

Dorset Council

Report of Internal Audit Activity

Progress Report 2023/24 – September 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 second update report for 2023/24 financial year.

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 July 2023, we have issued **two Limited** assurance opinions on the areas and activities we have been auditing. Further details on this can be found on pages 7 to 8 below.

We will soon be updating the Rolling Plan accessed in the link above to a Rolling Plan Dashboard that is held within our audit case management system, AuditBoard which will mean that members will need to log in to the system to be able to view the dashboard. All members of the Committee will soon receive introductory emails explaining the log in process.

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 have been agreed for the end of September and end of December. We will therefore undertake a further follow up at the end of November 2023.

Executive Summary

For further details see:

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

Follow Up of Agreed Audit Actions

The number of outstanding audit actions has increased from 7 reported as at 29/06/23 to 13 as at 29/08/23. Whilst it is disappointing to see an increase, we are aware that work is ongoing to implement agreed actions and expect this figure to reduce in the near future. 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](#).

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. 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).

Audit Coverage by Corporate Risk Theme

Risk Theme	Coverage	Assurance assessment based on completed internal audit work
CR01 - Finance	Good	Reasonable
CR02 - Compliance	Good	Reasonable
CR03 - Health, Safety & Wellbeing	Good	Limited
CR04 - Communities	Good	Limited
CR05 - Digital & Technology	Good	Substantial
CR06 - Safeguarding	Adequate	Reasonable
CR07 - Transformation	Some	Limited
CR08 - Workforce	Good	Limited
CR09 - Political & Leadership	Some	Non-Assurance audit work
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
Reasonable	Generally sound system of governance, risk management
Limited	Significant gaps, weaknesses or non-compliance were
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

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

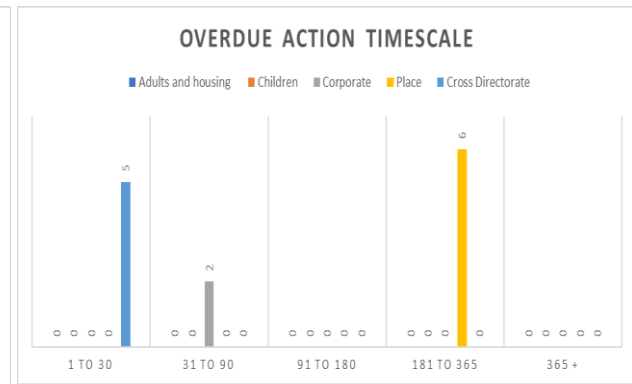
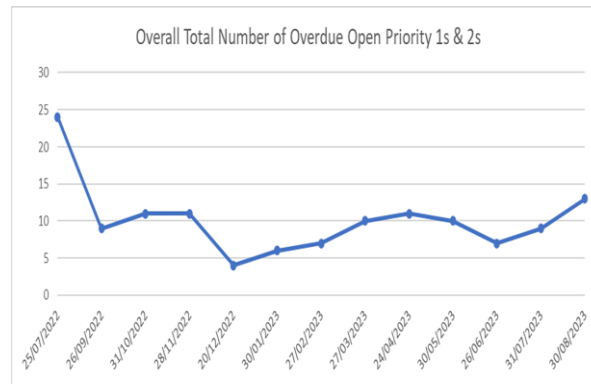
Internal Audit Plan Progress 2023/24

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>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 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 a decision has been taken by the Corporate Director for Adults Commissioning to search only on Adults service users who take up a direct payment rather than all Adults Service Users. We are progressing Adults micro providers, Financial Agents and Power of Attorneys, and housing register applications. We have had an initial conversation with Licensing who are interested in using this service and we would like to expand into Children's Services in the future. Previously agreed areas continue to be run through the database with matches being identified and action taken where necessary.

A match was recently identified of an individual associated with a company that had submitted a tender to the Council during a procurement exercise, and as a result of the match, the Council removed the company from the procurement exercise.

Data Analytics

Data analytics, which has been used to inform audit findings and to provide additional insight has been undertaken for the Debt Recovery – Access to Data for Collaborative Working, Transport Operations and Parking Appeals Audits.

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	
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 we include our one-page audit report in full for Limited assurance audits.

Debt Recovery - Access to Data for Collaborative Working – Final Report - August 2023



Audit Objective

To provide assurance that procedures are in place to ensure that different services are working collaboratively when accessing external data to ensure the most efficient debt recovery processes are being followed.

