Somerset County Council

Report of Internal Audit Activity

Progress Report- November 2021

The Headlines

Three limited opinions audits.
No high corporate risks reported.

13 reviews completed as part of the 2021/22 Internal Audit Plan
- Six assurance audits
- Two follow-ups
- One grant certification
- Four advisory reviews

Additions to the Plan

14 new reviews added to the plan.

Improvements from the implementation of agreed actions
Follow up activity is underway and a data dashboard has been produced to support management overview. Overdue actions reduced by 21% over the period.

Range of innovations and enhancements made to our internal audit process throughout the year
Data analytics continues to drive/support reviews; comparative benchmarking exercises offer useful insight and suggested practices.

Internal Audit Assurance Opinions 2021/22

	Nov	YTD
Substantial	0	0
Reasonable	2	3
Limited	0	3
No Assurance	0	0
Total	**2**	**6**

Internal Audit Agreed Actions 2021/22

	Nov	YTD
Priority 1	0	0
Priority 2	2	15
Priority 3	10	18
Total	**12**	**33**

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Page 1 of 12

Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

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Summary

Introduction

This is our November progress update for 2021/22 and reports against the plan agreed by this Committee in March 2021. The schedule provided at Appendix C details progress made to date and new work agreed. Since the last report meetings have been held with DMTs and Heads of Service to ensure work planned for the remainder of the year reflects key risk areas and as a result some updates have been made.

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 B 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. There were none to report over the period.

A follow-up review is performed in respect of all limited assurance opinion audits. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. The results of follow-up reviews performed in the period can be found in Appendix A.

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.

Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation's risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.

SWAP audit plan coverage, changes to the plan, and performance measures

The table below provides a summary of how our completed audits and work in progress for the year to date provides assurance over key strategic risks areas in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas will increase. 'Adequate' coverage reflects delivery of planned assurance levels.

Risk Universe	Coverage
Climate Change	
Organisational resilience	• Business continuity • Hybrid working • Data centre & back-ups
Supplier Disruption	• Commissioning governance • Adults commissioning
Sustainable MTFP	• School deficit/surplus balances • SEND costed packages
Safeguarding Children	• Schools safeguarding follow-up. • Safeguarding complaints and concerns
External Influences and Uncertainties	• Commissioning governance • Adults commissioning
Local Government Reorganisation	• Audits associated with organisational resilience (above) • Audits associated with MTFP (above) • Business Recovery – post Covid • Commissioning governance
Market Management and development	Contract management advisory review

	Good coverage complete
	Adequate coverage complete
	Coverage in progress
	No coverage to date

Internal Audit Plan Update

Follow up work confirms the responsive nature of management in implementing agreed actions to mitigate exposure to areas of risk.

Implementation of Agreed Management Actions

The shortage of resource created by Covid-19 slowed the implementation of management actions during 2020/21. As well as assurance provided by follow-up audits, this year the managers responsible for agreed actions relating to limited assurance audits have provided progress updates to internal audit. The results from both have been used to produce the summary below.

The table below shows a total 89 overdue actions remain. This compares to 113 overdue actions in the September update, representing a reduction of 21%.
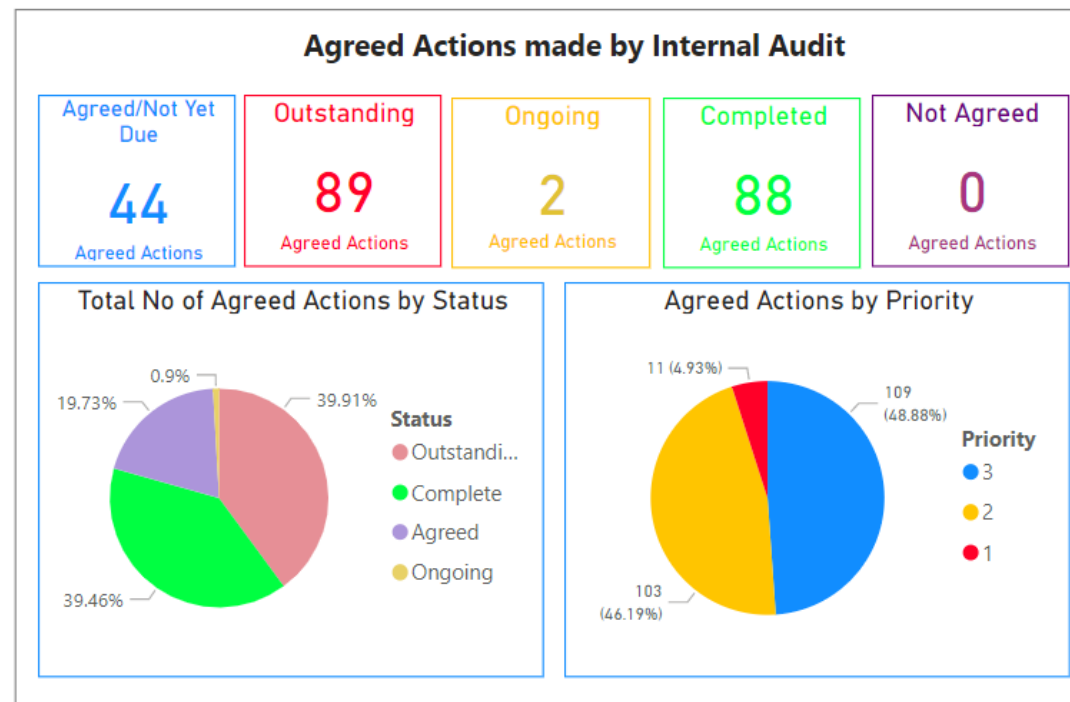
Assurance Definitions

