



# Dorset County Council

Report of Internal Audit Activity

Plan Progress 2018/19 – June 2018

## Internal Audit Plan Progress 2018/19

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:

Since our last report in March, one further significant risk has been identified as follows:

Forecasts of demand against **High Needs Block (HNB)** funds are not reliable, resulting in an inability to plan strategically whilst balancing the HNB budget, leading to a potential failure to achieve savings and budget plans if the appropriate action is not taken. This could potentially lead to an unsustainable cumulative deficit.

Our audit review identified that the 2018/19 HNB budgets each identified new potential sources of savings in order to balance this budget, but conceded a significant amount of risk to achieving these. Naturally, there is a significant and inherent amount of uncertainty attached to these forecasts, although the assumptions on which it has been based (i.e. growth of demographic and funding) have been clearly stated. However, in view of these projected figures, and the high level of risk associated with the identified savings assumed therein, it was ultimately not possible through our review to provide assurance on the authority's ability to immediately balance the HNB budget and recover the accumulated deficit in the long term.

We have been regularly reporting to the committee on progress made in respect of safer recruitment. In order to provide the committee with a comprehensive assurance that clear processes are in place for the identification of those employees and volunteers that must be subject to the DBS checking procedure, we are undertaking a further full audit of DBS checking.

#### Follow Up Work

We are currently undertaking further follow up work in respect of Tricuro Governance arrangements where we are seeking confirmation that a contract variation to formalise service and financial performance targets has now been issued and that the minutes of the Audit, Governance and Risk Committee being provided by Tricuro. We will update the committee verbally if confirmation is received after completing this report.

## Internal Audit Plan Progress 2018/19

We are also currently undertaking follow up work to confirm the actions taken in respect of ICT Service Continuity Planning and General Data Protection Regulations. A further update on this work will be brought back to the next committee.

A follow up audit has taken place of Commissioning of Learning Disability Services and confirmed that good progress has been made in implementing the recommended actions. This is no longer considered a significant corporate risk.

## Internal Audit Plan Progress 2018/19

The Executive 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 26 Councils and 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 2018/19 year (as at 1 June 2018) are as follows;

Performance Target	Performance
<p><b><u>Audit Plan – Percentage Progress</u></b>                      Final, Draft and Discussion Document                      In progress                      Yet to complete</p>	<p>8%                      30%                      62%</p>
<p><b><u>Draft Reports</u></b>                      Issued within 5 working days                      Issued within 10 working days</p>	<p>100%                      100 %                      (Average Days of 3)</p>
<p><b><u>Final Reports</u></b>                      Issued within 10 working days of                      discussion of draft report</p>	<p>100%                      (Average Days of 8)</p>
<p><b><u>Quality of Audit Work</u></b>                      Customer Satisfaction Questionnaire</p>	<p>90%</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
<p>Use and Management of the High Needs Block</p>	<p>There are issues with the quality of data within Synergy which may impact on the service's ability to accurately track and project future demand on the HNB.</p> <p>If initiatives to reduce reliance on Independent Sector placements are not progressed promptly with estimated savings revisited regularly for feasibility as more detail becomes known, there is a risk that they may not be achievable, resulting in an increase in the cumulative deficit of the High Needs Block budget.</p>	<p>All actions are planned to be completed by the end of July 2018</p>	<p>A follow review will be undertaken later this year to confirm progress against the recommended actions.</p>
<p>Safer Recruitment</p>	<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 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>	<p>All actions were planned to be completed by the end of April 2017.</p>	<p>A further follow up review was completed which identified a further programme of work around this area has been outlined by Human Resources, to include:</p> <ul style="list-style-type: none"> <li>• A review and cleanse of historical data;</li> <li>• Additional controls surrounding clearance to be incorporated within the PDR process;</li> <li>• Additional reporting and guidance being made available to managers;</li> <li>• A review of current practice by the Service Manager with recommendations to follow.</li> </ul> <p>A further full internal audit review has been agreed with Human Resource to provide assurance on the process for ensuring that a valid DBS clearance has been obtained where appropriate.</p>

## Monitoring of Previously Report 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 council does not currently receive copies of minutes of Tricuro’s Audit, Governance and Risk Committee and therefore 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>The last update reported that some progress had been made however a contract variation to formalise service and financial performance targets had 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 is currently being undertaken to confirm that all recommendations are now 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>The last update to the ICT Service Continuity 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>All actions are due to be implemented by 31 March 2018</p>	<p>A follow up audit is currently being undertaken. Once this has been completed we will be able to provide more detail on implementation of our recommendations.</p>
<p>Budget Management within Children’s Services</p>	<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>All actions are due to be implemented by 31 March 2018</p>	<p>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.</p>

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
	Savings targets are allocated to budgets without a documented plan being in place for the achievement of these targets.		
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.	The response from the authority has been extremely positive in terms of implementing our recommendations and we have recently undertaken some follow up work which has demonstrated encouraging progress and a positive direction of travel. It is not possible through this work to provide assurance on compliance with GDPR and a further piece of compliance audit work will be undertaken later in 2018-19.
Learning Disability	<p>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.</p> <p>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.</p>	All Actions were planned to be completed by the end of March 2018	<p>A follow up review has been undertaken and confirmed the following actions:</p> <ul style="list-style-type: none"> <li>• An extension to the original framework contract has been agreed to ensure that contracts are compliant.</li> <li>• Minimal use will be made of the DPS until an alternative procurement process is put in place.</li> <li>• Spot purchasing is being undertaken by the Brokerage team rather than by Care Managers.</li> </ul> <p>Previously reported significant risks have now been adequately mitigated.</p>

At the conclusion of audit assignment work each review is awarded a “Control Assurance”, 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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ↔ 1 = Minor				
						Recommendation				
						5	4	3	2	1
Governance	Coach tender investigation and advice work	1	Final	Advice and Guidance	N/A	-	-	-	-	-
Grant Certification	Growth Hub	1	Final	Advice and Guidance	N/A	-	-	-	-	-
Grant Certification	Dorset Families Matter	1	Final	Advice and Guidance	N/A	-	-	-	-	-
Operational	Budget Management	1	Final	Advice and Guidance	N/A	-	-	-	-	-
Operational	Potential Duplicate payments	1	Final	Advice and Guidance	N/A	-	-	-	-	-
Operational	National Fraud Initiative Governance Arrangements	1	Draft							
Operational	Statutory Timescales for Children’s Assessments	1	In progress							
Operational	Contract Management – Construction and Transport	1	In progress							
Operational	Family Partnership Zones	1	In progress							
Operational	Implementation of Our People Plan	1	In progress							
Operational	Capital Budget Management	1	In progress							
Operational	Dorset Waste Partnership – Value for Money	1	In progress							



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Operational	Deferred Payments	1	In progress							
Operational	Management of Grants	1	In progress							
Operational	Adult and Community Services Debt Management and Debt Recovery	1	In progress							
Operational	DBS checking	1	In progress							
Follow up	Learning Disability	1	In progress							
Follow up	Education of Looked After Children	1	In progress							
Follow up	General Data Protection Regulations	1	In progress							
Follow up	Tricuro Governance Arrangements	1	In progress							
Operational	Whistleblowing	1	In progress							
Operational	Role of the Dorset Manager	1	In progress							
Operational	Dorset Care Framework	1	In progress							
Operational	Budget Assumptions	1	In progress							

A copy of the full audit plan, including details of upcoming planned audit reviews, is available to view on ModernGov under the March 2018 Audit & Governance Committee