Dorset Council

Internal Audit Annual Opinion Report 2023-24

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

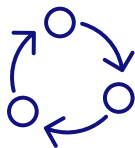# Internal Audit Annual Opinion – 2023/24: 'At a Glance'

Reasonable internal audit opinion provided;

At least some internal audit work across each of the Council's corporate risk themes;

Ten Limited assurance opinions issued with none of these identified as a Significant Risk;
(Appropriate actions have been planned in all instances)

Process of continuous follow up of agreed actions continues however, numbers of outstanding overdue actions has increased.

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.

Purpose

The Head of Internal Audit should provide a written annual report to those charged with governance to support the authority's Annual Governance Statement (AGS). This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment;
- disclose any qualifications to that opinion, together with the reasons for the qualification;
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- provide the opportunity to review the work actually undertaken during the year, and summarise the performance of the internal audit function against its performance measures, criteria and standards;
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.

Background

The Internal audit service for Dorset Council is provided by the SWAP Internal Audit Services. New Global Internal Audit Standards are being introduced in 2025, however during 2023/24 SWAP work was completed to comply with the current framework, 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. Internal audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of SWAP for the 2023/24 year.

Executive Summary

Annual Opinion

I have considered the balance of 2023/24 audit work for Dorset Council, enhanced by the work of external agencies and am able to offer **Reasonable Assurance** in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally, risks are well managed, however whilst some areas require the introduction or improvement of internal controls to ensure the achievement of the Council's objectives; the normally robust approach to implementation of audit actions has been part of the considerations in forming this annual opinion. During the year, **ten limited assurance opinions** have been reported to the Committee. In addition, we have continued to monitor and report back to the committee on the two significant corporate risks that were identified during 2022/23 and whilst these risks have not yet been adequately mitigated, work continues to implement agreed actions.

During the year the need for demand driven COVID related grant certifications has stopped which has enabled us to continue our process of working with Directorate Management Teams in order to identify priority internal audit work through a process of risk assessment. We have also received requests for a number of high priority unplanned pieces of assurance work which we have undertaken at short notice resulting in a re-prioritisation of other work. This flexible, responsive approach ensures we are auditing the right areas at the right time.

The table at Figure 1 below, captures our audit coverage this year, 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. The table demonstrates that we have provided some level of audit work across all the areas of corporate risk themes during the last year.

Executive Summary

Internal audit coverage should be aligned to key corporate priorities and key corporate risks.

Figure 1 highlights our assessment of internal audit coverage against the corporate risk themes within 2023/24.

Figure 1: Audit Coverage by Corporate Risk Theme

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

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

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
In progress	Work is currently ongoing
Non-Assurance Audit Work	Audit work undertaken does not result in an audit opinion being delivered such as advisory or grant certification work, but such work can contribute to internal audit's annual opinion

Executive Summary

Implementation of Agreed Actions and Risks Accepted

The process of follow up which embedded the responsibility of ensuring the implementation of agreed audit actions within directorates themselves and tracked the progress of implementation on a continuous basis has been in place for over two years now.

We have had valuable support from the Council's Senior Leadership Team which has been key to developing a culture where implementation of agreed audit actions is becoming a priority across the whole organisation. However, the Committee will be aware from our regular update reports that despite this, the number of overdue actions has increased over the past year from 10 in April 2023 to 23 at 3rd April 2024, although this peaked at 30 in November, so numbers are starting to decrease. There has also been an increase in the number of actions that have been outstanding for more than 180 days, which has increased from two to seven over the year. We have seen during the year that some officers have set short timescales for the implementation of actions, and this has been a contributing factor to the increase.

You will be aware of the **Action Tracker** which can be viewed by clicking on this link. The tracker will show the latest position on overdue actions. We are now regularly reporting this to the committee as part of internal audit's performance measures and is included as part of the council's suite of performance indicators.