No Assurance	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

Risks	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.

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Page 5 of 13

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Follow up Audit	Scope and Objective	Progress assessment			
			Completed	In progress	Not Started	Total
Safeguarding in Schools	To provide assurance that the agreed actions within the 2020-21 report have been implemented.	Priority 1	1	0	0	1
		Priority 2	1	1	0	2
		Priority 3	1	1	0	2
		Total	3	2	0	5

Summary of Findings

The risk assessed in the original audit performed in 2020/21 was that the Authority fail to obtain and act on information received about inadequate safeguarding arrangements in education settings, resulting in increased risks to the safety of children.

The service has made good progress in addressing the audit recommendations, as part of reshaping the wider framework for safeguarding in education establishments. Due to the impacts and interdependencies with other parts of the process, we acknowledge that a longer timeframe is needed to finalise the remaining audit actions. However, we are satisfied that sufficient progress has been achieved to mitigate the audit risk, and no further follow-up work will be required.

The service now has a robust methodology for capturing and tracking the thematic issues of safeguarding compliance identified through the S175 audit in a single action plan, which is being used to prioritise remedial actions. The same approach is also being used to monitor completed audits and to identify and follow up non-returns.

Documented procedural guidance for the S175 annual safeguarding audit process for both education establishments and the Safeguarding Team is still being developed, while the wider framework continues to be improved.

The service also agreed to develop online feedback opportunities for all schools to complete following the submission of their audits, to include feedback on the audit itself. This is currently in progress.

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Page 6 of 12

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Complete							
Operational	Accounts Payable - Vendor Management	Final	Limited	5		3	2
Operational	School Exclusion Data	Final	Limited	6		5	1
ICT	Data Centre and Back-up Review	Final	Limited	5		3	2
Operational	Adults – Commissioning Community Support	Final	Reasonable	5		2	3
Follow-up	Highways Application for Payment – Follow-up	Final	N/A				
Grant	BDUK Grant certification	Final	Certified				
Advisory	**New** – Updated Contract Management Framework	Final	N/A				
Advisory	**New** – Anti-Fraud and Corruption Policy Review	Final	N/A				
Governance	Hybrid Working	Final	Reasonable	3			3
Governance	Business Continuity	Final	Reasonable	9		2	7
Advisory	**New** – Fraud Risk Assessment	Final	N/A				
Follow-up	Safeguarding in Schools	Final	N/A				
ICT	Secondary Data Centre Review – Advisory	Final	N/A				
Reporting							
Operational	SEND Costed Packages	Draft					

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Page 7 of 12

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	⟷	3 = Medium
					Recommendation		
					1	2	3
Governance	Strategic Commissioning	Draft					
Operational	Adults – Quality Assurance Framework	Draft					
In Progress							
Operational	School Surplus and Deficit Balances	In Progress	Scope expanded to include surplus balances				
Operational	Property Condition – Schools	In Progress					
Operational	**New** – Berkley School Financial Audit	In Progress					
Operational	Children's Safeguarding – Complaints and Concerns	In Progress					
Operational	Business Recovery – Post Covid	In Progress					
Advisory	**New** – Whistleblowing Policy Review	In Progress					
Investigation	**New** – Project Management Investigation	In Progress					
Advisory	**New** – Adopt South-West	In Progress	Audit lead by Devon Audit Partnership				
Follow-up	Compliance with Corporate Purchasing Policy	In progress					
Follow-up	Supplier Resilience	In Progress					
Follow-up	Transfer of Public Health Nursing Services	In Progress					
Follow up	Lone Working	In Progress					
Follow-up	Health and Safety – Premises Management	In Progress					
Grant	Local Transport Capital Block Funding Grant	In Progress					

