



# Somerset County Council

Report of Internal Audit Activity

Plan Progress 2020/21 - March 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](mailto:david.hill@swapaudit.co.uk)

### Lisa Fryer

Assistant Director

[lisa.fryer@swapaudit.co.uk](mailto:lisa.fryer@swapaudit.co.uk)

➡	Summary:		
		Role of Internal Audit	Page 1
➡	Control Assurance:		
		Internal Audit Work Programme	Page 2
		Significant Corporate Risks	Page 3
		Summary of Partial Opinions	Page 4
➡	Plan Performance:		
		SWAP Performance	Page 5
		SCC Performance and Plan Coverage	Page 6
		SCC Opinion Update	Page 7
➡	Appendices:		
		Appendix A – Audit Framework Definitions	Page 8
		Appendix B – Summary of Work Plan	Page 9-15

# 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 18<sup>th</sup> 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

## Summary of Work 2020/21

### 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 ‘limited 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

- **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

#### **School Community Learning Partnerships (CLP) – Management of Funds**

The primary purpose of the audit was to provide assurance on the management of CLP funds and to assess compliance with the Financial Management Scheme.

The following significant findings were reported:

- There is no published guidance covering the requirements for CLP Boards in respect of governance arrangements. The Local Authority Financial Management Scheme also lacks sufficient information on the specific requirements for management of CLP funds.
- Budget plans and monitoring reports vary in format and are not widely presented to the CLP Boards.
- Development Plans setting out the CLP priorities are not in place for all partnerships, and whilst those in existence do include some priorities and success criteria, there are limited details in terms of SMART targets.
- At the time of testing, we identified that several partnerships have high fund balances with substantial surpluses carried forward. Uncertainty over the future of funding for parent and family support advisor posts was identified as an important contributory factor.

Implementation of agreed recommendations will form part of the Education Leadership Team's review of the purpose and organisation of CLPs.

## 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, using data to the end of February 2021 is as follows:

Performance Target	20/21 Performance	19/20 Performance
<b><u>Audit Plan – Percentage Progress</u></b> Final, Draft and Discussion In progress Not started	58% 26% 16%	78% 20% 2%
<b><u>Audit Plan – Delivery</u></b> On course to deliver at least 90% of plan by year end	Yes	Yes
<b><u>Quality of Audit Work</u></b> Customer Satisfaction Questionnaire	100%	98%

**We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.**



### SCC Plan Performance

Previous progress updates have reported delays in progressing adults and children's planned audit work as resources needed to progress and support audit work have been necessarily focused on the Council's response to Covid19. Alternative audit work has now been agreed with these services and temporary resource employed to ensure that these can be completed ahead of reporting the annual audit opinion to Committee in June. Delivery of the original audits have been rescheduled to later audit plans.



### Conclusion

Reviews completed have highlighted that whilst generally risks are well managed, we have identified some gaps, weaknesses and areas of non-compliance. However, we have reasonable levels of confidence that the agreed actions will be implemented and thus strengthen internal control.

To date we have issued three Limited opinions on the areas and activities we have been auditing but none have been classified as a significant risk. Our risk based approach means that our work is directed to areas of likely risk, or known issues and this will naturally result in Limited assurance opinions. Follow-up work will be important in providing assurance that agreed recommendations have been implemented to reduce the areas of risk reported.



## Assurance Definitions

<b>None</b>	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.
<b>Limited</b>	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.
<b>Reasonable</b>	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.
<b>Substantial</b>	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
<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.