It is recognised that there will be occasions where audit make recommendations to mitigate risk exposure and after consideration of the proposed action, the service decide to accept the risk. On a positive note, for the third year in succession there were **no** audit actions that were 'risk accepted' during 2023/24. We believe that instances of risk acceptance are likely to have been mitigated by the collaborative and inclusive agile auditing approach now used by the SWAP team.
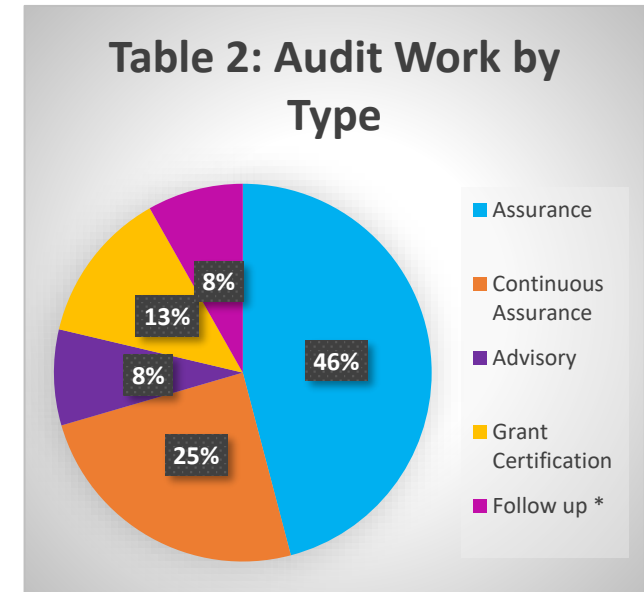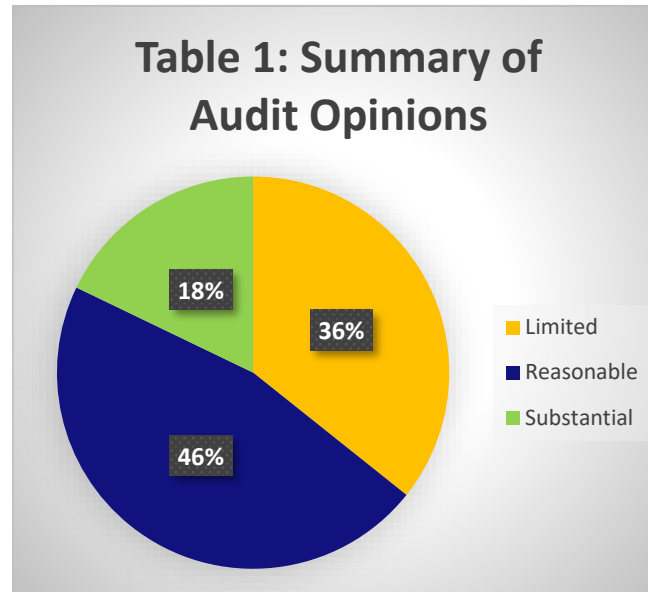
Summary of Audit Opinions

At the conclusion of an audit assurance assignment each review is awarded an Audit Assurance Opinion:

- **Substantial – A sound system of governance, risk management and control exists**

- **Reasonable – There is a generally sound system of governance, risk management and control in place**

- **Limited – Significant gaps, weaknesses or non-compliance were identified**

- **No – Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified**

Summary of Audit Opinions and Audit Work by Type

Table 1: Summary of Audit Opinions

- Limited 36%
- Reasonable 46%
- Substantial 18%

Table 2: Audit Work by Type

- Assurance 46%
- Continuous Assurance 25%
- Advisory 8%
- Grant Certification 13%
- Follow up * 8%

Percentage of follow up work is low due to the successful implementation of new follow up process

Table 1 above indicates the spread of assurance opinions across our work completed during the past year. The Council's willingness and openness to identify areas for review naturally results in a larger number of Limited Assurance opinions and provides assurance that SWAP is focussing its limited resources in the correct areas.

Table 2 indicates the audit work by type. Whilst assurance work is the main focus of internal audit, in an ever-changing landscape, internal audit has the knowledge and skills to be able to provide advisory work that supports the organisation in understanding these changes. In addition, the requirement for grant certification work, and in particular, COVID related government grants available to the council and the requirement for the Head of Internal Audit to provide certification of these grant awards has decreased in comparison to 2022/23.

Value Added

'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.'

Value Added

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

CIFAS data Matching

SWAP has paid an annual subscription of £12,880 for 2023/24 to enable Dorset Council to be part of CIFAS. This data matching service will help the Council to both prevent and detect fraud. SWAP, working with both CIFAS and the council have facilitated data matching work in the following areas across the Council:

- Adults & Housing - Adults Service Users (Direct Payments)
- Place – Licensing
- Adults & Housing – Homelessness applications

Data matching has been successfully up and running within a number of other areas including Insurance, Agency Staff, Contractors which has had a positive impact with some matches being identified resulting in either an agency worker not being employed, or a supplier being removed from a procurement exercise. SWAP is currently progressing Adults micro providers, existing Adults high-risk contracts, Financial Agents and Power of Attorneys, and Housing Register applications.

