

Dorset County Council

Report of Internal Audit Activity

Plan Progress 2017/18 – March 2018

Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the end of year annual opinion.

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



Audit Opinion and Summary of Significant Risks

Audit Opinion:

Audit reviews completed to date, highlight that in the majority of areas, risks are reasonably well managed with the systems of internal control working effectively.

Significant Risks:

In our update report in January we reported four significant risks identified in our work (progress on these previously identified significant risks can be found in **Appendix A**). Since that report a further significant risk has been identified as follows:

Commissioning of Learning Disability Services through the dynamic purchasing system (DPS) is unsuccessful in the majority of cases and the costs of this are not fully understood. As a result, the DPS does not represent a sustainable or cost-effective model for the Authority for the provision of services to Adults with Learning Disabilities.

In addition, the contractual status of packages not awarded through the DPS was found to be unclear and therefore legally binding agreements may not always be in place with providers of support.

Follow Up Work:

Since our last update we have undertaken some further follow up work in respect of Safer Recruitment and have confirmed that our recommendation to implement spot checking of new employees (excluding Tricuro employees) to ensure that appropriate DBS checks have been undertaken, has now been implemented. It is understood that it is the intention of HR to run the report monthly going forward. In relation to our original recommendation, this satisfies the action that we were expecting.

Executive Summary

Summary of Audit Opinions

At the conclusion of each audit assignment, the review is awarded an Assurance Opinion, a summary of the assurance levels is as follows:

- **Substantial – Well controlled and risks well managed**
- **Reasonable – Adequately controlled and risks reasonably well managed**
- **Partial – Systems require control improvements and some key risks are not well managed**
- **None – Inadequately controlled and risks are not well managed.**

All audit reviews that receive a Partial or None assurance opinion, will be subject to a full follow up piece of work by SWAP.



Audit Opinion and Summary of Significant Risks continued

However, the report that was recently produced by HR identified a number of anomalies in terms of DBS checks or documentation potentially missing, or staff starting the role prior to the necessary checks having been undertaken. The relevant HR business partners have now been tasked with investigating and clarifying these potential anomalies. So, whilst the initial audit action has been satisfied, there is more internal work to complete, in order to provide the necessary assurances that this aspect of recruitment is operating robustly. HR have provided assurances that they are expanding this checking to cover previous years and are working with managers to ensure that 3-year renewal checks are processed where applicable.

We have also followed up our recommendations made to mitigate the significant risk in respect of the governance framework for Tricuro. Our work has demonstrated that whilst some progress has been made, a contract variation to formalise service and financial performance targets has yet to be issued. In addition, it was found that the minutes of the Audit, Governance and Risk Committee are not being provided by Tricuro and so the authority has limited assurances around the operations of this aspect of the company. As a result, we will need to revisit this work to ensure that all recommendations are fully implemented.

We have recently concluded a follow up audit for Section 17 payments that was commenced in August 2017. Section 17 payments are made to safeguard and promote the welfare of children who are classified as 'Children in Need'. The follow up identified that no progress had been made in implementing the recommendations since issue of the original report. We have requested that the service takes a conscious decision as to whether agreed actions will be implemented or whether these risks will be accepted.

Internal Audit Plan Progress 2017/18

We keep our plans under regular review so as to ensure that we are auditing the right things at the right time.



Changes to the Audit Plan

Since the approval of the annual internal audit plan there have been certain changes. This had been due to emerging risks that have been deemed higher priority, or where the service has stated that an audit would not add sufficient value at this time due to arrangements being in their infancy. The changes have been summarised below together with an explanation of the reasons for the change:

Audits removed from the original 2017/18 audit plan since our report in January

- **Project 30** *(Last year audit carried out a piece of advisory work to assess Accountancy's readiness to close the Accounts within 45 days of the financial year end. This year the plan is to close down within 30 days (hence Project 30). The audit work undertaken last year recognised that good progress had been made and the 45 day closedown was achieved. In view of this, there is a confidence that a 30 day timescale is achievable and the Chief Accountant feels that little value will be added by further audit work this year, a view with which we concur.)*

