



# Somerset County Council

Report of Internal Audit Activity

Progress Report- January 2022

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

## The Headlines

	<p><b>Opinion based reviews completed in the period</b></p> <ul style="list-style-type: none"> <li>• Three Limited</li> <li>• One Reasonable</li> </ul>
	<p><b>Satisfactory progress in relation to plan delivery</b></p> <ul style="list-style-type: none"> <li>• 27 reviews completed/report stage</li> <li>• 17 reviews in progress</li> <li>• 13 reviews to start – follow-ups make up around half of this total</li> </ul>
	<p><b>Additions to the Plan</b></p> <p>13 new reviews included in the plan.</p>
	<p><b>Improvements from the implementation of agreed actions</b></p> <p>A data dashboard has been produced to support management overview. Overdue actions are unchanged from November but have reduced by 21% during the year-to-date.</p>
	<p><b>Range of innovations and enhancements made to our internal audit process throughout the year</b></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

	Jan	YTD
Substantial	0	0
Reasonable	1	4
Limited	3	6
No Assurance	0	0
<b>Total</b>	<b>4</b>	<b>10</b>

## Internal Audit Agreed Actions 2021/22

	Jan	YTD
Priority 1	7	7
Priority 2	19	34
Priority 3	5	23
<b>Total</b>	<b>31</b>	<b>64</b>

## 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.

The contacts at SWAP in connection with this report are:

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### Summary

This is the January 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 one reasonable opinion audit. In total there have been four Reasonable and six Limited Assurance audits finalised over the year so far. A significant proportion of Limited Assurance Opinions is expected as the audit plan is focused towards those areas of highest risk to the Council. The implementation of agreed actions have all been scheduled during 22/23 and follow-up audits will then be carried out.

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. This was found to be the case for two of the reviews, the third will continue to be monitored to gain assurance that the remaining actions are implemented.

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 reported is very similar to the previous progress report. Taking the year as a whole though, there is a reduction of 21% 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, changes to the plan, and performance measures

The table below provides a visual representation of how our completed audits and work in progress for 2021/22 financial 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	<ul style="list-style-type: none"> <li>Business continuity</li> <li>Hybrid working</li> <li>Data centre &amp; back-ups</li> </ul>
Supplier Disruption	<ul style="list-style-type: none"> <li>Commissioning governance</li> <li>Adults commissioning</li> </ul>
Sustainable MTFP	<ul style="list-style-type: none"> <li>School deficit/surplus balances</li> <li>SEND costed packages</li> </ul>
Safeguarding Children	<ul style="list-style-type: none"> <li>Schools safeguarding follow-up.</li> <li>Safeguarding complaints and concerns</li> </ul>
External Influences and Uncertainties	<ul style="list-style-type: none"> <li>Commissioning governance</li> <li>Adults commissioning</li> </ul>
Local Government Reorganisation	<ul style="list-style-type: none"> <li>Audits associated with organisational resilience (above)</li> <li>Audits associated with MTFP (above)</li> <li>Business Recovery – post Covid</li> <li>Commissioning governance</li> </ul>
Market Management and development	Contract management advisory review

<span style="color: green;">■</span>	Good coverage complete
<span style="color: blue;">■</span>	Adequate coverage complete
<span style="color: yellow;">■</span>	Coverage in progress
<span style="color: white;">■</span>	No coverage to date

