

# Dorset Council

## Report of Internal Audit Activity

Progress Report 2023/24 – December 2023

## Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our 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.

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SWAP is an internal audit partnership covering 26 organisations. Dorset Council is a part-owner of SWAP, and we provide the internal audit service to the Council.



### Audit Opinion, Significant Risks, and Audit Follow Up Work

#### **Audit Opinion:**

This is our third update report for 2023/24 financial year.

Our live Rolling Plan dashboard available through our audit management system AuditBoard [AuditBoard | Login \(auditboardapp.com\)](#), and specifically the Audit Coverage (*which can be found on the first tab of the dashboard or on page 3 below*), reflects the outcomes of recent reviews completed. Based on these recent reviews, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance however, we have reasonable to high levels of confidence that the agreed actions will be implemented and as such are able to offer a **reasonable opinion**.

Since our last progress report in September 2023, we have issued **three Limited** assurance opinions on the areas and activities we have been auditing. Further details on this can be found on pages 7 to 9 below. Agreed action plans are in place to improve internal controls in these areas, which we will follow up through our usual processes.

In order to provide more up to date information, we will shortly be introducing an enhancement to the rolling plan dashboard where we will be including links to final one-page reports from the Completed tab.

#### **Significant Corporate Risks**

##### **Update on Response to Climate Emergency**

Due to the nature of the actions, long implementation dates were agreed with the majority not due until 2024/25, so we will undertake another formal follow up in early 2024 to allow the actions to become embedded.

##### **Update on Premises related Health and Safety**

In July, we reported that seven actions were still outstanding and that revised implementation dates had been agreed for the end of September and end of December. We have undertaken a further follow up and can report that four of those actions have been completed with revised implementation dates for the remaining three of end of February and end of March 2024. Whilst it is taking longer to implement actions than was originally

## Executive Summary

For further details see:  
<https://www.swapaudit.co.uk/>

estimated, work is in progress to address all actions and the appointment of a new Compliance team has had a significant impact on implementation. The follow up report can be found on page 10.

### **Follow Up of Agreed Audit Actions**

The number of outstanding audit actions has increased from 13 reported as at 29/08/23 to 23 as at 03/01/24. It is disappointing to see that the numbers are increasing, but we are in contact with officers to ensure that actions are implemented in a timely way and have agreed revised implementation dates for the majority of these actions. The usual performance graphs on implementation of audit actions can be found on page 4 below and as always, further details on outstanding actions can be found by viewing the follow up **Action Tracker** which is stored in the Audit Teams channel and can be viewed by clicking on [this link](#).

# Internal Audit Plan Progress 2023/24

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 Internal Audit Plan Coverage

The table below, captures our audit coverage, mapped against the Authority's corporate risk themes since November 2022 when we started using our audit management system, AuditBoard. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. As you will see we have provided some level of recent audit work across all but one of the areas of the corporate risk themes. We are working with Corporate Directors to ensure that our work covers all risk themes. It is possible on the dashboard to also view coverage of our recent audit work mapped by Corporate Priorities, Directorates, SWAP Top 10 Risk Themes, and Core Areas of Recommended Assurance. The audits that make up the coverage can be viewed by right clicking in the coverage cell, select drill through and audit details.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
DC R01 - Finance	Good	Reasonable
DC R02 - Compliance	Some	Reasonable
DC R03 - Health, Safety, Wellbeing	Some	Reasonable
DC R04 - Communities	Some	Reasonable
DC R05 - Digital & Technology	Some	Reasonable
DC R06 - Safeguarding	In Progress	
DC R07 - Transformation	Some	Non Opinion Audits
DC R08 - Workforce	Some	Limited
DC R09 - Political & Leadership	Some	Limited
DC R10 - Service Delivery	Good	Limited

