



Somerset County Council

Report of Internal Audit Activity

Plan Progress 2020/21- September 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 18th June 2020.

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 2020/21. 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 2020/21

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



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.

Apprenticeships

The Council has established a detailed Apprenticeship Scheme for both new starters and staff who are upskilling.

However, currently ongoing monitoring is not undertaken of the number of apprenticeships that are started across services to help ensure that the Council is on track to meet the government target. The Apprenticeship Tracking Spreadsheet could be adapted to facilitate ongoing monitoring throughout the year.

There are other areas where strengthening monitoring arrangements is recommended as well as enhancing guidance available to ensure expectations are clear to managers.

We also found that no formal process is in place to ensure employment opportunities are considered and provided towards the end of the apprenticeship scheme, for those apprentices who have been successful in their role. This could result in the Council failing to retain talent and hire an apprentice as a permanent employee, after having invested resources in developing them throughout their apprenticeship scheme.

Safeguarding in Schools

Section 175 of the 2002 Education Act requires local education authorities and the governing bodies of maintained schools to make arrangements to ensure that their functions are carried out with a view to safeguarding and promoting the welfare of children. Education providers are required to carry out an annual review of their safeguarding practice and to satisfy the local authority how the duties set out in the safeguarding guidance have been discharged.

The main audit finding is the lack of recorded outcomes or actions from the annual audit.

Also central monitoring of the completion of self-assessments and the issuing of reminders to providers has not taken place, largely due to lack of resource within the Education Safeguarding team. Furthermore, validation of a sample of self-assessments to ensure compliance has not been documented and could not be evidenced. There is also no audit trail of feedback and concerns raised by education providers on the audit platform, Virtual College.

Summary of Work 2020/21

An overall process map of the agreed annual procedure should be implemented, setting out each stage with tracking spreadsheets to facilitate effective monitoring. A structured filing system will ensure that documents are retained and are easily accessible going forward.

Plan Performance 2020/21

Update 2020/21

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 August 2020 is as follows:

Performance Target	20/21 Performance	19/20 Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not started	16% 28% 56%	28% 28% 44%
<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	98%	98%

Update 2020/21 continued

SCC Performance

SCC Performance

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

Despite COVID-19 we have continued to deliver audit work, however progress has been slower than last year particularly in quarter one. A significant proportion of the audit work performed to date has been new to the plan. One of the main areas of new work has been the certification of additional grants that have been awarded to SCC to cover additional COVID-19 expenditure. We have also been requested to carry out various pieces of advisory work where procedures and processes have changed due to COVID-19.

Some of the agreed audits in the plan have been deferred to allow these new pieces of work to be delivered and more will be required. This year we risk assessed each audit in the plan and will now focus on those that were assessed to be high risk.

A further impact of the COVID-19 pandemic has been an increased difficulty in progressing both children's and adult's audits, all of which have been assessed as high risk. In relation to the adult's plan, to date we have only been successful in obtaining agreement to carry out one of the four audits planned. For children's three audits have had to be deferred and currently there is only agreement to pursue one children's audit on placements and this has been pushed back to quarter 4. The audit plan needs to have sufficient coverage across high risk areas of the council and we will continue to work with children's and adults management to agree audit work. It is recognised that COVID-19 continues to use much resource across these services and over the winter months this need may increase further still, meaning planned audit work may not be possible.



Approved Changes to the Plan

This year we have already made a number of changes in response to the COVID-19 pandemic. It is important that we are flexible in our planning approach and responsive to changing organisational risk. One of the main areas of new work has been the certification of additional grants that have been awarded to SCC to cover additional COVID-19 expenditure. We have also been requested to carry out various pieces of advisory work where procedures and processes have changed due to COVID-19.

Some of the agreed audits in the audit plan will need to be deferred to allow these new pieces of work to be delivered. This year we risk-assessed each audit in the plan and will now focus on those that were assessed to be high risk.



Conclusion

Despite COVID-19 reasonable progress overall has been made in delivering the updated plan. It has been more difficult to progress adults and children's audits and it is looking increasingly likely that less audit work will be delivered across these services.

Assurance Definitions

None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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	
Opinion Based Audits											
Human Resources	Governance	Apprenticeship Scheme	1	Final	Partial	19/03/2020	6		2	4	
Education	School	School Theme – Safeguarding in Schools	1	Final	Partial	15/04/2020	5		2	3	
Finance	Governance	Staff Expenses	2	Draft		04/05/2020					
Procurement	Governance	Response to Procurement Policy Note 02/20	1	In Progress		14/05/2020					New – compliance with COVID-19 procurement regulations
ECl	Operational	Parking Income	1	In Progress		23/04/2020					
Finance	Key Control	Treasury Management	2	In Progress		04/08/2020					
ECl	Governance	Local Enterprise Partnership (LEP) Governance	2	In Progress		03/08/2020					
SLT	Healthy Organisation	Healthy Organisation 2020/21	2	In Progress		01/09/2020					
Adult services	Operational	Adults Budget Management	2	In Progress		06/08/2020					
Finance	Governance	COVID-19 Expenditure Approvals	2	In progress		06/08/2020					New
ICT	ICT	Cyber Security Framework Review	2	Not started							

