress 2018/19 - June 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 SWAP Internal Audit Partnership Limited. SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Chartered 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 28th March 2019.

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

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.

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

Debt Management

The Debt Management audits completed annually for the last three years have been given partial assurance. During this period, a revised Income Code of Practice has been introduced, and the Accounts Receivable Team have provided training and tailored support on the new requirements for a number of the current Debt Chasers.

In this year's review of a sample of outstanding debts, we have found that Debt Chasers are consistently failing to meet the requirements of the Income Code of Practice. The main weaknesses were found to be around compliance with the agreed timescales, retaining an adequate audit trail of recovery actions undertaken and awareness of the mandatory procedures which should be followed.

Although the updated Code of Practice launched over a year ago gives detailed debt recovery instructions, this audit has established that prompt and ongoing action to maximise the recovery of debts is still not embedded across services. A key recommendation from this report is that an escalation route is now established to target the debt chasers and their managers that are not complying with the code.

Corporate Property Maintenance – Schools

The performance of an annual condition survey is an important control in ensuring that school buildings are safe, with most surveys performed by Support Services for Education (SSE). Weaknesses were identified in the recording of the surveys as no full record is maintained and we are unable to give assurance that all schools have undergone an annual survey. We also found that improvements were required in the monitoring of the condition surveys undertaken. A further risk identified was that condition survey records may be inadequate evidence in the event of a claim against the Council.

Schools are required to submit annual returns on various areas of health and safety. This is a good control, however we found that a significant number of schools are not making these submissions, despite the Corporate Health and Safety Unit performing monitoring and follow up. This included Fire risk assessments where a third of schools had not submitted the annual return in 2018-19.

The final report of an audit with a similar scope entitled the structural failure of school buildings was issued in July 2014. At the time South West One were performing much of this work and the following was reported:

- targets for completion of condition surveys not being met;
- condition survey reports not being sufficiently detailed to be used as good evidence in the defence of a claim against the council; and
- A lack of monitoring of the completion of condition surveys.

Follow-up work was completed during the time Skanska were involved and actions were recorded as being in progress.

Given this is the third piece of audit work and the fact that some of the initial weaknesses remain in place, it is important that the audit report findings and recommendations are now implemented without further delay.

Lone Working

The council has a corporate lone working policy in place but this needs to be reviewed and updated. It does not define lone working in accordance with the Health and Safety Executive and is too broad to provide effective requirements and guidance to assist managers and lone workers in meeting the expectations of the council.

There is an incident reporting system – B-Safe – in place for officers to report lone working incidents, and this system can also be used to store lone working risk assessments. B-Safe is not fully integrated into the council's approach to lone working, and during this review we found there is low awareness of the system among officers and a low level of incident reporting.

There are lone working risk assessment forms for managers to use to identify risks presented to lone working officers in their services. The recorded uptake of risk assessment training among managers is low, and we found that lone working risk assessments have not been completed and stored on B-Safe for all services involving lone working.

We found that, because there is no corporate system in place for monitoring lone workers and responding to

potential or actual emergencies involving lone workers, there are inconsistent approaches across services at SCC. Some services have put in place their own monitoring systems and emergency communications procedures for high-risk lone workers. We found that some of these are documented and overseen at a strategic level and others are ad-hoc, undocumented, and may not be adhered to consistently. Services with high-risk lone workers should urgently review their policies and procedures for managing lone working, but there is also the opportunity for a corporate solution to be developed.

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 May 2019 is as follows:

Performance Target	SCC Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not started	98% 2% 0%
<u>Audit Plan – Delivery</u> On course to deliver at least 90% of plan by year end	Yes
<u>Quality of Audit Work</u> Customer Satisfaction Questionnaire	96%

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 that the delivery of the SCC internal audit plan is now substantially complete. 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.

We keep our audit plans under regular review so as to ensure that



Approved Changes to the Plan

we auditing the right things at the right time.

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 these have been resourced by audits that have been deferred. Approval was obtained from SCC ahead of making changes to the plan.



Conclusion

Following a slow start to the year with some audit delays and deferrals, catch-up has been possible over the last few months. We are now able to report that the plan has now been substantially delivered, with just a few reports to be finalised.

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					Insufficient progress made to remove from JCAD
Schools	Schools	School Financial Accounting Review	Q3	Final	Non-Opinion	05/10/2018	8		2	6	New - 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	Non schools establishments – Premises Health and Safety	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	This involved spring term visits to schools.
Finance	Key Control	STAR Payroll	Q3	Final	Reasonable	30/08/2018	4		1	3	
ICT	Follow-up	Payment Card Industry (PCI)	Q2	Final	n/a	13/07/2018					Some progress made but full compliance with PCIDSS yet to be achieved and further follow-up required.
Adult Services	Advisory	Adults Residential Home Payments Advisory Review	Q2	Final	Advisory	10/09/2018					New
Finance	Key Control	Debt Management	Q3	Final	Partial	14/09/2018	7		5	2	Continuing compliance issues, further follow-up work required.

