Somerset West and Taunton

Report of Internal Audit Activity

Plan Progress 2021/22 – March 2022

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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Internal Audit Plan Progress 2021-22

Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**

Role of Internal Audit

The Internal Audit service for Somerset West and Taunton Council is provided by SWAP Internal Audit Services Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the 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, Governance and Standards Committee at its meeting in March 2021.

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
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Senior Leadership Team. The 2021-22 Audit Plan was reported to the Audit, Governance and Standards Committee and approved at its meeting in March 2021. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

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Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 3 being minor or administrative concerns to 1 being areas of major concern requiring immediate corrective action.

Internal Audit Work programme

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2021/22. 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 in **Appendix A**.

The following table summarised Audits finalised since the previous update in December 2021.

Audit Area	Opinion
Council Tax & Business Rates	Reasonable
GDPR	Reasonable
Housing Benefit	Reasonable
New: Civica System Parameter Testing	Advisory

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Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- **Limited or No Assurance Opinions**
- **Follow-ups**

Significant Corporate Risks

We provide a definition of the 3 Risk Levels applied within audit reports and these are detailed in **Appendix A**. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

There are no significant (High) corporate risks identified through our work since your previous update in December.

Summary of Work Completed – Limited or No Assurance Opinions

No audits have received a Limited or No Assurance Opinion since our last update.

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The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP now provides the Internal Audit service for 24 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective performance results for Somerset West and Taunton 2021-22 are currently:

Performance Target	Target Year End	Average Performance
Audit Plan – Percentage Progress Final, Draft and Discussion In progress Yet to complete	>90%	68% 21% 11%
Quality of Audit Work Customer Satisfaction Questionnaire	>95%	100%
Outcomes from Audit Work Value to the Organisation *(client view of whether our audit work met or exceeded expectations, in terms of value to their area)*	>95%	Year end

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Internal Audit Plan Progress 2021-22

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Audit Plans are undertaken on a rolling quarterly basis.

Approved Changes to the Plan

The audit plan for 2021/22 is detailed in **Appendix B.** Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Somerset West and Taunton Council. Our rolling plans are agreed with the Senior Leadership Team quarterly from the list of unscheduled audit areas (brought to this Committee in March 2021) that constitutes the rolling Audit Plan. Members of the Audit Committee are welcome to identify area where they need assurance for priority work.

Revised Audit Plan	Agreed Change
NEW: Regeneration Projects - Governance	Added as a Q4 priority from rolling plan
NEW: Stores	Added as a Q4 priority from rolling plan
NEW: Staff Retention	Added as a Q4 priority from rolling plan
NEW: Civica Parameter Testing	Added as a Q4 priority from rolling plan
NEW: Unitary Preparedness – lessons learnt	Added to support work in relation to LGR
NEW: Procurement Cards	Added as a Q4 priority from rolling plan

Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are 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 exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Non-Opinion/Advisory	In addition to our opinion-based work we will provide consultancy services. The "advice" offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.

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.

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Assurance	Commercial Investment	1	Final	Substantial	2	0	0	2	
Assurance	Health and Safety	1	Final	Limited	11	0	3	8	Reported September 2021
Assurance	North Taunton Woolaway Regeneration	1	Final	Substantial	0	0	0	0	
Advisory	Fraud Risk Assessment	2	Final	Advisory	0	0	0	0	
Follow Up	DLO External Work – Income Follow Up	2	Final	Advisory (follow up)	0	0	0	0	Reported December 2021
Assurance	Open Contractor – Revised Grounds Maintenance Arrangements	2	Final	Reasonable	3	0	0	3	
Assurance	Performance Management	2	Final	Substantial	3	0	0	3	
Assurance	Risk Management	2	Final	Reasonable	6	0	2	4	
Assurance - ICT	Data Centre Review	2	Final	Limited	7	0	5	2	Reported December 2021
Advisory	Exploratory Work – Tenancy	3	Final	Advisory	0	0	0	0	
Follow Up	Procurement Follow-Up	2	Final	Advisory (follow up)	5	0	4	1	Reported December 2021

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Assurance	Data Protection Compliance (GDPR)	1	Final	Reasonable	5	-	2	3	
Assurance	Housing Benefit	3	Final	Reasonable	2	-	-	2	
Assurance	Council Tax & Business Rates	3	Final	Reasonable	3	-	-	3	
Advisory	**NEW:** Civica Parameter Testing	4	Final	Advisory	0	0	0	0	
DRAFT									
Assurance	Post payment assurance on COVID-19 grants (ARG & Restart)	3	Draft	Advisory					
Assurance	Business Improvement – Tracking benefits	2	Draft	Advisory					
Advisory	Carbon Net Zero	3	Draft	Advisory					
Follow Up	Ethical Governance and Culture	3	Drafting	Follow Up					
IN PROGRESS									
Assurance	**NEW:** Procurement Cards	4	In Progress						
Assurance - ICT	ICT Security Policy & Awareness Audit	2	In Progress						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Assurance	Housing Rents	3	In Progress						
Assurance - ICT	Incident Management	4	In Progress						
Advisory	**NEW:** Unitary Preparedness – lessons learnt	4	In Progress						
Advisory	Open Contractor – Revised Housing Arrangements	4	In Progress						
NOT STARTED									
Assurance	**NEW:** Regeneration Projects - Governance	4							
Assurance	**NEW:** Stores	4	Scoping						
Assurance	**NEW:** Staff Retention	4	Scoping						

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