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

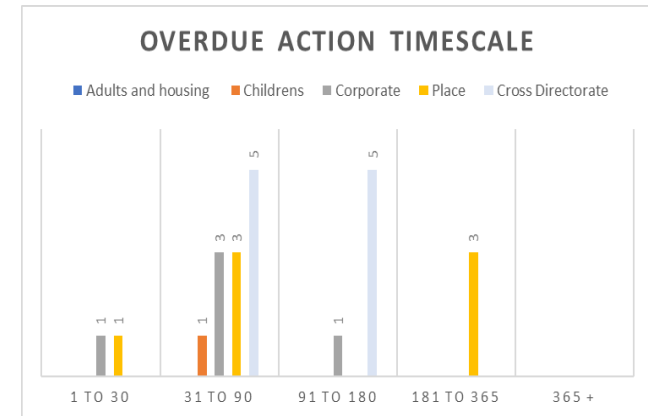
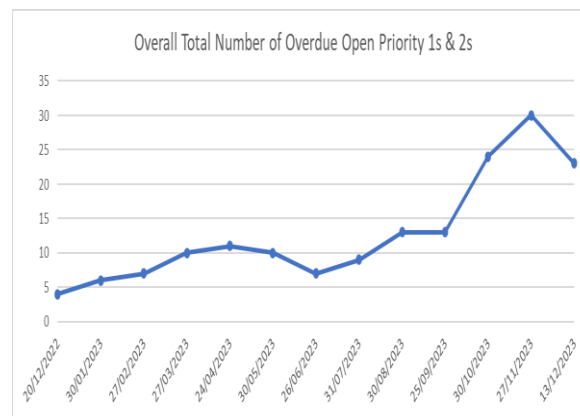
# Internal Audit Plan Progress 2023/24

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

## SWAP Performance Measures

Performance Measure	Performance
<p><b>Overall Client Satisfaction</b>  <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	<b>100%</b>
<p><b>Value to the Organisation</b>  <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	<b>100%</b>

## Outcomes from Follow Up Audit Work



Long overdue actions could have revised implementation dates, however our metric is measured from the original agreed date.

## Internal Audit Plan Progress 2023/24

### Added Value

**‘Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.’**



### Added Value

#### **Cifas**

The use of the Cifas data sharing service continues to bring benefits. Since our last update Licensing are now being run through the database. We are progressing Adults micro providers, existing Adults high-risk contracts, Financial Agents and Power of Attorneys, and housing register applications. Previously agreed areas continue to be run through the database with matches being identified and action taken where necessary.

A potential agency worker has recently been refused employment due to the results from a match on the database. The Council had also recently become aware of an employee that was working polygamously and whilst this was not identified through Cifas, the individual will be filed on the database as a fraud.

#### **Data Analytics**

Data analytics, which has been used to inform audit findings and to provide additional insight has been undertaken for the Use of Consultants and Temporary Staff and Payroll Continuous Audits. We have also undertaken a benchmarking exercise for the Hearing & Vision Shared Service.

#### **Newsletters and updates**

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

The role of SWAP as the internal auditors for Dorset Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. The four opinion ratings are defined as follows:

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.

In addition to the assurance definitions above we also provide an ‘**assurance dial**’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

The Committee is able to view a record of all internal audit work on the Rolling Plan dashboard held in AuditBoard, including work in progress and all completed work that would have previously been reported to the Committee in a table form. To provide the Committee with additional insight we include our one-page audit report in full for Limited assurance audits.

**SEND Transport – Final Report – September 2023**



**Audit Objective**

To review the effectiveness of controls and processes for the commissioning, review and monitoring of SEND Transport.

Assurance Opinion	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.	Number of Actions	
		Priority	Number
		Priority 1	0
		Priority 2	7
		Priority 3	4
		Total	11

Risks Reviewed	Assessment
The commissioning of SEND Transport is not efficient or cost effective resulting in poor value for money for the Council and overspent budgets.	Medium

Key Findings	
	Increased demand for SEND transport and high inflation has created significant additional costs. The Home to School Transport policy includes provisions for "exceptional circumstances" and "transitional" timetables however, these are non-statutory provisions and some of the policy wording is ambiguous. Given the budgetary challenges, management should consider if it is sustainable to continue offering non-statutory services in their current form.
	The SEND Scheme of Delegation (SoD) provides a framework for assessing Educational, Health and Care needs and also the financial protocols for approving SEND placements for children. The cost of SEND transport is not included in this framework, therefore when Panels make placement decisions the total cost of the package to the local authority is not considered. The SoD should be reviewed to include SEND Transport.
	There are no KPIs to inform management how well the process for placing children on transport routes is working, and there is no audit trail to demonstrate how a selected route was deemed the best fit for a particular child. Given the limited availability of documentation or supporting evidence, Internal Audit cannot say with certainty that SEND children are always placed on the best or most efficient transport route. Confirmation should be obtained that the new system will provide an audit trail and demonstrate route optimisation.
	Travel routes are reviewed when they are re-tendered however, there is no annual review of each route, or review of the needs of individual children placed on the route. A review process should be implemented to ensure that the children are on either; the most efficient, most cost effective, or most beneficial route for their specific needs. Similarly, Education and Healthcare Plans (EHCP) are reviewed on an annual basis, and whilst this considers educational needs it does not include a review of travel requirements. Management should consider whether a more joined up review process is required.