# Internal Audit Plan Update

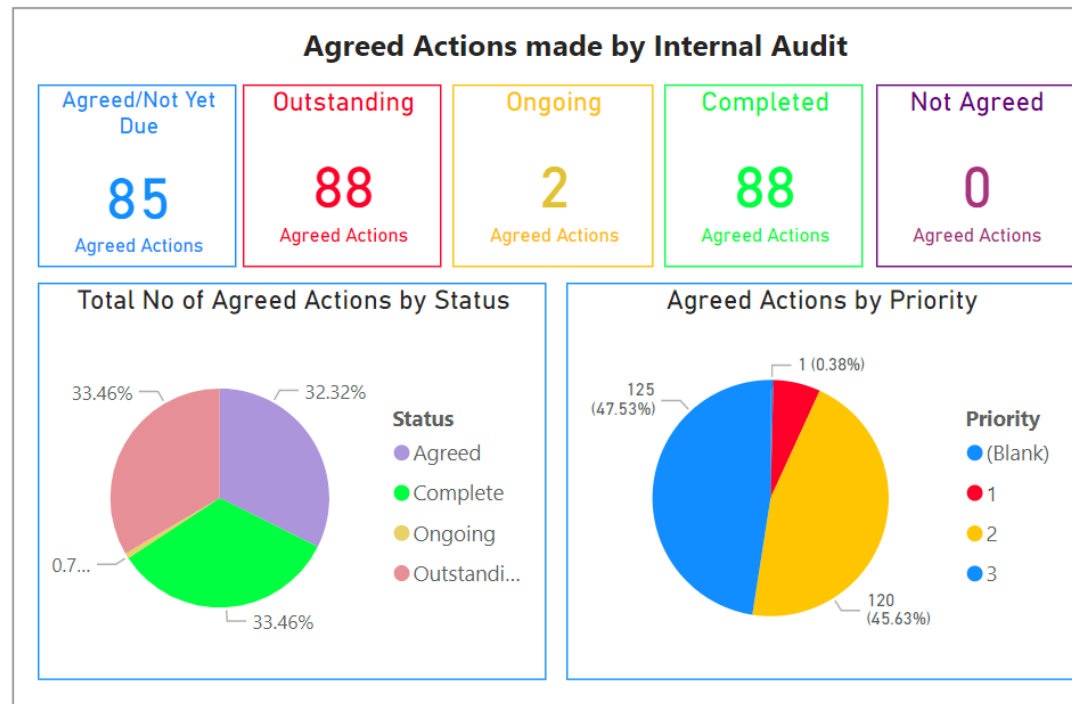
Follow up work confirms the responsive nature of management in implementing agreed actions to mitigate exposure to areas of risk.



## Implementation of Agreed Management Actions

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.

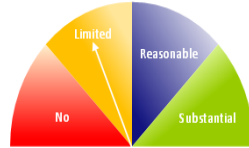
The table below shows a total of 88 overdue actions remain, compared to 89 in November. There were 113 overdue actions in the September update, giving an overall reduction of 21% during the year to date.



Assurance Definitions	
<b>No Assurance</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	
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.


Special Educational Needs and Disability (SEND) Costed Packages	Audit Objective	 <p>Limited</p>	Priority Actions			
	The costed package process is inadequately designed or not applied equitably, resulting in challenge from stakeholders, impaired outcomes for affected children or failure to ensure value for money is achieved.		1	2	3	Total
			4	1	5	

SEND costed packages have been developed to help support children to stay in mainstream schools rather than provide very expensive independent provision. The costed package is an agreement to give additional funding to a school that is ringfenced to specific children.

The Inclusion team has agreed to complete five actions to address our findings by 1<sup>st</sup> September 2022. One action has already been completed.

**Summary of Findings**

- There is a reasonable process in place, though further development is needed. Applications for support are subject to adequate scrutiny by senior officers. Most respondents of the Special Educational Needs Coordinator (SENCO) survey performed believed costed packages can meet SEND needs. There are good processes to ensure schools receive agreed funds.
- While a process for agreeing costed packages is in place, the Inclusion service has not yet formalised this. Our SENCO survey indicates there are several areas where the process could be improved. Most pertinently, the Inclusion service has not yet produced any guidance to support schools with applications.
- The Inclusion team has not issued a standard form schools can use for costed package requests, meaning inconsistent information is received. Survey responses indicate various forms exist and highlighted uncertainty about which to use. The Inclusion team has prepared a draft form, but this will need updating when new approaches are implemented.
- The Placement and Transport (PAT) Panel outcomes do not consistently record which officer has authorised a costed package. One regular authoriser is not included in budget delegation tables. We cannot provide assurance that packages and subsequent expenditure had been agreed appropriately for all samples we reviewed.

Adults – Quality Assurance Framework	Audit Objective		Priority Actions				
	To establish how Adult Services monitors the extent to which it is achieving its performance objectives & practice standards and takes action to address shortfalls.		1	2	3	Total	
				2	5	1	8

It is important to acknowledge the amount of disruption and change the service has faced on the back of the pandemic, with challenges relating to demand and supply both internally and in the wider health and care workforce.