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	Operational	Children's Direct Payments advisory review	Q2	Final	Advisory	24/09/2018					New
Education	Follow-up	Independent Placements for CLA and Education – Financial Controls	Q1	Final	n/a	04/06/2018					Insufficient progress made to remove from JCAD
Governance	Governance	Lone Working	Q3	Final	Partial	13/11/2018	11		6	5	New
Finance	Key Control	Creditors	Q3	Final	Reasonable	15/10/2018	4		1	3	
Children's Services	Key Control	Troubled Families - Phase 2 Claims	Q1	Final	n/a	22/06/2018					Certification of claims completed through the year
Children's Services	Follow-up	Use of Part-time Timetables	Q3	Final	n/a	23/10/2018					Sufficient progress made to remove from JCAD
ECI	Follow-up	Concessionary Fares	Q4	Final	n/a	28/11/2018					Sufficient progress made to remove from JCAD
Children's Services	Follow-up	Children's Direct Payments	Q3	Final	n/a	07/01/2018					Insufficient progress made to remove from JCAD
Adults	Follow-up	Risk of Care Provider Failure	Q3	Final	n/a	20/01/2019					Sufficient progress made to remove from JCAD
Property Services	Governance	Corporate Property Maintenance – Schools	Q3	Final	Partial	14/01/2019	7	2	2	3	
Children's Services	Operational	Children's – Special Guardianship Allowances	Q4	Final	Reasonable	16/01/2019	9		2	7	
ECI	Operational	Section 106 Agreements	Q4	Final	Reasonable	09/01/2019	6		4	2	Sufficient progress made to remove from JCAD

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major ↔ 3 = Minor			Comments
								Recommendation			
								1	2	3	
Schools	Schools	School Theme – Sports and PE Grants	Q4	Final	Reasonable	04/03/2019	4			4	
Governance	Governance	MTFP – the new Approach	Q3	Final	Reasonable	16/01/2019	6		1	5	
ECI	Operational	Delivery of Major Transport Projects	Q4	Final	Reasonable	10/01/2019	7		1	6	
Children's Services	Follow-up	The Education of Children Looked After	Q3	Final	n/a	15/10/2018					Insufficient progress made to remove from JCAD
Property Services	Governance	Corporate Management of Health and Safety	Q4	Discussion Document		17/01/2019					
Governance	Governance	Risk Management	Q2	Draft		28/01/2019					
Adult Services	Operational	Management of Blue Badges	Q4	Discussion Document		11/03/2019					
Adults	Operational	Discovery Contract Management	Q4	Discussion document		29/01/2019					
ECI	Operational	Broadband Delivery UK audit certification	Q4	In Progress		14/03/2019					New
Finance	Key Control	Cash Handling	Q1	Deferred							Issue of Policy delayed - deferred to 2019/20 – days used for BDUK audit certification.
Adult Services	Follow-up	Mental Health – Care Plans	Q3	Deferred							Insufficient progress made to start – will revisit in 2019/20
ICT	Follow-up	Data Subject Access Request (DSAR)	Q1	Deferred							More officer time needed to complete audit recommendations. Days transferred to Q2 Tax Evasion.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Human Resources	Governance	Workforce Planning	Q3	Deferred							Removed to allow Lone Working audit to be carried out.
Procurement	Governance	Corporate Contract Management	Q2	Deferred	n/a	09/08/2018					Contract days to focus on Discovery Contract review.
ICT	Follow-up	SAP – Key controls	Q3	Deferred							Deferred to 2019/20 to be completed alongside active directory follow-up.
ICT	ICT	Back Ups – Azure	Q2	Removed							Move to Azure not complete.
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.
ICT	ICT	Procurement	Q1	Removed							Service assessed risk to be reduced. 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.
Human Resources	Governance	People Strategy	Q2	Removed							Covered within Healthy Organisation in Q2. Days used for Adults Residential Payments advisory review.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
ICT	ICT	BRM Infolink Azure	Q3	Removed							Replaced with Q1 Bring Your Own Devices
Procurement	Follow-up	Procurement – The Monitoring and Control of Savings Made	Q3	Removed							Will form part of Q4 MTFP 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 - 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	

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	Final	Substantial	10/01/2019	1			1	
Schools	School	Safe Recruitment - Cheddar First	Q4	Final	Reasonable	10/01/2019	5		2	3	

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	Final	Reasonable	10/01/2019	3			3	
Schools	School	Safe Recruitment - Bruton Primary	Q4	Final	Reasonable	10/01/2019	4			4	
Schools	School	Safe Recruitment - North Cadbury Primary	Q4	Final	Partial	10/01/2019	5		2	3	
Schools	School	PE and Sports Premium - Baltonsborough	Q4	Final	Reasonable	14/03/2019	3			3	
Schools	School	PE and Sports Premium - West Pennard	Q4	Final	Reasonable	14/03/2019	3			3	
Schools	School	PE and Sports Premium - West Coker	Q4	Final	Reasonable	14/03/2019	4			4	
Schools	School	PE and Sports Premium - Milford Infants	Q4	Final	Reasonable	14/03/2019	4			4	
Schools	School	PE and Sports Premium - North Petherton	Q4	Final	Reasonable	14/03/2019	4			4	
Schools	School	PE and Sports Premium - Trull	Q4	Final	Reasonable	14/03/2019	4			4	
Schools	School	PE and Sports Premium - St Margaret's Tintinhull	Q4	Final	Reasonable	14/03/2019	3			3	
Schools	School	PE and Sports Premium - Abbas and Templecombe	Q4	Final	Reasonable	14/03/2019	4			4	

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Schools	School	PE and Sports Premium - East Coker	Q4	Final	Reasonable	14/03/2019	3			3	
Schools	School	PE and Sports Premium – Wiveliscombe	Q4	Final	Reasonable	14/03/2019	4			4	
Schools	School	PE and Sports Premium – Merriott	Q4	Final	Substantial	14/03/2019	3			3	
Schools	School	PE and Sports Premium – Eastover	Q4	Final	Reasonable	14/03/2019	3			3	