

Dorset Council

Report of Internal Audit Activity

Progress Report 2022/23 – December 2022

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 25 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 2022/23 financial year. Our last report was in November 2022 due to the re-scheduling of the September meeting. Therefore, we are reporting on a relatively short period of time and as such this is reflected in the report content.

Our live [Internal Audit Rolling Plan](#) and specifically the coverage and assurance tab (*which can be found on the first tab of the Rolling Plan 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 November 2022, we have issued **no Limited** assurance opinions on the areas and activities we have been auditing.

Significant Corporate Risk

Our last report highlighted a significant corporate risk around Premises Health and Safety. Whilst the dates for implementation of actions have not passed as yet and as such, we have not done any formal follow up work we have obtained an update from the Interim Head of Service - Property Management. This extensive update indicates that significant work is being progressed to move forward on the issues identified but early indications are that it will take longer than initially anticipated to complete and embed most of the agreed actions with a new proposed implementation date of June 2023.

Follow Up of Agreed Audit Actions

The number of outstanding audit actions has dropped from 11 reported as at 20/10/22 to 8 as at 04/01/23. This demonstrates that good progress continues to be made in ensuring that audit actions are implemented by services in a timely manner. 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 same location as our Rolling Plan and can be viewed by clicking on [this link](#).

Executive Summary

For further details see:

<https://www.swapaudit.co.uk/>

In our last report we highlighted that we had undertaken a follow up of the council's debt recovery (post covid-19) processes and reported that not as much progress has been made towards implementing actions as might have been hoped. We have since undertaken a further follow up which has indicated that only two high priority actions remain outstanding, and these are in progress. A report on the outcome of our follow up work can be found on page 7 and we will continue to undertake further follow up work until the remaining high priority actions are implemented.

Internal Audit Plan Progress 2022/23

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. Furthermore, we have then overlayed 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 the areas of the corporate risk themes. It is possible on our [Internal Audit Rolling Plan](#) document to also view coverage of our recent audit work mapped by Core Areas of Recommended Assurance, SWAP Top 10 Risk Themes, and Corporate Plan Objectives (please ensure that you download the document in the ‘desktop app’ which will open the document in Excel).

Risk Theme	Coverage	Assurance assessment based on completed internal audit work
CR01 - Finance	Good	Reasonable
CR02 - Compliance	Adequate	Reasonable
CR03 - Health, Safety & Wellbeing	Some	Limited
CR04 - Communities	Good	Reasonable
CR05 - Digital & Technology	Good	Substantial
CR06 - Safeguarding	Good	Reasonable
CR07 - Transformation	Some	Limited
CR08 - Workforce	Adequate	Reasonable
CR09 - Political & Leadership	Some	Limited
CR10 - Service Delivery	Good	Reasonable

Coverage Key	
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

**Audits carried out more than 2 years from current date are not included.*

**Audits carried out between 12 and 24 months from current date have a reduced impact on audit coverage.*

Assurance Key	
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

**Audits carried out more than 12 months from current date are not included.*

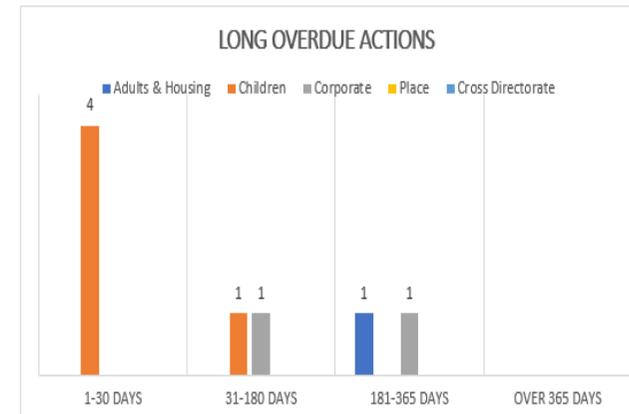
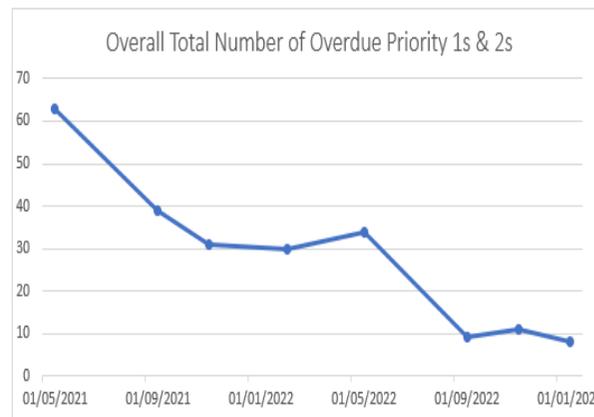
Internal Audit Plan Progress 2022/23

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

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 2022/23

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 matching service continues to bring benefits. Since our last update potential contractors are now being run through the database to identify any matches. In addition, homelessness applications will be rolled out from February. Agency workers continue to be run through the database with a further match being identified since our last update report.

Benchmarking

To support an audit of Highways Health and Safety, we undertook a piece of benchmarking that has been shared with the 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.

Internal Audit Plan Progress 2022/23

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	
No Assurance	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.
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 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](#). Please follow this link, click on the files tab and then on the file called **Internal Audit Rolling Plan**. From the document, members are able to view 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 into Limited assurance audits we have been providing a summary of the outcomes. We have however, recently introduced a one-page audit report, which we are now providing in full for Limited assurance audits for members information.

Internal Audit Plan Progress 2022/23

Debt Recovery Post Covid-19 Follow Up Review – Final Report - December 2022



Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2021/22 Limited opinion audit of the Debt Recovery Post Covid-19 report have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	1	0	0	1
Priority 2	3	2	0	5
Priority 3	2	1	0	3
Total	6	3	0	9

Follow Up Assessment

The original audit was completed and reported in April 2022 and received a Limited assurance opinion. The first follow up audit in September 2022 found that nine of the actions were still in progress. This report details the status of those nine 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



Whilst further progress has been made to implement agreed actions work is still required around consideration of alternative delivery of debt recovery to ensure an effective one Council approach. Work has been completed as follows: -

- During our follow up work action was taken to write off the longer outstanding Trade Debts, both Pre 2016 which cannot be chased due to being over six years old, and the pre 2018 (LGR) housing debt. Going forward monthly meetings will be held between Credit Control and Assets & Property and Housing so that their debt is reviewed on a regular basis.
- All cases that can be referred to Legal Services have been referred to date. Any further cases required will be sent to legal as part of business as usual process as and when they are ready with all correct information documented and included as needed.
- Money Claims Online (MCOL) is part of Credit Controls business as usual process and will be ongoing. A decision has been taken not to bring in extra resources to clear backlogs due to the local knowledge required to make decisions.
- Housing have written a formal process document which is being uploaded alongside the Income and Debt Recovery Policy.
- For Local Taxation, an outline plan of how the debt recovery would be managed was submitted to the Corporate Director for Finance and Commercial and the Revenues and Benefits recovery staff are working to this plan.

Further Follow Up Required

Further details of actions can be found in Appendix 1 with outstanding actions due to be implemented by 31st March 2023. A summary of the key findings from our review will be presented to the Audit and Governance Committee on 16th January 2023. Going forward, follow up work will be carried out within 2023/24 to review the progress of the three outstanding actions which will be reported to Audit and Governance Committee.