Audit Scope
The following aspects were reviewed during the audit fieldwork:
<ul style="list-style-type: none"> <li>• Policies and the commissioning process in Dorset Travel, including the use of frameworks and Dynamic Purchasing System.</li> <li>• At what stage in the SEND process travel needs are considered and the 'hand off' between Children's Services and Dorset Travel.</li> <li>• The processes and governance in place for approving and reviewing travel needs.</li> <li>• How and at what stage Personal Travel Budgets are offered to parents.</li> <li>• Forecasting, monitoring and management oversight of budgets.</li> </ul>

Next Steps
Throughout the audit fieldwork, we briefed senior management on our findings. 11 actions have been agreed with management that once implemented should lead to improvements in the control environment.





**Use of Consultants and Temporary Staff – Final Report – November 2023**

**Audit Objective**

To provide assurance that consultants and temporary staff are employed in a cost-effective way to ensure a right sized, and right skilled workforce exists to support the Council's Aims and Objectives and Corporate Priorities.

Assurance Opinion		Number of Actions		Risks Reviewed	Assessment
	<p>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.</p>	Priority	Number	<p>Appointment, performance and outputs of consultants and temporary staff is not being effectively monitored leading to contracted service or deliverables not being met. This results in a lack of value for money and retained skills for the Council.</p>	<p><b>Medium</b></p>
		Priority 1	0		
		Priority 2	6		
		Priority 3	1		
		Total	7		

**Key Findings**

	There is currently no requirement for hiring managers to carry out regular reviews for long term temporary engagements. While these reviews may happen informally, there is no strategic oversight to ensure these reviews take place and for the results to be analysed. The Council are currently spending £15m a year on temporary staff. The average number of days for the engagement of temporary staff is 376 days, with the longest 1,811 days. Further analysis has been provided to the service.
	The Council currently manually reports non-compliant spend against the Commensura contract, management information from Comensura and an update of providers. The purpose of these reports is viewed differently by the recipients, with some using them for information only and others acting upon them. SLT requested some Key Performance Indicators and whilst these have been agreed they are not being reported upon.
	The four directorates have different processes in place for the engagement, extensions, monitoring and reporting of temporary staff. A standard approach across all directorates would enable the council to maintain a consistent oversight.
	There are controls in place when the council engages with consultants. This includes the need for the hiring manager to obtain sign off from both Finance and Procurement before awarding a contract. All contracts are by 'pay on milestone completion'.

**Audit Scope**

We have reviewed the following:-

- Appointments of consultants and temporary staff reviewing either the statement of works and / or decisions made for their appointment.
- Review of the workforce plan against arrangements to ensure alternative ways of working were considered before the appointment of consultants or temporary staff.
- Review of the longer-term appointments to ascertain reasons as to why there is not a permanent member of staff in the role.
- Ensuring that there is a transfer of knowledge and skills to the existing workforce for future service delivery by Dorset Council.
- Reporting and performance monitoring of both the positions and financial cost to the Council.
- Whilst this is not an IR35 audit, the implications of the IR35 legislation have been considered for any positions reviewed during the audit.

NOTE: Agency data from Place Directorate was not received so no testing has been undertaken for this.

**Summary**

All findings and agreed actions are contained in an action plan. The council is currently undertaking a new joint venture which will be starting in April 2024 which will support the Council when engaging with temporary staff, therefore the implementation dates have been aligned with the start of the new joint venture. There is also further data analysis of current temporary staff spend which has been shared with management.

Joint Funding Arrangements – Final Report – December 2023



Audit Objective

To provide assurance that the Council has a robust framework in place for seeking reimbursement of funding from Health partners for health and medical elements of SEND packages.