Audits substituted to replace the reviews above and new audits added to plan

- **Further follow up of Tricuro Govanance Framework** *(Our follow up work has demonstrated insufficient progress towards mitigating the risks identified and therefore further follow up will be undertaken)*

Audits deferred to 2018/19 since our report in January

- **Commissioning of Domicillary and Residential Care** *(The Dorset Care Framework only went live in December 2017 and it was felt that it was too early to be able to fully assess the effectiveness of the framework. Work in Q1 2018/19 was felt to be more beneficial).*
- **Software Licencing** *(Work is currently being undertaken to develop this area and therefore systems and processes were felt not to be sufficiently mature to benefit from an audit. Work in Q1 of 2018-19 was felt to be more beneficial)*

Internal Audit Plan Progress 2017/18

The Chief Executive of 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 Authorities. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Dorset County Council for the 2017/18 year (as at 23 February 2018) are as follows:

Performance Target	Performance
<p><u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion Document In progress Yet to complete</p>	<p>66% 33% 1%</p>
<p><u>Draft Reports</u> Issued within 5 working days Issued within 10 working days</p>	<p>82% 93% (Average Days of 3)</p>
<p><u>Final Reports</u> Issued within 10 working days of discussion of draft report</p>	<p>75% (Average Days of 9)</p>
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	<p>85%</p>

Summary of progress in mitigating previously reported Significant Risks

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
Safer Recruitment	<p>There is no effective control to ensure that a DBS check is undertaken in every appropriate instance prior to employment commencing.</p> <p>Without a signed contract being in place prior to service delivery the Authority will not be able to enforce the DBS requirement contained within the contract.</p> <p>Without maintaining a central record of volunteers, the Authority is unable to ensure that a DBS check is undertaken in every appropriate instance prior to volunteer work commencing.</p>	All actions were planned to be completed by the end of April 2017.	<p>A further follow up review has recently been completed which identified that one outstanding recommendation regarding spot checking of new employees to ensure that appropriate DBS checks have been undertaken, has now been implemented. In relation to our original recommendation, this satisfies the action that we were expecting.</p> <p>However, the report has identified for further investigation several instances where data potentially suggests that either DBS clearance had not been received prior to commencement of employment or that HR do not have a record of confirmed DBS clearance. Human Resources have provided assurances that they are expanding checking to cover previous years and working with managers to ensure that 3-year renewal checks are processed where applicable.</p> <p>A further programme of work around this area has been outlined by Human Resources, to include:</p> <ul style="list-style-type: none"> ▪ A review and cleanse of historical data; ▪ Additional controls surrounding clearance to be incorporated within the PDR process; ▪ Additional reporting and guidance being made available to managers; ▪ A review of current practice by the Service Manager with recommendations to follow.

Monitoring of Previously Reported Significant Risks

APPENDIX A

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
<p>Governance Framework for Tricuro</p>	<p>The introduction of an Audit, Governance and Risk Committee is relatively new and has yet to complete a full annual cycle of business. As a result, the council currently has limited assurances around the adequacy of review of operations within Tricuro.</p> <p>Tricuro have not provided regular performance or financial data to the council. Performance data that has been provided indicates poor performance in some areas.</p>	<p>All actions were due to be implemented by 1 October 2017</p>	<p>A follow up audit is currently being undertaken which has demonstrated that some progress has been made however a contract variation to formalise service and financial performance targets has yet to be issued. In addition, it was found that the minutes of the Audit, Governance and Risk Committee are not being provided by Tricuro.</p> <p>Further follow up work will be required to ensure all recommendations are fully implemented.</p>
<p>Resilience of ICT infrastructure – Service Continuity Planning</p>	<p>The last large-scale assessment of IT system criticality was undertaken in 2014 and many of the individual service continuity plans do not contain clear step by step instructions.</p> <p>Examination of the Core ICT Service Continuity Plan contained various unresolved clarifications for which Service Control staff should have followed up. The last update to this plan was undertaken on 23rd January 2017, so these unresolved issues have been outstanding since then and have not been updated since the UPS failure or Wannacry incidents.</p> <p>11 out of 18 Critical application-based Service Continuity Plans had not been updated since at least 26th September 2013.</p>	<p>All actions are due to be implemented by 31 March 2018</p>	<p>A follow up audit is scheduled to take place during Quarter 1 of next audit plan year. Once this has been completed we will be able to provide more detail on implementation of our recommendations.</p>

