



Somerset County Council

Report of Internal Audit Activity

Plan Progress 2019/20- 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 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

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 to report in this period	

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

Mental Health Financial Decision Making

Mental Health Social Care transferred to Somerset County Council from Somerset Partnership NHS Trust in October 2016. There followed a transitional period during which records continued to be recorded on the Health database, RiO, with varying degrees of duplication across different teams. This audit reviewed whether a complete care planning and financial record was now being held on the Adults database, AIS.

This review found several significant weaknesses in the processes for recording, agreeing and reviewing mental health care plans. Although there are systems in place to agree care plans and their underlying financial arrangements, compliance was found to be below expected levels in a number of key areas. Issues have been compounded by having different form templates and different systems in use.

Not all required information and data was found to be documented in Care Plans. A review of the current care plan format has been recommended, so that it prompts for all key requirements to be included and therefore as many as possible are 'right first time'. A systematic method of holding key documents is also recommended to improve efficiency and compliance.

A new Adults system, ECLIPSE, is in the implementation stages and provides an opportunity to review how it can be used to improve compliance moving forwards. Increased monitoring using ECLIPSE should improve compliance efficiently.

2019/20 Cash Handling

Following a previous audit review a new policy was introduced for the management and handling of cash across the Council. This audit found some deficiencies with the new Cash Handling Policy and also a number of control weaknesses in cash handling practices across services.

The main concern is that the Policy does not include or explain the requirement for separation of duties. Our testing identified establishments where a lack of segregation of duties was apparent. Improvements were also needed to maintain an adequate audit trail to ensure monies can be clearly traced from receipting through to banking.

Across the reported issues, there were common themes of a lack of clear and consistent guidance. We have made recommendations to consider areas of the Policy which should be updated and for it to be re-launched. This should include a communication which not only emphasises the requirement to comply, but also encourages staff with cash handling responsibilities to liaise with Exchequer Services to resolve any process queries.



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 2019 is as follows:

Performance Target	SCC Performance	SWAP Performance
<p><u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not started</p>	<p>56% 31% 13%</p>	<p>42% 36% 22%</p>
<p><u>Audit Plan – Delivery</u> On course to deliver at least 90% of plan by year end</p>	<p>Yes</p>	<p>Yes</p>
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	<p>98%</p>	<p>98%</p>

Update 2019/20 continued

SCC Performance

SCC Performance

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

We are now into the final quarter of the year and progress towards delivering the plan continues to be good overall. Some follow-up work has been delayed to allow further time to embed recommendations but this work has been scheduled for completion during quarter 4. There has been some removal of audits from the plan and recently two replacement audits have been also been agreed for quarter 4.

The above does mean that quarter 4 is scheduled to be very full but this is considered achievable as the majority of quarter 3 reviews are either at the reporting stage or approaching it. A number of quarter 4 audits are already being scoped.

The exception to this is in respect of the IT plan. Following the loss of SCC's resource for the IT audit plan we anticipate that progress will now slow in this area, until a replacement auditor is recruited. Alternative arrangements continue to be explored but there is a risk that some of the IT plan will not be deliverable.

The table on the previous page shows the progress percentage as being ahead of the SWAP average for audits at report stage. We remain on course to deliver at least 90% of plan by year end.

In addition, 16 school theme visits have taken place so far this year and 5 school follow-up audits have been completed. Another school theme of 6 school visits is due to be completed at the end of February and our Early Years themed review is also at draft report stage.

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

Good progress continues to be made in delivering the plan. The exception to this is in relation to the IT plan. This is a very challenging market for SWAP and we are not only short of IT resource at SCC but across the whole partnership. Both short and longer term solutions are being worked on but there is a risk that not all of the 2019/20 IT plan will be able to be delivered.

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 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
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				
Human Resources	Governance	Use of Volunteers – DBS checks	2	Final	Reasonable	11/07/2019	5			5	
Finance	Governance	Payroll	2	Final	Reasonable	26/06/2019	6		1	5	
Human Resources	Governance	Health and Wellbeing – Working Well Programme	1	Final	Reasonable	09/05/2019	15		1	14	
Adult Services	Operational	Mental Health – Financial Decision Making	2	Final	Partial	15/07/2019	9		7	2	
Finance	Governance	Cash Handling	3	Final	Partial	14/08/2019	12			12	
Performance	Governance	Service Planning	2	Draft		27/06/2019					
Children Services	Operational	Early Years – Compliance with Code of Practice	2	Draft		25/07/2019					Visits undertaken during September/October.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
ICT	ICT	ICT Strategy and Governance	1	Discussion document		11/04/2019					
Children's Services	Operational	Children's Education, Health and Care Plans (EHCPs)	3	Discussion Document		20/08/2019					
Public Health	Operational	Transfer of Public Health Nursing Services	3	Discussion Document		19/9/2019					
Children's Services	School	Schools - Pupil Premium Grant	3	Discussion Document		05/09/2019					
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.
Children's services	Operational	Somerset Virtual School	2	In Progress		26/07/2019					
	Operational	Dillington House – Financial and Business Planning Review	3	In Progress		08/10/2019					Originally scheduled for Q1, moved back to Q3 to enable review of updated business plan.
Adult Services	Operational	FAB Assessments	3	In Progress		01/11/2019					
ICT	ICT	Disaster Recovery	3	In Progress		05/12/2019					
Children's Services	Operational	Children's Services Budget Management	3	In Progress		01/10/2019					
Information Management	Governance	Data Subject Access Requests (DSARs)	3	In Progress		02/10/2019					
Finance	Key Control	Debt Management	3	In Progress		02/10/2019					