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Adult services	Operational	Adults – Workforce Planning	3	Not started							
Children’s Services	Operational	Independent Placements – Financial Controls & Contract Management	2	Not started							Push back to Q4 at client request.
ECI	Operational	Corporate Landlord Model	3	Not started							
ECI	Operational	Wells Enterprise Centre	4	Not started							
Education hey	Operational	Exclusions and Attendance	4	Not started							
Education	School	School Theme – Community Learning Partnerships (was SFVS)	3	Not started							
Education	School	Early Years	4	Not started							
Procurement	Governance	Contract Management Framework	2	Not started							
Business continuity	Governance	Business Continuity	3	Not started							
ECI	Operational	Big Bus Project	3	Not started							

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
ECI	Operational	Construction Design Management (CDM) Regulations	4	Not started							
PMO	Governance	Project Management – Use of Project Mobilisation Toolkit	3	Not started							
Information management	Governance	Information Asset Register	4	Not started							
ICT	ICT	Detailed Cyber Security reviews	3	Not started							
Finance	Governance	Financial Procedures	3	Not started							
Finance	Key control	Manual expense records	3	Not started							New
Follow Ups											
Property services	Follow-up	Corporate property maintenance schools	1	In Progress	n/a	03/08/2020					
Risk and insurance	Follow-up	Risk management	2	In progress	n/a	03/08/2020					
Children's Services	Follow-up	The Education of Children Looked After	1	Not Started	n/a						
Health and safety	Follow-up	Corporate Management of Health and Safety	1	Not Started	n/a						
Adult Services	Follow-up	Mental Health – Financial Decision making	2	Not Started	n/a						

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Children's Services	Follow-up	FAB Assessments	3	Not Started	n/a						
Children's Services	Follow-up	Childrens – Education Health and Care Plans (EHCPs)	1	Not Started	n/a						
Corporate	Follow-up	Early Years Follow Up	3	Not Started	n/a						
Children's & Adults	Operational	Cash Handling	4	Not Started	n/a						
Adult Services	Follow-up	Lone Working	3	Not Started	n/a						
Property Services	Follow-up	Role of the Somerset Manager	3	Not Started	n/a						
Adult Services	Follow-up	Service Planning	2	Not Started	n/a						
Finance	Follow-up	Supplier Resilience	3	Not Started	n/a						
Public health	Follow-up	Transfer of Public Health Nursing Services	4	Not Started	n/a						
Finance	Key Control	Debt Management	3	Not started	n/a						

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Grants											
ECI	Grant	Bus services support grant – Tranche 1	1	Completed		18/05/2020					New – COVID-19 Additional funding
Children & Families	Grant	Troubled Families – Phase 2 Claims	1	In Progress		01/04/2020					Certification of claims completed through the year.
ECI	Grant	Local Transport Capital Funding (including Pothole Action)	2	In Progress		01/07/2020					
ECI	Grant	DfT COVID-19 Bus Services Support Grant - Tranche 2	2	In Progress		01/09/2020					New – COVID-19 Additional funding
ECI	Grant	BDUK Grant Certification	4	Not started							
ECI	Grant	Track and Trace Service Support Grant	4	Not started							New – COVID-19 Additional funding
ECI	Grant	Additional Dedicated Home to School and College Transport Grant	3	Not started							New – COVID-19 Additional funding
Advisory Work											
Education	Advisory	Beech Grove PTA Fund Advice	2	Final	Non-opinion	02/07/2020					New
Procurement	Investigation	Procurement investigation	1	Final	Non opinion	18/05/2020					New

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Finance	Investigation	Use of Procurement cards	2	Final	Non opinion	09/07/2020					New
ICT	ICT	ICT Governance Risk Scope Review	1	Draft	Non-opinion	29/06/2020	n/a				
ECl	Advisory	Contractor duplicate payments	1	Draft	Non-opinion	08/06/2020	7	3	3	1	New
All	Advisory	SCC COVID-19 Response Advice	1	In progress	Non-opinion	01/04/2020					New
Finance	Operational	Continuous Assurance	1	In progress	Non-opinion	30/04/2020					New – development of a continuous assurance offer for SCC
Education	Advisory	Avalon School Hydrotherapy Pool	2	In progress	Non-opinion	22/06/2020					New
Finance	Advisory	Assurance mapping	2	In progress	Non opinion	04/08/2020					New
Audits Deferred/Removed from the Plan											
Children's services	Operational	Early Help Assessments	1	Deferred							Processes not yet embedded – too early to audit.
Children's services	Operational	SEND casework	1	Removed							Request to remove from plan as resources diverted to delivery of SEND action plan.
Adult services	Operational	Adult Commissioning	1	Deferred							Deferred due to COVID-19
ECl	Operational	Community Asset Transfers	2	Deferred							Replaced with new higher risk work.

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 = Major	↔	3 = Minor	Comments
								Recommendation			
								1	2	3	
Risk management and insurance	Operational	Insurance Claims	2	Removed							Replaced with new higher risk work.
All	Advisory	Organisational redesign	All	Days Allocated							Days used for new work
Adult Services	Operational	Eclipse System Implementation	4	Deferred							System implementation delays – defer to 21/22
Children's services	Operational	Education Health & Care Plan Reviews	2	Removed							Request to remove from plan as resources diverted to delivery of SEND action plan.