










Somerset County Council

Report of Internal Audit Activity 2021/22

July 2022

Internal Audit Update 2021/22 – ‘At a Glance’

The Headlines

	<p>Opinion based reviews completed in the period</p> <ul style="list-style-type: none"> • Three Limited • Two Reasonable
	<p>Plan substantially delivered</p> <ul style="list-style-type: none"> • 47 reviews finalised • Three reviews at draft stage • Two reviews in progress
	<p>Follow-ups in the period</p> <p>Three completed. Evidence for all that risks reduced sufficiently and no further follow-up work will be undertaken.</p>
	<p>Healthy Organisation Follow-up in the period</p> <p>Work was found to have started in relation to almost all of the agreed actions.</p>
	<p>Additions to the Plan</p> <p>15 new reviews included in the plan over the year.</p>
	<p>Improvements from the implementation of agreed actions</p> <p>A data dashboard has been produced to support management overview. Overdue actions have reduced by 56% over seven months.</p>
	<p>Range of innovations and enhancements made to our internal audit process throughout the year</p> <p>Data analytics continues to drive/support reviews; comparative benchmarking exercises offer useful insight and suggested practices.</p>

Internal Audit Assurance Opinions 2021/22

	Jul	YTD
Substantial	0	0
Reasonable	2	8
Limited	3	11
No Assurance	0	0
Total	5	19

Internal Audit Agreed Actions 2021/22

	Jul	YTD
Priority 1	2	15
Priority 2	4	63
Priority 3	4	52
Total	27	130

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

This is the July 2022 progress update for 2021/22 and reports against the plan agreed by this Committee in March 2021. The schedule provided at **Appendix D** details progress made to date and new work agreed.

The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed at **Appendix A** of this document. The Committee can take assurance that improvement actions have been agreed with management to address each finding reported.

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 the ‘limited Assurance Opinion’ can be found at **Appendix B**. There were three to report over the period as well as two reasonable opinion audits.

A follow-up review is performed in respect of all Limited assurance opinion audits. The results of follow-up reviews performed in the period can be found in **Appendix C**. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. Three follow-up reviews were completed in the period, all of which we reported sufficient progress in implementing the actions agreed and no further audit work will be required. The Healthy Organisation audit was also followed up and work was found to have started in relation to almost all of the agreed actions. Many of these were found to be in progress, due to the need to re-evaluate action to be taken due to Local Government Reorganisation.

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 can be seen on page 4 of this report. The total number of overdue actions has reduced since monitoring started at the beginning of September, with an overall reduction of 53% of overdue actions reported.

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 against strategic risks

The table below maps audit work to SCC’s key strategic risks to provide assurance of coverage. As the year builds and more work is completed, coverage across the key risk areas has increased. ‘Adequate’ coverage reflects delivery of planned assurance levels. The planned climate change audit has needed to be deferred to 2022/23 due to a combination of resource and timing issues.

Strategic Risk	Coverage
Climate Change	No coverage - audit deferred to 2022/23
Organisational resilience	<ul style="list-style-type: none"> Business continuity Emergency Planning Data centre & back-ups
New - Adults Sufficiency and Capacity	<ul style="list-style-type: none"> Adults commissioning community support
Supplier Disruption	<ul style="list-style-type: none"> Commissioning governance Adults commissioning community support
Sustainable MTFP	<ul style="list-style-type: none"> School deficit/surplus balances SEND costed packages
Safeguarding Children	<ul style="list-style-type: none"> Schools safeguarding follow-up. Safeguarding complaints and concerns Children’s social care recruitment and training
Local Government Reorganisation	<ul style="list-style-type: none"> Org. resilience/MTFP related audits (above) Business Recovery – post Covid Commissioning governance PCI DSS (Unitary)
Market Management and development	<ul style="list-style-type: none"> Contract register Contract management advisory review