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Page 8 of 12

SWAP
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					Recommendation		
					1	2	3
Grant	**New** - Additional Dedicated Home to School and College Transport Grant	In Progress					
Advisory	Recommendation Tracking	Ongoing					
Grant	Supporting Families Claims	Ongoing					
Advisory	CiFAS – Blue Badges	Ongoing					
Operational	Somerset Unitary preparations	Ongoing					
Waiting to go Live							
ICT	Incident Management	Waiting to go live					
Governance	Climate Change	Waiting to go live					
Governance	Contracts Register	Waiting to go live					
Governance	Project Management – Benefits Realisation	Waiting to go live					
Governance	Emergency Planning	Waiting to go live					
Operational	Adults – Workforce Planning	Waiting to go live					
Operational	Adults – Eclipse System	Waiting to go live					
Operational	**New** - Transport – Governance/Budgets/Financial Control	Waiting to go live					

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Page 9 of 12

SWAP
Helping Organisations to Succeed
Unrestricted

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					Recommendation		
					1	2	3
Operational	**New** – Children's Social Care Safe Recruitment and Training	Waiting to go live					
Operational	**New** – Street Works Permitting	Waiting to go live					
ICT	Follow-up – ICT Governance	Waiting to go live					
ICT	Follow-up Cyber Security Framework Review	Waiting to go live					
Follow up	Children's Education, Health and Care Plans	Waiting to go live					
Follow up	Corporate Management of Health and Safety	Waiting to go live					
Follow-up	Community Learning Partnerships	Waiting to go live					
Follow-up	Creditors	Waiting to go live					
Follow-up	Apprenticeship Scheme	Waiting to go live					
Follow-up	Risk Management	Waiting to go live					
Follow-up	Career Development & Pathways	Waiting to go live					
Follow-up	Adults – FAB Assessments	Waiting to go live					
Follow-up	Adults Mental Health – Financial Decision Making	Waiting to go live					
Follow-up	Role of the Somerset Manager	Waiting to go live					

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Page 10 of 12

SWAP
Unrestricted
Helping Organisations to Succeed

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					Recommendation		
					1	2	3
Follow-up	Healthy Organisation	Waiting to go live					
Grant	Covid Related Bus Services Support Grant Restart Tranche 3/4/5	Waiting to go live					
Grant	Test and Trace Support Grant	Waiting to go live					
Grant	**New** - Bus Subsidy Ring fenced (revenue) Grant	Waiting to go live					
Grant	**New** - Covid Community Testing Funding Grant	Waiting to go live					
Grant	**New** - Emergency Active Travel Fund Grant	Waiting to go live					
Deferred/Removed							
Grant	Contain Outbreak Management Fund Grant Audit	Deferred	Sign-off requirement moved to 30/06/2022				
Governance	Election Delivery	Deferred	Elections deferred, audit moved to Q1 22/23				
Governance	Capital Accounting	Deferred	Audit deferred to release days for Fraud/Policies review.				
Operational	Property – Compliance with Regulations	Deferred	Audit deferred and replaced with Project Management Investigation.				
Operational	Property – Corporate Landlord Model	Deferred	Audit deferred and replaced with Project Management Investigation.				
Governance	ECI – Budget Management	Deferred	Reviewed Children's & Adults in recent plans both reasonable. Deferred to release days for release days for Fraud/Policies review.				
Operational	CDM Regulations (Construction Design Management) Maintenance and Infrastructure Highways	Deferred	Replaced with Street Works Permitting. Audit moved to 22/23.				

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Page 11 of 12

SWAP
Helping Organisations to Succeed
Unrestricted

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					Recommendation		
					1	2	3
Operational	Schools - SFVS	Deferred	Replaced with higher risk work.				
Operational	Schools – Procurement Cards	Deferred	Replaced with higher risk work.				
Follow-up	Cash Handling	Deferred	Request to defer to early 22/23.				
Operational	Delivering Democratic Arrangements using virtual and/or hybrid meetings	Removed	Arrangements in place – removed to release days for higher risk audit work.				
Operational	Project Management – Implementation of the Children's Early Help Module	Removed	Removed to release days for Safeguarding review ahead of OFSTED inspection.				

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Page 12 of 12