



# Somerset County Council

## Report of Internal Audit Activity

### Plan Progress 2019/20- September Update

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

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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 28<sup>th</sup> 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

## Summary of Work 2019/20

### 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 2019/20. 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 2019/20

### 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

#### **2018/19 Governance of Premises Health and Safety**

The audit assessed existing health and safety governance and monitoring arrangements covering statutory inspections, risk assessments and accident reporting for premises.

The Health, Safety and Wellbeing Steering Group (HSWSG) has a key role in monitoring compliance. The overall governance framework however was found to be incomplete. A review is now needed to improve accountability and responsibility by establishing a clear line of reporting from responsible officers, services, HSWSG and then up to corporate management.

The other main area of weakness is in relation to the data used for monitoring performance. A key recommendation agreed was for corporate targets to be defined for health and safety premises management compliance. The reports used to monitor compliance also need to be reviewed to ensure they cover all main health and safety risks. In addition, the current format of reports should be revised for easy identification of non-compliance, and to allow targeted escalation.

The above weaknesses mean it is currently more difficult to identify, then escalate and resolve promptly instances of non-compliance. This is therefore increasing premises health and safety risks to the Council. A corporate landlord approach is currently being implemented, which will result in the centralised management of the property estate and this provides a good opportunity to make the improvements needed.

#### **2018/19 Risk Management**

This review has identified a series of significant weaknesses to be addressed in order to ensure organisational risk management is effective. The Risk Management Strategy, Policy and Process is significantly overdue for review and must be revised to make sure it reflects and supports new corporate priorities and structures. It must also be updated to provide clear routes of escalation for risks, and definitions for all types of risk.

## Summary of Work 2019/20

More onus needs to be placed on risk owners to ensure that risks recorded in the corporate risk register, held on JCAD Core (JCAD), are regularly reviewed.

We also discovered that though risk assessment is required for key decisions, risks identified through this process are not consistently added to JCAD, meaning they are not captured and therefore there is reduced assurance that they are being managed.

Also of concern is a lack of risk management training currently available to officers. Though all staff effectively have risk management responsibilities, these are not referenced in the corporate induction training. There is no mandatory requirement for service managers, strategic managers or directors to undertake risk management training, though these officers will have responsibility for taking decisions that will either incur or limit risk exposure at a corporate level.



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 2019 is as follows:

Performance Target	SCC Performance	SWAP Performance
<p><b><u>Audit Plan – Percentage Progress</u></b></p> <p>Final, Draft and Discussion</p> <p>In progress</p> <p>Not started</p>	<p>28%</p> <p>28%</p> <p>44%</p>	<p>20%</p> <p>40%</p> <p>40%</p>
<p><b><u>Audit Plan – Delivery</u></b></p> <p>On course to deliver at least 90% of plan by year end</p>	<p>Yes</p>	<p>Yes</p>
<p><b><u>Quality of Audit Work</u></b></p> <p>Customer Satisfaction Questionnaire</p>	<p>98%</p>	<p>98%</p>



## Summary of Work 2019/20

### Update 2019/20 continued

#### SCC Performance

#### SCC Performance

Please refer to Appendix B for detail of the individual audits.

#### 2018/19

In relation to last year's plan, we are pleased to report that all planned audits have been delivered with one exception relating to some grant work that we are in the process of finalising.

#### 2019/20

We have also made a reasonable start to this year's audit plan and the majority of quarter 1 and 2 reviews scheduled are in now progress.

The table on the previous page shows the progress percentage as being ahead of the SWAP average for audits at report stage, but slightly behind the average for the percentage of audits in progress. The completion of outstanding 2018/19 work, particularly during quarter one, explains the position reported.

However, we remain on course to deliver at least 90% of plan by year end.

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

- 10 final reports
- 9 draft report

In addition, 8 school theme visits have taken place so far this year and 3 school follow-up audits have been completed.

## Plan Performance 2019/20

**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

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

Reasonable progress has been made with the majority of audits scheduled for quarters one and two underway. However, with the loss of SWAP's resource for the SCC IT audit plan, we anticipate that progress will now slow in this area, until a replacement auditor is recruited.

SWAP have also agreed a revised approach to resourcing IT reviews, that will involve the upskilling of staff in the SCC team to deliver the non-technical aspects of this audit work.

## Assurance Definitions

<b>None</b>	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.
<b>Partial</b>	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.
<b>Reasonable</b>	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.
<b>Substantial</b>	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
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	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:

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

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
<b>Previous Year – 2018/19</b>											
Property Services	Governance	Governance of Premises Health and Safety	4	Final	Partial	17/01/2019					
Governance	Governance	Risk Management	2	Final	Partial	28/01/2019					
Adult Services	Operational	Management of Blue Badges	4	Final	Reasonable	11/03/2019					
Adults	Operational	Discovery Contract Management	4	Final	Reasonable	29/01/2019					
ECl	Operational	Broadband Delivery UK audit certification	4	In progress	n/a	14/03/2019					Two out of four signed off.
<b>Opinion Based Audits</b>											
ECl	Operational	Passenger Transport – Driver Records	1	Final	Reasonable	09/04/2019	3		1	2	Sufficient Progress made to remove this audit from JCAD.
ICT	ICT	ICT Strategy and Governance	1	Discussion document		11/04/2019					
Procurement	Governance	Supplier Resilience	1	Discussion document		16/04/2019					
Children's services	Schools	School Expenditure	1	Discussion document		16/05/2019					School visits during the summer term.
Finance	Governance	Payroll	2	Discussion Document		26/06/2019					