	Good coverage
	Adequate coverage
	Coverage in progress
	No coverage

Internal Audit Plan Update

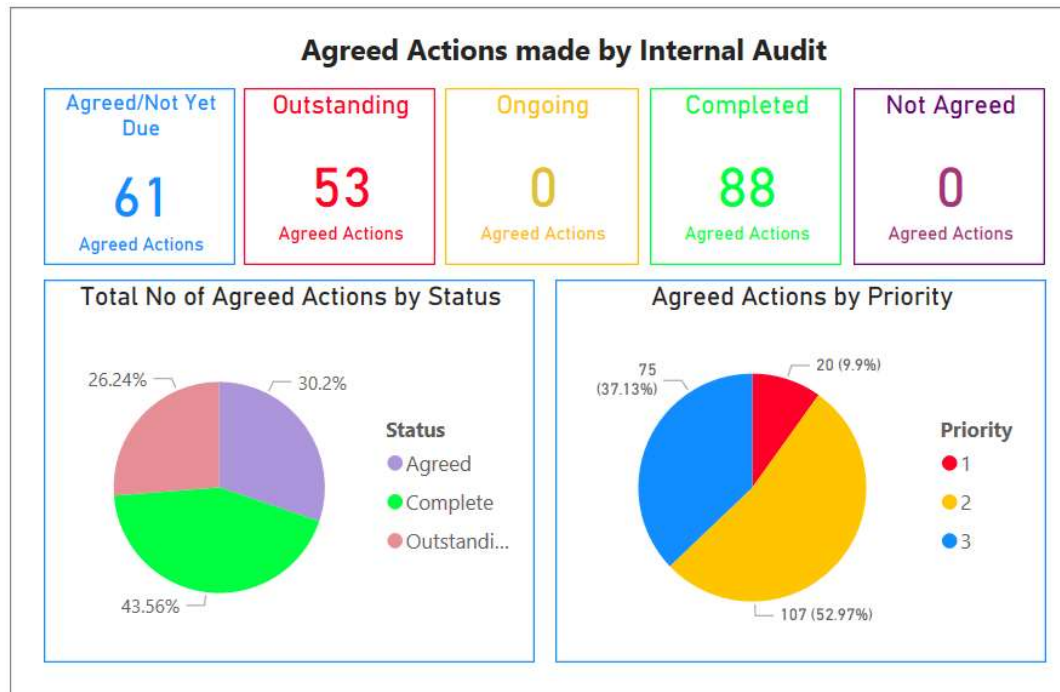
Follow up work confirms the responsive nature of management in implementing agreed actions to mitigate exposure to areas of risk.



Implementation of Agreed Management Actions

As well as assurance provided by follow-up audits, managers responsible for agreed actions relating to limited assurance audits have provided progress updates to internal audit. The results of the latest update is shown in the summary below.


The table below shows 53 overdue actions remain. This is the same as reported in March. There were 113 overdue actions in the September update, giving an overall reduction of 53% over a seven month period.




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.


Children’s Social Care – Safe Recruitment and Training	Audit Objective	 Limited	Priority Actions			
	To verify the effectiveness of processes to ensure all social care staff have the required disclosure and barring clearance, a current registration with Social Work England and up to date child protection training.		1	2	3	Total
This audit has been undertaken in preparation for an Ofsted inspection.						
<p>Summary of Findings</p> <ul style="list-style-type: none"> • SCC policy requires that a Disclosure and Barring Service (DBS) application is completed as part of the recruitment and selection process to ascertain the individual’s suitability for the post. For specific roles, a new DBS check is required every three years. There is no centralised monitoring function in place to ensure that renewals are completed where required and that all employees have current clearance at the appropriate level for their role. • There is a lack of evidence that all employees have completed current Child Protection training. • The Organisational Management Team run a report of current staff in Child Social Care (CSC) roles, which is used by HR to check against the Social Work England website for annual registration renewals. This report is not currently shared with CSC and their records were found to be incomplete in relation to Social Worker registration, including expired or blank registration dates and Social Worker numbers. • Due to differences in job role titles used within the e-DBS system used by HR and the CSC compliance data, there is no cohesion between HR and Children’s Social Care records. <p>During the audit guidance was approved by Children’s Social Care (CSC) County Managers, to review compliance data at bi-monthly CSC County Managers meetings and once appointed, the Principal Social Worker will maintain oversight of compliance.</p> <p>In terms of records keeping a main issue reported is the lack of cohesion between the records used by HR and Children’s Social Care. This has been acknowledged and HR are now looking towards a single centralised record as part of wider Local Government Review work.</p> <p>All agreed audit actions are due by the end of July 2022.</p>						

Education Safeguarding Complaints and Concerns	Audit Objective		Priority Actions			
	To establish whether there are effective processes in place for resolving safeguarding complaints and identifying emerging safeguarding issues.		1	2	3	Total
		Limited	2	3	3	8