Monitoring of Previously Reported Significant Risks

APPENDIX A

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
EU General Data Protection Regulations (GDPR)	The organisation is not able to fully implement the requirements of the GDPR within the required timescales resulting in non-compliance with the consequence of financial penalties.	All actions are planned to be completed by the implementation of the GDPR which is 25 May 2018.	Audit have committed to provide further resource to support the organisation’s implementation of GDPR. A formal follow up review will take place during April 2018 to assess the progress of implementation of the recommendations and identify whether any key elements of GDPR compliance have not been achieved.
Budget Management within Children’s Services	<p>Robust processes are not in place to set realistic budgets and effective actions are not always being taken in a timely manner to address budget overspends resulting in predicted overspent budgets for the 2017/18 year end.</p> <p>Actions which address budget overspends are not always quantified in terms of the impact on budgets.</p> <p>Savings targets are allocated to budgets without a documented plan being in place for the achievement of these targets.</p> <p>Savings targets are not being accurately categorised as ‘Not Achievable’, even on a temporary basis, when identified as such.</p>	All actions are due to be implemented by 31 March 2018	A follow up audit is planned for Quarter 2 (July 2018) of 2018/19. The reason for the delay in undertaking this work is to enable audit to assess the impact of the actions on the 2018/19 budget which cannot be judged until sufficient time has passed.

Internal Audit Plan Progress 2017/18

APPENDIX B

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major Recommendation ← → 1 = Minor				
						5	4	3	2	1
						2016/17 Work				
Governance	Tricuro Governance Arrangements	4	Final	Partial	8	-	5	3	-	-
2017/18 Work at Report Stage										
Follow up	Children in Care	1	Final	N/A		-	-	-	-	-
Operational	Trading Standards	1	Final	Reasonable	6	-	-	6	-	-
Operational	Animal Health & Welfare	1	Final	Reasonable	2	-	-	2	-	-
Operational	Schools IT Controls	1	Final	Reasonable	4	-	2	2	-	-
Follow up	Ethical Governance	1	Final	N/A		-	-	-	-	-
Operational	Mosaic - Data Migration Readiness	1	Final	Advice & Guidance		-	-	-	-	-
Operational	Agency Staff - DWP	1	Final	Reasonable	10	-	1	9	-	-
Grant Certification	Careers and Enterprise Grant	1	Final	Advice & Guidance		-	-	-	-	-
Grant Certification	Dorset Growth Hub	1	Final	Advice & Guidance		-	-	-	-	-
Operational	Planned Use of School Balances	1	Final	Reasonable	4	-	-	3	-	-
IT Audit	Resilience of ICT Infrastructure – Service Continuity Plan Arrangements	1	Final	Partial	16	-	3	13	-	-
Follow Up	Debt Management	1	Final	N/A	-	-	-	-	-	-