Assurance Opinion	Number of Actions	
		Priority
<p>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.</p>	Priority 1	0
	Priority 2	5
	Priority 3	0
	Total	5

Risks Reviewed	Assessment
Lack of effective procedures in place to identify children who are eligible for funding from Health partners to meet certain health or medical needs leading to non-receipt of funds resulting in overspent budgets and poor value for money for the Council.	Medium

Key Findings	
	The system in place to identify when a child may be eligible for health funding requires strengthening and the pathway for such children is not clear. To assist Provision Leads and other non-health professionals with identifying eligible children, the work already commenced on developing documentation including a checklist should be completed and the pathway for eligible children should be defined, including the decision-making process and relevant Panels involved. The work to retrospectively seek funding for specific cases should be continued and expanded to include all cases above a defined threshold or monetary value to establish whether there is a potential health need and therefore potential funding.
	There is no central record of potentially eligible children which is a result of the different cohorts mentioned above. A tracker spreadsheet is in place, but it is not well maintained which makes tracking and monitoring activities difficult. An automated system for Panel decisions is currently being devised and this should include a mechanism for recording, tracking and monitoring cases together with reporting capabilities to relevant directorate leadership group(s).
	There is no formal procedure in place for handling cases where the funding requested from the Council to Health partners is in dispute. The Joint Funding Policy that is currently being drafted should include the process for handling such cases.

Audit Scope
<p>We have reviewed the following:</p> <ul style="list-style-type: none"> <li>The policies and framework in place that identify children with SEND eligible for health funding, including decision-making processes at Panels</li> <li>The invoicing and monitoring of funds received from Health partners</li> <li>How disputes regarding funding are handled</li> <li>How reviews of funding packages are undertaken</li> <li>Oversight by senior management</li> </ul> <p>Please note that it was not possible to undertake sample testing because there is no central record of potentially eligible children in place. The invoicing process was not reviewed because this forms part of the work being undertaken by the Interim Integrated Commissioning Lead.</p>

**Summary**

It should be noted that the Council had already recognised that the current arrangements with Health partners were not working well and therefore had engaged the Interim Integrated Commissioning Lead to undertake a piece of work, liaising with Health colleagues, to identify where improvements could be made. The five actions that have been agreed acknowledge this and should link in with this work.



**Premises Health and Safety Further Follow Up Review – Final Report - December 2023**



**Follow Up Audit Objective**

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2022/23 Limited opinion audit of Premises Related Health and Safety report have been implemented.

Follow Up Progress Summary				
	Complete	In Progress	Not Started	Summary
Priority 1	1	1	0	2
Priority 2	4	2	0	6
Priority 3	1	0	0	1
<b>Total</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>9</b>

**Follow Up Assessment**

The original audit was completed and reported in September 2022 and received a Limited assurance opinion. A follow up was carried out in June 2023 where seven actions remained outstanding. This further follow up audit has found that three of the actions are still in progress. This report details the status of the outstanding actions. Key findings have been summarised below.

**Follow Up Scope**

Testing has been performed in relation to all priority 1 and 2 actions and supporting evidence obtained to support implementation of actions.

**Key Findings**



Assets & Property have made good progress in continuing to implement the audit actions. Four of the seven outstanding actions have been completed which includes reporting on compliance and breaches to the Health and Safety Compliance Board. There is a system in place for ensuring that there is a proactive risk assessed approach for scheduling all statutory checks across all sites. There is a record held on SharePoint of all of the Premises Responsible Person (PRP) recorded against each asset.

There is work to be completed around the implementation of the Corporate Landlord approach with a policy framework still to be formalised and launched. The outcomes from a review of CPM (TechForge) are expected shortly and this will enable expectations of the use of the system to be clearly set out and communicated. Tenants will be required to complete a declaration of compliance and the process will be set out in a handbook, with monitoring of non-compliance.

**Further Follow Up Required**

Outstanding actions are due to be implemented by 31<sup>st</sup> March 2024. A summary of the key findings from our review will be presented to the Audit and Governance Committee on 15<sup>th</sup> January 2024. Going forward, further follow up work will be carried out during March 2024 to review the progress of the three outstanding actions which will be reported to Audit and Governance Committee in April 2024.