Summary of Findings

- Although we saw evidence that the Education Safeguarding Service (ESS) had taken reasonable action to respond to the education safeguarding concerns and complaints we tested, there is currently a lack of clarity on the pathway to follow for complaints and concerns. The ESS has started developing a recording and monitoring process to highlight trends but service development is being impeded by long-running resource issues.
- There are two recording systems in use. We identified inconsistent and inaccurate recording in the ESS Complaints Received Log (CRL). We could not confirm all iCasework complaints were also recorded in the CRL. The ESS had difficulty providing all the evidence we requested, which indicates weaknesses in recording and storage.
- There is no quality assurance process in place for reviewing how education safeguarding complaints are handled and ensuring that all actions are followed through to completion. There may be opportunities for team training on expected investigation processes and completion of records.

All agreed audit actions are due by the end of September 2022.

Transport Budget Governance	Audit Objective		Priority Actions			
	To establish the extent to which transport budgets are governed and controlled effectively.		1	2	3	Total
		Limited	2	4	4	10

Summary of Findings

- The council has overspent its combined home to school transport budgets for the last five years. There is no strategy for controlling this expenditure.
- Responsibility and accountability for transport sourcing and expenditure is fragmented. While Inclusion determines whether a child is eligible for transport, they have little or no involvement in agreeing the transport subsequently procured. Therefore, they have little direct control over expenditure.
- There are significant concerns about Capita EMS system data. Management do not have ready access to a report that includes clear financial and contractual information for all routes. There are anomalies in route and forecasting reports which may impact on budget monitoring. Further investigation is needed to identify and address the root causes.
- The council is replacing the transport management systems, Capita EMS and Trapeze, with a new combined system, MTC. This was expected to be in place by April 2022 but has been delayed until mid-2023. Finance has not been involved in this project to date.

All agreed audit actions are due by September 2023.

Follow up Audit	Scope and Objective	Progress assessment					
		2020/21 RAG	Completed	In progress	Not Started	Total	
Healthy Organisation	To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019-20 partial opinion audit of risk management have been implemented.	Corporate Governance	Green	3	4	0	7
		Financial Management	Green	1	6	0	7
		Risk Management	Amber	0	3	1	4
		Performance Management	Green	0	5	0	5
		Commissioning & Procurement	Amber	3	3	0	6
		Programme & Project Management	Green	0	2	0	2
		Information Management	Amber	0	6	0	6
		People Management	Green	0	2	0	2
		Asset Management	Amber	1	2	0	3
Total			8	33	1	42	

The Healthy Organisation review framework assesses nine corporate themes. Together, these themes contribute towards an overall assessment and understanding of the council as a ‘Healthy Organisation.’ For each theme, we assess the strength of the management control framework in place against a benchmark model by identifying the presence or absence of key controls. We conducted our most recent Healthy Organisation review at Somerset County Council (SCC) in 2020/21. We provided a Medium Assurance opinion.

The purpose of this follow up review was to determine whether there is evidence that the council has taken enough action to fully mitigate the Areas for Attention we identified in 2020/21. We have not provided an updated assurance opinion or RAG rating for each theme because we have not tested each theme in full. This is the final Healthy Organisation review for SCC before it is replaced by the new unitary Somerset Council in April 2023.

We found that the council had started addressing or had addressed almost all of the Areas for Attention. Local Government Reorganisation (LGR) is the key reason most areas are in progress. As part of its preparations for LGR, the council is reviewing many of its current strategies and procedures, either within services or as part of a defined LGR workstream. This includes the Financial Regulations, Financial Procedures, ICT Strategy, Performance Management Framework, workforce plans and more. In addition, the council has postponed some activity, such as developing the Integr8 system, until more about the new council is known. Considering the significant level of change due to take place over the next year, we believe this is reasonable.

There have been several positive developments since the last review. This includes the introduction of a new Contract Management Framework and Social Value Policy, and update of the Contract Procedure Rules. The NO PO No Pay project has also resulted in a new Purchase Order Policy intended to ensure there is greater pre-authorisation of expenditure. While there continues to be pressure on demand-led service budgets and the High Needs block, the council is expecting a small revenue budget underspend at outturn, and it has set a balanced budget for its final year of operations.