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	Health and Wellbeing – Working Well Programme	1	In Progress		09/05/2019					
Adult Services	Operational	Residential Homes – contracts	1	In Progress		04/06/2019					
Finance	Governance	Treasury Management	2	In Progress		06/06/2019					
Performance	Governance	Service Planning	2	In Progress		27/06/2019					
Adult Services	Operational	Mental Health – Financial Decision Making	2	In Progress		15/07/2019					
Human Resources	Governance	Use of Volunteers – DBS checks	2	In Progress		11/07/2019					
PMO	Governance	The Commissioning and Delivery of schools	1	In Progress		23/05/2019					Initial meeting held, then SLT request to focus on commissioning has delayed start of the fieldwork.
Children Services	Operational	Early Years – Compliance with Code of Practice	2	In Progress		25/07/2019					Visits to be scheduled for September/October.
Children's services	Operational	Somerset Virtual School	2	In Progress		26/07/2019					
Finance	Governance	Cash Handling	3	In Progress		14/08/2019					
Children's Services	Operational	Children's Education, Health and Care Plans (EHCPs)	3	In Progress		20/08/2019					

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Human Resources	Governance	Career Development and Pathways	2	Not Started							Agreed with Director of HR to move back to Q4
ICT	ICT	Vulnerability Management	2	Not Started							
Children's Services	Operational	Dillington House – Financial and Business Planning Review	3	Not Started							Originally scheduled for Q1, moved back to Q3 to enable review of updated business plan.
Adult Services	Operational	FAB Assessments	3	Not Started							Initial Meeting held 06/08
Public Health	Operational	Transfer of Public Health Nursing Services	3	Not Started							Initial Meeting held 02/09
ICT	ICT	Disaster Recovery	3	Not Started							
Children's Services	Operational	Children's Services Budget Management	3	Not Started							Initial Meeting to be held 01/10
Children's Services	School	Schools - Pupil Premium Grant	3	Not Started							Initial Meeting held 05/09
Procurement	Governance	Corporate Contract Management	3	Not Started							
Information Management	Governance	Data Subject Access Requests (DSARs)	3	Not Started							
Finance	Key Control	Debt Management	3	Not Started							
Adult and Children's	Operational	Direct Payments (including follow-up)	4	Not Started							

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	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							
ICT	ICT	Firewall Management	4	Not Started							
ICT	ICT	Agile ICT Audit Project Assurance	4	Not Started							
<b>Follow Ups</b>											
ICT	Follow-up	Software Asset Management	1	Final	n/a	12/04/2019					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	
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
Human Resources	Follow-up	Role of the Somerset Manager	2	Not Started							Agreed with Director of HR to move back to Q3
Children's Services	Follow-up	Team Around the School	3	Not Started							
Adult Services	Follow-up	Mental Health – Care Plans	3	Not Started							Agreed with Service to move back to Q4
Adult Services	Follow-up	Placements – Financial Related Controls	3	Not Started							
Adult Services	Follow-up	Placements – Financial Related Controls	3	Not Started							
Finance	Follow-up	Combatting Tax Evasion	3	Not Started							
	Follow-up	Healthy Organisation	3	Not Started							
Property Services	Follow-up	Premises Management Health and Safety	3	Not Started							



Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
<b>Grant Certification Work</b>											
ECI	Grant	Growth Deal – J25 M5 at Henlade	1	Final	n/a	27/06/2019					New
Children & Families	Grant	Troubled Families – Phase 2 Claims	1	In Progress		03/05/2019					Certification of claims completed through the year.
ECI	Grant	Local Transport Capital Funding (including Pothole Action)	2	In Progress		23/08/2019					
ECI	Grant	BDUK Grant Certification	4	Not Started							
<b>Advisory Work</b>											
ECI	Advisory	Concessionary Fares – Reimbursement Calculation	1	Draft	n/a	01/04/2019					
All	Advisory	Organisational redesign	All	Not started							Advisory time to be used as projects develop.
Children's	Advisory	Children's Direct Payment case review	All	In Progress	23/07/19						Service request.
<b>Audits Deferred/Removed from the Plan</b>											
Commissioning	Governance	The Commissioning Gateway	1	Removed							Audit work will be part of the scope of the corporate contract management audit. Day reallocated to grant 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	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 work.
<b>Schools</b>											
Education & Skills	School	School Expenditure Bowlsh Infants	Q1	Draft	Reasonable	03/06/19	4	0	1	3	
Education & Skills	School	School Expenditure Keinton Mandeville Primary	Q1	Draft	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	School Expenditure Long Sutton Primary	Q1	Draft	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	School Expenditure Lydeard St Lawrence Primary	Q1	Draft	Reasonable	03/06/19	4	0	1	3	
Education & Skills	School	School Expenditure Misterton First	Q1	Draft	Partial	03/06/19	6	0	2	4	
Education & Skills	School	School Expenditure St Andrews Junior	Q1	Draft	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	School Expenditure St Louis Primary	Q1	Draft	Partial	03/06/19	9	0	4	5	
Education & Skills	School	School Expenditure Wookey Primary	Q1	Draft	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	E-Safety Follow-Up Elmwood School	Q1	Final	n/a						Sufficient progress made to now conclude as Reasonable

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Education & Skills	School	Financial Governance Follow-Up Wadham School	Q1	Final	n/a						Sufficient progress made to now conclude as Reasonable
Education & Skills	School	Financial Governance Follow-Up Winsham Primary	Q1	Final	n/a						Sufficient progress made to now conclude as Reasonable