The service is committed to improvement in how quality assurance activity is both conducted and used. There have been several developments which will assist future improvements. A new adult case management system (Eclipse) has been rolled out across the service, a new performance reporting suite has been developed and made available to all staff and the service has also published a Practice Quality Framework to provide improved direction to staff on the expected standards.

It has been agreed to complete the actions to address our findings by the end of November 2022.

**Summary of Findings**

- Quality assurance activity is often reactive and not driven by a planned approach. Outcomes are not consistently captured and monitored to confirm they have been addressed.
- Quality assurance outcomes collected outside of audits are not fed into an overarching action plan, meaning that important learning points are not always captured or communicated to the wider workforce.
- There are opportunities to enhance the performance information made available via the new Reporting Suite.
- Quality assurance is largely focussed on quantitative assessments and there is little review of quality outcomes. Feedback on the customer experience is ad-hoc and not consistently sought.



Berkley School – Financial Controls	Audit Objective	 <p>Limited</p>	Priority Actions			
	To provide assurance that the expected financial controls within the school are operating effectively and appropriately.		1	2	3	Total
		5	8	1	14	

This review on financial controls was requested by governors and fully supported by the headteacher. Newly-appointed governors required assurance that the financial controls were operating effectively and in line with the school’s Finance Policy.

The school is committed to making the necessary improvements and to complete the actions to address our findings by the end of April 2022. Action has already started in relation to the majority of the findings made.

**Summary of Findings**

- The root cause for many of the control weaknesses, identified in this audit review, is a lack of a division of duties; particularly for expenditure, budget monitoring and reconciliations.
- The School Finance Policy did not reflect financial practice at the school.
- Audit trails were found to be incomplete for both income and expenditure records.
- Authorising Officers and limits need to be formally agreed and reflected in the updated finance policy.

Follow up Audit	Scope and Objective	Progress assessment				
		Completed	In progress	Not Started	Total	
Apprenticeship Scheme	To provide assurance that the agreed actions within the 2020-21 report have been implemented.	Priority 1	-	-	-	-
		Priority 2	3	0	-	3
		Priority 3	2	1	1	4
		<b>Total</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>7</b>

**Summary of Findings**

We are pleased to report there has been satisfactory progress towards the audit recommendations and no further follow-up work is required.

The Apprenticeship Team have taken forward actions in relation to working with schools to improve their understanding and uptake of apprenticeship opportunities. There has also been an overall increase in the number of apprentice and upskilling starters for the year ending 31<sup>st</sup> March 2021, compared to previous years. The Manager’s Guide and the SharePoint site for Apprenticeships have both been updated to provide enhanced guidance in a number of areas.

We recommended that the Apprenticeship Team should ensure that central monitoring is undertaken for all completed apprenticeships to identify and monitor the retention of apprentices within the Council, and to address any thematic issues for those who have gained employment elsewhere. It has not been possible to progress this action yet, due to delays in the Education Skills Funding Agency’s portal being updated to provide more timely data. This will be taken forward as soon as possible.

Follow up Audit	Scope and Objective	Progress assessment				
		Completed	In progress	Not Started	Total	
Public Health Nursing CQC Readiness	To provide assurance that the agreed actions within the 2020-21 report have been implemented.	Priority 1	-	-	-	-
		Priority 2	4	2	-	6
		Priority 3	9	-	-	9
		<b>Total</b>	<b>13</b>	<b>2</b>	<b>-</b>	<b>15</b>

**Summary of Findings**

We are pleased to report that most of the actions have now been completed and no further follow-up work is required.

The original audit was requested to provide assurance to the service that in the event of a CQC inspection, that staff teams had sufficient understanding of the governance arrangements, practices and processes that have changed and developed since their transfer from Somerset Partnership NHS Trust. The audit focused specifically on the CQC questions relating to the degree to which the service is safe and well-led.

The Service has restructured teams, and in all interviews, there were positive comments about the strength of communications at both a local and whole service level.

Staff were also consistently positive about the accessibility and approachability of senior managers, and the new Head of Public Health Operations arranging to engage with staff on a regular basis.