Follow up Audit	Scope and Objective	Progress assessment				
		Completed	In progress	Not Agreed	Total	
Lone Working	To provide assurance that agreed actions to mitigate against risk exposure identified within the partial opinion audit have been implemented.	Priority 1	0	0	0	0
		Priority 2	4	1	1	6
		Priority 3	2	0	0	2
		Total	6	1	1	8

The council has procured a corporate personal safety monitoring system, Peoplesafe, that can be used by lone workers. Lone workers now have access to a variety of personal safety devices and benefit from 24/7 emergency support. As part of the system rollout, services have had to compile lone worker lists. Services are expected to make use of these tools in addition to any procedures they already have in place.

The Working Alone Safely Policy has been reviewed and updated to incorporate most of our suggestions. The policy requires managers to develop processes that allow lone workers to communicate with colleagues and be located if they are at risk. It also refers to the use of lone working personal safety devices and gives examples of roles that may be at higher risk from lone working.

The Health, Safety and Wellbeing Steering Group (HSWSG) have agreed to implement mandatory risk assessment training for managers. The Corporate Health and Safety Unit (CHSU) are developing a risk assessment module that will be hosted on the Learning Centre.

Based on the progress made, we will cease recommendation monitoring.

Follow up Audit	Scope and Objective	Progress assessment				
		Completed	In progress	Not Started	Total	
Health and Safety – Premises Management	To provide assurance that agreed actions to mitigate against risk exposure identified within the partial opinion audit have been implemented.	Priority 1	1	0	0	1
		Priority 2	1	1	0	2
		Priority 3	2	0	0	2
		Total	4	1	0	5

Health and safety reminders are regularly issued through Core Brief. The Health, Safety and Wellbeing Steering Group (HSWSG) has regularly reminded Delegated Senior Managers (DSMs) to include health and safety as a standing agenda item at service and team meetings. A reminder was also included in Core Brief.

Facilities Management (FM) developed a learning centre module used to re-induct employees to SCC premises after the changes caused by Covid-19. This was mandatory for all staff wishing to work from SCC premises. CHSU also run premises management training that new facilities managers must complete. Premises managers are ensuring routine legionella testing is performed at the required frequency.

The council is in the process of introducing a new system, Tech Forge, that will replace the Atrium and RAMIS systems from December 2022. Premises risk assessments will be stored in Tech Forge.

Based on the progress made, we will cease recommendation monitoring.

Follow up Audit	Scope and Objective	Progress assessment				
		Completed	In progress	Superseded	Total	
Children’s – Education, Health and Care Plans (EHCPs)	To provide assurance that agreed actions to mitigate against risk exposure identified within the partial opinion audit have been implemented.	Priority 1	2	0	0	2
		Priority 2	3	2	0	5
		Priority 3	3	1	1	5
		Total	8	3	1	12

There has been considerable progress since we conducted the original review. The council has invested in additional staffing for the service. There has been a review of the team structure and staff are now split between distinct functions and age ranges. Management responsibilities have been reviewed and each hub has a Senior Assessment and Review Officer (SARO) dedicated to staff performance management. Case supervisions take place fortnightly. While the number of EHCPs in the county continues to rise, new approaches to case allocation mean there is more flexibility for officers. The council has worked with partners to reduce delays in receiving professional advice. These actions have allowed the council to improve its performance against statutory timescales to 60%. This is in line with the national average (58%).

While the service has introduced a more formal induction process that includes mandatory training, officers acknowledged more work is needed to ensure that staff complete all required training and records are kept up to date.

The SEND team is developing a quality assurance framework that will define expectations and supply an assessment framework. The SEND team has produced a Quality Assurance Plan that outlines planned Quality Assurance (QA) activity for 2022. This includes practice evaluation of randomly selected EHCPs. Planned QA work is expected to start in July 2022.

Based on the progress made, we intend to cease monitoring implementation of the remaining actions.

Audit Type	Audit Name	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
Complete							
Operational	Accounts Payable - Vendor Management	Final	Limited	5	0	3	2
Operational	School Exclusion Data	Final	Limited	6	0	5	1
ICT	Data Centre and Back-up Review	Final	Limited	5	0	3	2
Operational	Adults – Commissioning Community Support	Final	Reasonable	5	0	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	0	0	3
Governance	Business Continuity	Final	Reasonable	9	0	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				
Operational	Economic Recovery – Post Covid 19	Final	Reasonable	4	0	2	2
Operational	SEND Costed Packages	Final	Limited	5	0	4	1
Operational	Adults – Quality Assurance Framework	Final	Limited	8	2	5	1