Internal Audit Plan Progress 2017/18

APPENDIX B

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major Recommendation ← → 1 = Minor				
						5	4	3	2	1
						Follow Up	Safer Recruitment <i>(one priority 3 recommendation is new resulting from the follow up work and three are recommendations not implemented from the original audit)</i>	1	Final	N/A
IT Audit	ICT Contract Management	1	Final	Partial	10	-	-	10	-	-
Operational	Education of Looked after Children	2	Final	Partial	6	-	4	2	-	-
Follow up	Direct Payments – Children’s	2	Final	N/A						
Follow up	SEN Decision Making	2	Final	N/A						
Follow up	Towards Adulthood project	2	Final	N/A						
Operational	Pimperne School	2	Final	Reasonable	15	-	3	8	4	-
Operational	Deprivation of Assets – Adults and Community Services	2	Final	Partial	5	-	1	4	-	-
Operational	Control of Credit Notes	2	Final	Reasonable	3	-	2	1	-	-
Follow up	Use of Consultants	2	Final	N/A						
Operational	Covert Surveillance of Social Networking Sites	2	Final	Advice & Guidance						
Operational	Business Continuity	2	Final	Reasonable	9	-	-	9	-	-
Follow up	Agency staff	2	Final	N/A						
Governance	Accounts Payable Fraud Investigation	3	Final	Advice & Guidance						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Follow up	Better Care Fund	3	Final	N/A	-	-	-	-	-	-
Operational	Financial Reconciliations	3	Final	Substantial	1	-	-	1	-	-
Follow up	Intermediaries Legislation/IR35	3	Final	N/A						
Operational	VAT	3	Final	Reasonable	6	-	-	6	-	-
Operational	General Data Protection Regulations	3	Final	Partial	34	7	26	1	-	-
Operational	Contract Compliance	3	Final	Advice & Guidance						
Operational	Outcomes Based Accountability	3	Final	Reasonable	13	-	-	13	-	-
Governance	Ethics and Culture SWAP Survey	3	Final	Advice & Guidance						
Operational	Commercial Contract Management	3	Final	Advice & Guidance						
Operational	Management & Control of Flexible working	3	Final	Advice and Guidance						
Follow up	Budget Management	4	Final	N/A						
Operational	Budget Management - Children's	1	Final	Partial	16	4	11	1	-	-
Operational	Budget Management Environment and Economy	3	Final	Substantial	1	-	-	1	-	-
Operational	Payroll – External Customers	3	Final	Substantial	0	-	-	-	-	-
Operational	Learning Disabilities	3	Final	Partial	7	1	6		-	-

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Follow up	Tricuro Governance Arrangements	4	Draft	N/A						
Follow up	Safer Recruitment – Further Follow up	4	Draft	N/A						
Follow up	Section 17 Payments	2	Draft	N/A						
Operational	Budget Management Adult and Community	3	Discussion							
Governance	Adult and Communities Change Programme	3	Discussion							
Operational	Alignment of Forward Together and Budget Gap	3	Discussion							
Operational	Review of Corporate Working Groups	3	Discussion							
Governance	Local Enterprise Partnership	3	In progress							
Follow up	Oversight of Schools	3	In progress							
Operational	Technology Strategy (Cloud Computing)	3	In progress							
Operational	Children’s Services Contract Monitoring Arrangements	3	In progress							
Operational	Capital Budget Management	4	In progress							
Operational	Contract Management – Construction and Transport	4	In progress							
Operational	Early Years Funding	4	In progress							
Operational	Family Partnership Zones	4	In progress							
Operational	Use and Management of High Needs Block funding	4	In progress							

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Operational	Multi-Agency Safeguarding Hub	4	In progress							
Operational	Review of SEND Travel Project Governance	4	In progress							
Operational	New Youth Service Arrangements	4	In progress							
Operational	Review of New Committee Structure	4	In progress							
Operational	DWP – Vehicle Maintenance	4	In progress							
Operational	Sickness Management	4	In progress							
Operational	Implementation of Our People Plan	4	In progress							
Operational	ICT Key Controls	4	In progress							
Operational	Co-production and Capacity for Community Build	4	In progress							
Follow up	Forward Together	4	In progress							
Operational	Threat and Vulnerability	4	In progress							
Operational	Budget Management – DWP	4	In progress							
Operational	Strategic Alliance for Children and Young People	4	In progress							
Operational	Statutory Timescales for Children’s Assessments	4	In progress							

A copy of the full audit plan, including details of upcoming planned audit reviews, is available to view [here](#).