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	3
Priority 3	1
Total	4

Risks Reviewed

Lack of a collaborative and consistent approach using both external and internal data across the Council leads to ineffective collection of debt resulting in financial loss to the Council.

Assessment

Medium

Key Findings



In April 2022 SWAP reported on the outcomes of a low limited assurance debt recovery audit. An action plan was agreed and follow up was undertaken to ensure that actions were being taken forward and appropriately implemented. Whilst action has been taken to clear some of the older debts, there still remains a high volume of debt outstanding which needs to be cleared as the sundry debts within the council continue to rise.



Observations by audit on the processes and responsibilities for Credit Control and the service areas suggests areas where policy guidance is not being adhered to and there is a lack of a proactive, structured approach for chasing debts. There is a lack of collaboration between the services and inconsistencies in both the internal and external systems in use for recording progress and tracing debtors. The latest Bad Debt Provision (BDP) report confirms that 98% of debts are marked as 'Freed for Dunning' and should therefore be actively chased. Further analysis can be found in Appendix B.

As part of our previous debt recovery work, we raised an action for management to consider the options for alternative delivery of debt recovery. It is understood that the Council are currently investigating the centralising of raising and chasing invoices. Centralising invoice raising and improved collaborative working between all services should result in more effective debt recovery and should also help to ensure that once all avenues of recovery are exhausted, unrecoverable debt is appropriately submitted for write-off.



Whilst our audit findings have identified examples of disjointed practices and / or non-compliance with the Income and Debt Management Policy it has also identified some service areas where debts are being actively chased and recovered.

Audit Scope

We have worked with staff within credit control and the directorates to ascertain; -

- How external and internal data is used to aid the recovery of debt and write offs and whether this is accessible to all teams
- Whether data is shared when an individual has debts across different services
- Identify the touch and hand off points within the recovery process and assess whether these are being managed effectively and efficiently
- Checking whether appropriate data sharing / privacy notices are in place (this has been covered within the Data Quality and Information Governance audit and an action has been raised)

Scope exclusion – Revenues and Benefits debts are reviewed as part of the continuous audits so have not been included within this audit.

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here (www.swapaudit.co.uk/audit-framework-and-definitions)

Unrestricted

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note



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Transport Operations – Final Report – August 2023



Audit Objective To check that processes and reporting to management ensures compliance with the Transport Operator licence terms.

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		Risks Reviewed	Assessment
		Priority	Number		
		Priority 1	0	Non-compliance with the operating licence terms may result in the curtailment or loss of the licence which would lead to non-delivery of Council services resulting in financial loss and reputational damage.	Medium
		Priority 2	8		
		Priority 3	3		
		Total	11		

Key Findings

	There is a four-stage process for addressing poor driving practices however, it is not documented and staff often referred to it as "informal". There were differing perceptions and implementation of the process across different services and whilst the performance of drivers is monitored using Masternaut telematics, there was limited evidence of managers taking action to address repeated poor driver behaviours. Management should ensure that policies and processes are sufficiently robust and clearly documented in order that poor driver behaviours can be identified and corrected in a consistent manner across services.
	Driving licences should be checked automatically every six months through DriverHire. However, because there was no process for independently checking the completeness of licence checks some licences had gone unchecked for more than six months. Separately we identified a cohort of c.150 drivers whose licences were not logged in DriverHire and therefore had not been subject to any checking. Management should review existing processes to ensure all relevant licences are subject to regular checks.
	A report produced each month from FleetWave identifies when vehicles require a service at the workshop. However, a system fault meant FleetWave was failing to pull through some vehicles to the monthly service schedule. As a result, not all Dorset vehicles were serviced in line with agreed timescales. Management should determine what mitigation can be put in place whilst the fault with FleetWave is further investigated.
	Cameras are fitted to 28 tonne vehicles, and when needed video recordings can be downloaded. We identified instances where video footage had not been recorded however, this only came to light following a road traffic collision (RTC) and a request from Corporate Insurance to see the footage. Regular checks should be performed to ensure video footage is being recorded and can be downloaded upon request.

Audit Scope

The scope of the audit considered the following areas:

- Driver compliance with the highway code.
- Data provided to managers regarding driver performance and the monitoring and upwards reporting of performance.
- Servicing, maintenance and repair of council owned vehicles.
- The completeness of driving licence checks and training provided to drivers.

Next Steps

Throughout the audit fieldwork, we briefed senior management on our findings. Appendix 1, which accompanies this report, includes 11 actions agreed with management that once implemented will lead to improvements in the control environment.

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