8/

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
<b>Opinion Based Audits</b>											
Human Resources	Governance	Apprenticeship Scheme	1	Final	Limited	19/03/2020	6		2	4	
Education	School	Safeguarding in Schools	1	Final	Limited	15/04/2020	5		2	3	
Finance	Key Control	Staff Expenses	2	Final	Reasonable	04/05/2020	5		1	4	
ECI	Operational	Parking Income	1	Final	Reasonable	23/04/2020	4		2	2	
Finance	Key Control	Treasury Management	2	Final	Substantial	04/08/2020	1			1	
ECI	Governance	Local Enterprise Partnership (LEP) Governance	2	Final	Reasonable	03/08/2020	10		1	9	
Education	School	School Theme – Community Learning Partnerships	3	Final	Limited	28/09/2020	6		4	2	
SLT	Healthy Organisation	Healthy Organisation (HO) 2020/21	2	Draft		01/09/2020					
Adult services	Operational	Adults Budget Management	2	Draft		06/08/2020					
Finance	Governance	COVID-19 Expenditure Approvals	2	Draft		06/08/2020					New
ICT	ICT	Cyber Security Framework Review	2	Discussion document		04/01/2021					

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
ECI	Operational	Big Bus Project	3	In progress		15/01/2021					
Finance	Key Control	Debt Management	3	In progress		29/01/2021					
Children's services	Operational	Independent Non Maintained Schools – contracts/IPAs	4	In progress		01/03/2021					New
Adult Services	Operational	Absence Management – sickness and leave	4	In progress		09/02/2021					New
Adult Services	Operational	Client Finances	4	In progress		16/02/2021					New
Procurement	Governance	Contract Management Framework	2	Not started							Request to defer until Q4
ICT	ICT	Detailed Cyber Security review	3	Not started							
Children's services	Operational	Financial effectiveness of the School's forum	4	Not started							New - Initial meeting 02/03.
<b>Follow Ups</b>											
Property services	Follow-up	Corporate property maintenance - schools	1	Final	n/a	03/08/2020					Sufficient progress made to remove from JCAD
Performance	Follow-up	Service Planning	2	Final	n/a	03/08/2020					Sufficient progress made to remove from JCAD
Children & Families	Follow-up	Early Years Follow Up	4	Final	n/a	28/07/2020					Insufficient progress made to remove from JCAD

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	Risk management	2	Final	n/a	03/08/2020					Insufficient progress made to remove from JCAD
Children's Services	Follow-up	The Education of Children Looked After	1	In progress	n/a	22/02/2020					
Children's Services	Follow-up	The Virtual School	4	In progress	n/a	05/02/2020					New
<b>Grants</b>											
ECI	Grant	Bus services support grant – Tranche 1	1	Complete		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 Fund)	2	Complete		01/07/2020					
ECI	Grant	DfT COVID-19 Bus Services Support Grant - Tranche 2	2	Complete		01/09/2020					New – Covid-19 Additional funding
ECI	Grant	Bus Subsidy Ring Fenced Revenue Grant	3	Complete		02/12/2020					New
ECI	Grant	BDUK Grant Certification	4	Not started							
Adults and Public Health	Grant	Track and Trace Service Support Grant	4	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	DfT Emergency Active Travel Fund (Capital)	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.
<b>Advisory Work</b>											
Education	Advice	Beech Grove PTA Fund	2	Final	n/a	02/07/2020					New
Procurement	Investigation	Procurement investigation	1	Final	n/a	18/05/2020					New
Finance	Investigation	Use of Procurement cards	2	Final	n/a	09/07/2020					New
Procurement	Advice	Response to Procurement Policy Note 02/20	1	Final	n/a	14/05/2020	4		2	2	New – compliance with Covid-19 procurement regulations
ICT	ICT	ICT Governance Risk Scope Review	1	Final	n/a	29/06/2020	n/a				
ECI	Advice	Contractor duplicate payments	1	Final	n/a	08/06/2020	7	3	3	1	New
Finance	Advice	Research – transformation and Budget Monitoring	3	Final	n/a	16/11/2020					New
Business continuity	Governance	Business Continuity Plan Updates	3	Final	n/a	16/11/2020					New
ECI	Investigation	Special Audit Review	3	Final	n/a	18/11/2020					New