Audit Type	Audit Name	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
Operational	New – Berkley School Financial Audit	Final	Limited	14	5	8	1
Follow-up	Apprenticeship Scheme	Final	N/A				
Follow-up	Transfer of Public Health Nursing Services	Final	N/A				
Follow-up	Compliance with Corporate Purchasing Policy	Final	N/A				
Grant	New - Additional Dedicated Home to School and College Transport Grant	Final	Certified				
Grant	New - Bus Subsidy Ring fenced (revenue) Grant	Final	Certified				
Governance	Contracts Register	Final	Reasonable	3	0	1	2
ICT	Incident Management	Final	Reasonable	4	0	0	4
Operational	School Surplus and Deficit Balances	Final	Limited	8	2	4	2
Governance	Strategic Commissioning	Final	Limited	7	0	5	2
Follow-up	Risk Management	Final	N/A				
Investigation	New – Project Management Investigation	Final	N/A	7	0	6	1
Operational	Children’s Safeguarding – Complaints and Concerns	Final	Limited	8	2	3	3
Operational	New – Children’s Social Care Safe Recruitment and Training	Final	Limited	5	2	2	1
Advisory	New – Whistleblowing Policy Review	Final	N/A				
Operational	Adults – Safeguarding (Eclipse System)	Final	Reasonable	4	0	1	3
Governance	Emergency Planning	Final	Reasonable	10	0	3	7

Audit Type	Audit Name	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Advisory	New – Adopt South-West	Final	Audit lead by Devon Audit Partnership				
Advisory	New – Committee Decision Paper Benchmarking	Complete	N/A				
Follow up	Lone Working	Final	N/A				
Follow-up	Health and Safety – Premises Management	Final	N/A				
Follow-up	Healthy Organisation	Final	N/A				
Follow up	Children’s Education, Health and Care Plans	Final	N/A				
Grant	Covid Related Bus Services Support Grant Restart Tranche 3/4/5	Final	Certified				
Grant	New - Covid Community Testing Funding Grant	Final	Certified				
ICT (Advisory)	New – Payment Card Industry Data Security Standard - PCI DSS (Unitary)	Final	N/A				
Advisory	Recommendation Tracking	Complete	N/A				
Grant	Supporting Families Claims	Complete	Certified				
Advisory	CiFAS – Blue Badges	Complete	N/A				
Advisory	Somerset Unitary preparations	Complete	N/A				
Operational	New - Transport Budget Governance	Complete	Limited	10	2	4	4
Reporting							
Governance	Property Condition – Schools	Draft					
Follow-up	Supplier Resilience	Draft	N/A				

Audit Type	Audit Name	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
1	2	3					
Follow-up	Adults Mental Health – Financial Decision Making, Care Plans & Reviews	Draft	N/A				
In Progress							
Grant	Local Transport Capital Block Funding Grant	In Progress	Awaiting last pieces of evidence				
Advisory	New – S.151 Financial Assurance Map	In Progress	Fieldwork has commenced				
Deferred							
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	ECl – 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				
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 22/23				
Operational	Adults – Workforce Planning	Deferred	Request to defer to 22/23				

Audit Type	Audit Name	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
Follow-up	Adults – FAB Assessments	Deferred	Deferred to 22/23 due to delayed implementation of new FAB system				
Operational	New – Street Works Permitting	Deferred	Recent external review undertaken and request to delay to 22/23				
Follow-up	Community Learning Partnerships	Deferred	Reschedule for 22/23 in line with implementation of agreed actions				
Follow-up	Career Development & Pathways	Deferred	Reschedule for 22/23 in line with implementation of agreed actions				
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				
Governance	Climate Change	Deferred	Request to defer to 22/23				
Governance	Project Management – Benefits Realisation	Deferred	Request to defer to 22/23				
ICT	Follow-up – ICT Governance	Deferred	Request to defer to 22/23				
Follow-up	Creditors	Deferred	Request to defer to 22/23				
ICT	Follow-up - Cyber Security Framework Review	Deferred	Replaced with PCI DSS (Unitary)				
Follow-up	Role of the Somerset Manager	Deferred	Deferred to 22/23				
Grant	New - Emergency Active Travel Fund Grant	Deferred	Expenditure not yet complete – defer to 22/23				
Follow up	Corporate Management of Health and Safety	Deferred	Deferred to 22/23				