Follow up Audit	Scope and Objective	Progress assessment				
		Completed	In progress	Not Started	Total	
Compliance with Corporate Purchasing Policy	To provide assurance that the agreed actions within the 2020-21 report have been implemented.	Priority 1	-	-	-	-
		Priority 2	-	2	-	2
		Priority 3	1	2	1	4
		<b>Total</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>6</b>

**Summary of Findings**

Commercial & Procurement have now updated the policies held on their SharePoint site. The procurement webpage on the external website has also been updated to reflect that only those contracts worth more than £25,000 will be invited to tender. The external website now includes the most recently approved Contract Procedure Rules (CPRs) document.

Because the Ten Point Plan (TPP) is no longer in place, we have assessed one recommendation as being superseded and this hasn't been included in the above table.

The Terms of Reference for the Strategic Commissioning Group (SCG) has not yet been reviewed. The remaining actions remain in progress. Though the CPRs have been updated in line with our recommendations, the revisions have not been formally approved. Commissioning guidance needs to be updated to illustrate links to the revised CPRs. We could not find evidence that the Strategic Commissioning Group (SCG) had reviewed all waivers we tested.

Because actions remain in progress, we will continue to monitor them through our Recommendation Tracking.

Audit Type	Audit Area	Status	Opinion	No of Rec	Recommendation		
					1 = Major	↔	3 = Medium
					1	2	3
<b>Complete</b>							
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	<b>New</b> – Updated Contract Management Framework	Final	N/A				
Advisory	<b>New</b> – 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	<b>New</b> – 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		2	2
Operational	SEND Costed Packages	Final	Limited	5		4	1
Operational	Adults – Quality Assurance Framework	Final	Limited	8	2	5	1

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
Operational	<b>New</b> – 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	<b>New</b> - Additional Dedicated Home to School and College Transport Grant	Final	Certified				
Grant	<b>New</b> - Bus Subsidy Ring fenced (revenue) Grant	Final	Certified				
<b>Reporting</b>							
Operational	School Surplus and Deficit Balances	Draft					
Governance	Strategic Commissioning	Draft					
Governance	Property Condition – Schools	Draft					
Investigation	<b>New</b> – Project Management Investigation	Draft					
ICT	Incident Management	Draft					
<b>In Progress</b>							
Operational	Children’s Safeguarding – Complaints and Concerns	In Progress					
Operational	<b>New</b> - Transport – Governance/Budgets/Financial Control	In Progress					
Operational	<b>New</b> – Children’s Social Care Safe Recruitment and Training	In Progress					
Governance	Contracts Register	In Progress					

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Advisory	<b>New</b> – Whistleblowing Policy Review	In Progress					
Advisory	<b>New</b> – Adopt South-West	In Progress	Audit lead by Devon Audit Partnership				
Follow-up	Supplier Resilience	In Progress					
Follow up	Lone Working	In Progress					
Follow-up	Health and Safety – Premises Management	In Progress					
Follow-up	Healthy Organisation	In Progress					
Grant	Local Transport Capital Block Funding Grant	In Progress					
Grant	Covid Related Bus Services Support Grant Restart Tranche 3/4/5	In Progress					
Grant	<b>New</b> - Covid Community Testing Funding Grant	In Progress					
Advisory	Recommendation Tracking	Ongoing					
Grant	Supporting Families Claims	Ongoing					
Advisory	CiFAS – Blue Badges	Ongoing					
Advisory	Somerset Unitary preparations	Ongoing					
<b>Waiting to go Live</b>							
Governance	Climate Change	Waiting to go live					
Governance	Project Management – Benefits Realisation	Waiting to go live					

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Governance	Emergency Planning	Waiting to go live					
Operational	Adults – Eclipse System	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	Creditors	Waiting to go live					
Follow-up	Risk Management	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					
Grant	<b>New</b> - Emergency Active Travel Fund Grant	Waiting to go live					
<b>Deferred</b>							
Governance	Election Delivery	Deferred	Elections deferred, audit moved to Q1 22/23				



Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
				Recommendation			1
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.				
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.				
Follow-up	Adults – FAB Assessments	Deferred	Deferred to 22/23 due to delayed implementation of new FAB system.				
Operational	<b>New</b> – 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.				

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
Operational	Project Management – Implementation of the Children’s Early Help Module	Removed	Removed to release days for Safeguarding review ahead of OFSTED inspection.				