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	Scoping							Agreed with Director of HR to move back to Q4
Finance	Key Control	Creditors	4	Scoping							Initial meeting held
Children's Services	School	Schools - Unofficial Funds	4	Scoping							Initial meeting held
Libraries	Operational	Community Library Partnerships	4	Scoping							Initial meeting held
PMO	Governance	Project Management - Use of Project Mobilisation Toolkit	4	Scoping							Initial meeting held
Finance	Key control	MTFP	4	Scoping							New - Initial meeting held
Procurement	Governance	Compliance with Corporate Purchasing Policy	4	Scoping							New - Initial meeting held
ICT	ICT	Vulnerability Management	2	Not Started							
Children's Services	Operational	Independent Placements - Financial Controls & Contract Management	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							

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
ICT	ICT	Agile ICT Audit Project Assurance	4	Not Started							
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	Final	n/a	01/08/2019					Sufficient progress made to remove from JCAD
Children's Services	Follow-up	Team Around the School	3	Final	n/a	12/08/2019					Sufficient progress made to remove from JCAD
Human Resources	Follow-up	Role of the Somerset Manager	2	In Progress		22/10/2019					Agreed with Director of HR to move back to Q4
Adult Services	Follow-up	Placements – Financial Related Controls	3	In Progress		05/11/2019					
Corporate	Follow-up	Healthy Organisation	3	In Progress		01/10/2019					
Property Services	Follow-up	Premises Management Health and Safety	3	In Progress		02/12/2019					
Adult Services	Follow-up	Better Care Fund	2	Not Started							Moved back to Q4 to provide additional time to implement recommendations

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Finance	Follow-up	Combatting Tax Evasion	3	Not Started							Moved back to Q4 to provide additional time to implement recommendations
Adult Services	Follow-up	Mental Health – Care Plans	3	Not Started							Agreed with Service to move back to Q4
Children’s Services	Operational	Direct Payments	4	Not Started							
Grant Certification Work											
ECI	Grant	Growth Deal – J25 M5 at Henlade	1	Final		27/06/2019					New
ECI	Grant	Local Transport Capital Funding (including Pothole Action)	2	Final		23/08/2019					New
Children & Families	Grant	Troubled Families – Phase 2 Claims	1	In Progress		03/05/2019					Certification of claims completed through the year.
ECI	Grant	BDUK Grant Certification	4	Not Started							New
Advisory Work											
ECI	Advisory	Concessionary Fares – Reimbursement Calculation	1	Final	Non-opinion		5		4	1	New
Children’s	Advisory	Children’s Direct Payment case review	2	Final	n/a						Service request.
Adult Services	Operational	Residential Homes – contracts	1	Final	Non-opinion	04/06/2019	6		5	1	Advisory work to help inform future processes.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Finance	Advisory	MTFP – Advisory review	4	Not started							New - use of organisational redesign days.
Audits Deferred/Removed from the Plan											
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.
Children's services	Operational	SEN Data Management	1	Removed							Removed from plan due to lack of client response. In discussion to reinstate.
Human Resources	Operational	Apprenticeship Scheme	4	Removed							Deferred to 2020/21 to release days for Concessionary Fares work.
Performance	Governance	Value for Money Strategy and Reporting	4	Removed							Removed as Strategy very new and longer needed to embed.
Procurement	Governance	Corporate Contract Management	3	Removed							The new Contract Management Framework will not be finalised in time for a useful audit to be conducted in 2019-20. Deferred until Q1 2020-21.
All	Advisory	Organisational redesign	All	Removed							To be used for MTFP advisory review.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Schools											
Education & Skills	School	School Expenditure Bowlsh Infants	Q1	Final	Reasonable	03/06/19	4	0	1	3	
Education & Skills	School	School Expenditure Keinton Mandeville Primary	Q1	Final	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	School Expenditure Long Sutton Primary	Q1	Final	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	School Expenditure Lydeard St Lawrence Primary	Q1	Final	Reasonable	03/06/19	4	0	1	3	
Education & Skills	School	School Expenditure Misterton First	Q1	Final	Partial	03/06/19	6	0	2	4	
Education & Skills	School	School Expenditure St Andrews Junior	Q1	Final	Reasonable	03/06/19	6	0	1	5	
Education & Skills	School	School Expenditure St Louis Primary	Q1	Final	Partial	03/06/19	9	0	4	5	
Education & Skills	School	School Expenditure Wookey Primary	Q1	Final	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
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						

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	Tor School SFVS Follow-Up	Q1	Final	n/a						
Education & Skills	School	Bishop Henderson Primary SFVS Follow-Up	Q1	Final	n/a						
Education & Skills	School	Pupil Premium - Ilchester Primary	Q3	Final	Reasonable	01/10/19	1			1	
Education & Skills	School	Pupil Premium - Rockwell Green	Q3	Final	Partial	01/10/19	4		1	3	
Education & Skills	School	Pupil Premium - Frome, Christchurch	Q3	Final	Reasonable	01/10/19	3			3	
Education & Skills	School	Pupil Premium - Yeovil, Birchfield	Q3	Final	Substantial	01/10/19	1			1	
Education & Skills	School	Pupil Premium - Avalon	Q3	Draft		01/10/19					
Education & Skills	School	Pupil Premium - Taunton, Holway Park	Q3	Draft		01/10/19					
Education & Skills	School	Pupil Premium - Meare	Q3	Final	Partial	01/10/19	4		1	3	
Education & Skills	School	Pupil Premium - St Cuthbert's C of E	Q3	Final	Partial	01/10/19	5		1	4	