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	1 =	↔	3 =	Comments
								Major		Minor	
								Recommendation			
1	2	3									
Education	Advice	Avalon School Hydrotherapy Pool	2	Final	n/a	22/06/2020					New
All	Advice	SCC COVID-19 Response Advice	1	In progress	n/a	01/04/2020					New
Finance	Advice	Continuous Assurance	1	In progress	n/a	30/04/2020					New – development of a continuous assurance offer for SCC
Governance	Advice	Assurance Mapping	2	In progress	n/a						New
Finance	Advice	Financial Procedures	3	In progress	n/a	2/11/2020					
Adults	Advice	CIFAS – Plan for Blue Badges/Adult Social Care	3	In progress	n/a	03/12/2020					New
Finance	Advice	Fraud Risk Assessment	4	In progress	n/a						New
Finance	Advice	Baseline Assessment of Fraud Risk	4	In progress	n/a						New
<b>Audits Deferred/Removed from the Plan</b>											
Children's services	Operational	SEND casework	1	Deferred							Request to remove from plan as resources diverted to delivery of SEND action plan.
Children's Services	Follow-up	Childrens – Education Health and Care Plans (EHCPs)	1	Deferred	n/a						As above – follow-up deferred to 21/22

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	Adult Commissioning	1	Deferred							Deferred to 21/22 due to Covid-19 at request of service. Alternative audit work agreed.
Health and safety	Follow-up	Corporate Management of Health and Safety	1	Deferred	n/a						Deferred to 21/22 due to Covid-19.
ECI	Operational	Community Asset Transfers	2	Removed							Replaced with new higher risk work.
Finance	Operational	Insurance Claims	2	Removed							Replaced with new higher risk work.
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.
Adult Services	Follow-up	Mental Health – Financial Decision making	2	Deferred	n/a						Actions dependant on implementation of Eclipse which is delayed. Follow-up deferred to 21/22.
Finance	Follow-up	Cash Handling	2	Deferred	n/a						Deferred to 21/22 as audit requires onsite visits.
HR and OD	Follow-up	Lone Working	2	Deferred	n/a						Delayed progress due to Covid-19 – request to defer to 21/22.
Adult's Services	Follow-up	FAB Assessments	3	Deferred	n/a						Actions dependant on implementation of Eclipse which is delayed. Follow-up deferred to 21/22.
ECI	Operational	Corporate Landlord Model	3	Deferred							Deferred to 21/22 as FM form key contacts and due to Covid-19 do not have resource to support.

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	Deferred							Deferred to 21/22 due to Covid-19 at request of service. Alternative audit work agreed.
Project Management Office	Governance	Project Management – Use of Project Mobilisation Toolkit	3	Deferred							Delays have meant that toolkit insufficiently embedded for detailed review. Overview covered by HO.
Adult Services	Operational	Eclipse System Implementation	4	Deferred							System implementation delays – defer to 21/22
Public health	Follow-up	Transfer of Public Health Nursing Services	4	Deferred	n/a						Deferred to 21/22 as lack of capacity due to Covid-19.
Education	School	Early Years Funding Entitlement	4	Deferred							On site visits currently not possible - request to defer by service.
ECl	Operational	Construction Design Management (CDM) Regulations	4	Deferred							Deferred to 21/22 as consultant engaged to review this area.
ECl	Operational	Wells Enterprise Centre	4	Deferred							Request to defer due to delays in completion. Have certified associated growth deal funding.
Governance	Governance	Whistleblowing	4	Deferred							Request to defer as scheme has not been updated due to Covid-19.
Children's services	Operational	Early Help Assessments	1	Deferred							Processes not yet embedded. Alternative audit work agreed.
HR and OD	Follow-up	Role of the Somerset Manager	4	Deferred							Request to delay to 21/22 due to Covid-19.



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	2	Deferred							Request to delay due to Covid-19. Alternative audit work agreed.
Business continuity	Governance	Business Continuity - long duration and consecutive incidents	4	Deferred							Request to delay to 21/22 due to Covid-19.
Information management	Governance	Information Asset Register	4	Deferred							Request to delay due to Covid-19.
Children's services	Operational	Exclusions and Attendance	4	Deferred							Request to delay to 21/22 due to Covid-19. Alternative audit work agreed.
Procurement	Follow-up	Supplier Resilience	3	Deferred							Request to delay to 21/22 due to Covid-19.