



Somerset County Council

Report of Internal Audit Activity

Plan Progress 2020/21- November Update

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Contents

The contacts at SWAP in connection with this report are:

David Hill

Chief Executive

david.hill@swapaudit.co.uk

Lisa Fryer

Assistant Director

lisa.fryer@swapaudit.co.uk

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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	

Summary of Work 2020/21

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 Limited Opinions

There have been no audits completed with limited opinions since the last progress update.

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	32% 21% 47%	30% 39% 31%
<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 normal as can be seen in the table above. A significant proportion of work undertaken is new and COVID related and therefore in line with our high risk approach. There have been some requests to defer audits until Q4 which we have accommodated.

Given the need of SCC to prioritise their response to COVID-19, it is anticipated that delivery of some audits in the plan will not be possible. There are two main reasons for this: progress has been insufficient for the audit to take place (for example follow-ups) or a lack of resource to support the review. Appendix B shows the current position. SLT have been asked to identify audits not possible to deliver.

Fraud Prevention and CIFAS

It is proposed to increase the focus on fraud prevention in this year's plan. Losses from fraud are significant in the public sector and are believed to be on the increase. This approach is consistent with SCC's zero tolerance approach to fraud.

SWAP has established a counter fraud service this year which will lead a fraud risk assessment during the fourth quarter of the year. The outcomes from this review will be used to inform next year's plan.

In addition, it has been agreed that SCC will join CIFAS, the national fraud prevention service this year. SWAP is supporting partners to join this service and this will enable SWAP to start some data matching in high fraud risk areas. A meeting has already been held with the Head of Adult Services to consider data matching within Blue Badges and Residential Care. It has been agreed that a plan will be drawn up for further discussion.



Approved Changes to the Plan

This year there have been a significant number of plan additions 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 both opinion based reviews and advisory work relating to COVID-19.

To accommodate these new pieces of work some audits will need to be rolled forward. All audits have been risk assessed so our preference is to defer medium risk reviews. Given the need for services to step up their response to the pandemic, it is unlikely that it will be possible to deliver every audit in the plan. This will mean that some higher risk audits, including Adults and Children's will also need to be rolled forward and scheduled for early in the 21/22 plan.



Conclusion

The agreed plan is a balanced one and provides coverage across SCC's high risk areas. This is important both to maximise the effectiveness of internal audit and to provide sufficient evidence for the annual audit opinion on the internal control framework. COVID-19 means this year the audit plan delivered will be very different to that originally agreed. The plan now includes five COVID-19 related grant reviews and 11 advisory reviews have been added so far this year. The results of grant and advisory work will be used to support the annual opinion.

CIPFA are currently considering the writing of this year's opinion and will be issuing guidance on producing this year's later this year.

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 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Opinion Based Audits											
Human Resources	Governance	Apprenticeship Scheme	1	Final	Limited	19/03/2020	6		2	4	
Education	School	School Theme – Safeguarding in Schools	1	Final	Limited	15/04/2020	5		2	3	
Finance	Governance	Staff Expenses	2	Final	Reasonable	04/05/2020	5		1	4	
ECl	Operational	Parking Income	1	Final	Reasonable	23/04/2020	4		2	2	
Finance	Key Control	Treasury Management	2	Draft		04/08/2020					
ECl	Governance	Local Enterprise Partnership (LEP) Governance	2	Draft		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
Education	School	School Theme – Community Learning Partnerships	3	In progress		28/09/2020					
Business continuity	Governance	Business Continuity – Review of Plans	3	In Progress		16/11/2020					New

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Finance	Governance	Financial Procedures	3	In progress		2/11/2020					
ICT	ICT	Cyber Security Framework Review	2	Not started							
Children's Services	Operational	Independent Placements – Financial Controls & Contract Management	2	Not started							Push back to Q4 at client request.
ECl	Operational	Wells Enterprise Centre	4	Not started							
Education hey	Operational	Exclusions and Attendance	4	Not started							Request to defer
Education	School	Early Years	4	Not started							
Procurement	Governance	Contract Management Framework	2	Not started							Request to defer until Q4
Business continuity	Governance	Business Continuity - long duration and consecutive incidents	4	Not started							
ECl	Operational	Big Bus Project	3	Not started							
ECl	Operational	Construction Design Management (CDM) Regulations	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	
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							
Children's services	Operational	Early Help Assessments	1	Not started							Processes not yet embedded – revisit in Q4.
Follow Ups											
Property services	Follow-up	Corporate property maintenance schools	1	Final	n/a	03/08/2020					Sufficient progress made to remove from JCAD
Adult Services	Follow-up	Service Planning	2	Final	n/a	03/08/2020					Sufficient progress made to remove from JCAD
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						
Children's Services	Follow-up	Childrens – Education Health and Care Plans (EHCPs)	1	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									
Corporate	Follow-up	Early Years Follow Up	3	In progress	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						
Finance	Follow-up	Supplier Resilience	3	Not Started	n/a						Deferred until Q4 – to be completed with contract management audit.
Finance	Key Control	Debt Management	3	Not started	n/a						
Grants											
ECl	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.
ECl	Grant	Local Transport Capital Funding (including Pothole Action)	2	Complete		01/07/2020					
ECl	Grant	DfT COVID-19 Bus Services Support Grant - Tranche 2	2	Complete		01/09/2020					New – COVID-19 Additional funding
ECl	Grant	DfT COVID-19 Bus Services Support Grant - Tranche 3	2	Not started							New – COVID-19 Additional funding

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
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
Finance	Investigation	Use of Procurement cards	2	Final	Non opinion	09/07/2020					New
Procurement	Governance	Response to Procurement Policy Note 02/20	1	Final	Non opinion	14/05/2020	4		2	2	New – compliance with COVID-19 procurement regulations
ICT	ICT	ICT Governance Risk Scope Review	1	Final	Non-opinion	29/06/2020	n/a				
ECI	Advisory	Contractor duplicate payments	1	Final	Non-opinion	08/06/2020	7	3	3	1	New
Education	Advisory	Avalon School Hydrotherapy Pool	2	Draft	Non-opinion	22/06/2020					New

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
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
Adults	Key Control	CIFAS – Plan for Blue Badges/Adult Social Care	3	Not started	Non-opinion						New
Governance	Key Control	Fraud Risk Assessment	4	Not started	Non-opinion						New
Audits Deferred/Removed from the Plan											
Children's services	Operational	SEND casework	1	Deferred							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
ECI	Operational	Community Asset Transfers	2	Deferred							Replaced with new higher risk work.
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

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	Education Health & Care Plan Reviews	2	Deferred							Request to remove from plan as resources diverted to delivery of SEND action plan.
Children's Services	Follow-up	FAB Assessments	3	Deferred	n/a						Actions dependant on implementation of Eclipse which is delayed
ECl	Operational	Corporate Landlord Model	3	Deferred							Deferred as FM form key contacts and due to covid do not have resource to support.
Public health	Follow-up	Transfer of Public Health Nursing Services	4	Deferred	n/a						Deferred as lack of capacity with Covid-19
Adult services	Operational	Adults – Workforce Planning	3	Not started							Deferred due to COVID-19