Benchmarking, Surveys and Data Analytics

During the year as part of our audit work, we have looked to provide additional information on top of our standard audit report. This might be benchmarking across the SWAP partnership or the wider reach of the Chief Internal Auditors Network. It could also take the form of undertaking surveys across appropriate internal groups to further evidence and enhance our work and using the SWAP's Data Analytics team to undertake analysis and enhance the way in which this is presented to the Council. Examples of this added value work are:

- DLEP Grant Certification – identification of an additional invoice that was eligible to be spent under this grant.
- Effectiveness of Manager Self-Serve – data analytics and presentation of analysis as part of our reporting.
- Fostering Panel Processes – data analytics and presentation of analysis as part of our reporting.
- Homelessness Front Door Services – data analytics used to inform audit findings.
- Accounts Payable Continuous Auditing – data analytics used to inform audit findings.

- Debt Recovery – Access to Data for Collaborative Working - data analytics and presentation of analysis as part of our reporting.
- Transport Operations - data analytics used to inform audit findings.
- Parking Appeals - data analytics used to inform audit findings and presentation of analysis as part of our reporting.
- Use of Consultants & Temporary Staff - data analytics and presentation of analysis as part of our reporting.
- Hearing & Vision Shared Service – benchmarking exercise undertaken and presented as part of our reporting.
- Blue Badges - benchmarking exercise undertaken and cross comparison report provided.
- Children with a Disability Service - data analytics used to inform audit findings.
- Parking Enforcement - benchmarking exercise undertaken and presented as part of our reporting.
- RMMSCW Framework – data analytics and presentation of analysis as part of our reporting.

Regular updates
To help key officers in the Council keep abreast of changes SWAP produces a monthly newsletter that provides information on topical areas of interest for public sector organisations.

Counter Fraud Team
SWAP's Counter Fraud team have completed two investigations and one special review during the year which have either been the result of whistleblowing or requests from the Council's Monitoring Officer, together with providing specialist fraud expertise. Furthermore, the team also provide regular fraud bulletins to our partners on the latest intelligence on fraud targets.

The Chief Executive of SWAP reports overall performance of the company on a regular basis to the SWAP Board of Directors.

SWAP Performance

SWAP's performance is subject to regular monitoring and review by both the Board of Directors and Owners Board.

Client Feedback
The performance for Dorset Council for the 2023/24 year is as follows:

Audit Scope	Auditor Professionalism and Conduct	Communication, Timeliness and Findings	Audit Value	Demonstrating our Values
100%	100%	100%	100%	100%

Responses by Questionnaire Section

● Not Applicable ● Yes ● Met Expectation ● Exceeded Expectation

20.00%	50.00%	40.00%	30.00%	
80.00%	50.00%	53.33%	70.00%	100.00%
Audit Scope	Auditors Professionalism and Conduct	Communication, Timeliness and Findings	Audit Value	Demonstrating our Values

NB. Count of Audits at 'Complete' status excludes the following: Follow Ups, Grants, Healthy Organisation, Investigation, Stakeholder Engagement, Proactive Fraud Work and Continuous Assurance

Overall Score

100%

Implementation of audit actions

There has been a steady increase in overdue priority 1 and 2 agreed audit actions throughout the year, peaking in November 2023 and then beginning to fall. We understand that the number of days that an action is outstanding is now being reported as a performance measure to SLT, and we hope that the focus by SLT will help to bring some long overdue actions to an appropriate conclusion.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice Framework of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). Both standards require an Internal and External Assessments (Standard 1300) of the Internal Audit function.

The standards require an External Assessment to be carried out at least every five years. The latest assessment undertaken in March 2020 found SWAP to be 'Generally Conforming' with the International Professional Practices Framework and the Public Sector Internal Auditing Standards (PSIAS) and is the highest level of performance awarded. A summary of the report was reported to the Audit & Governance Committee in October 2020. As a result of the External Assessment, a Quality Assessment Improvement Plan (QAIP) is produced and maintained. This document is a live document, reviewed regularly by the SWAP Board to ensure continuous improvement. As the International Professional Practices Framework has recently been reviewed and replaced with the new Global Internal Audit Standards, SWAP is considering when it will undertake its next External Assessment which is not formally required until March 2025.

Summary of Internal Audit Work 2023/24

The schedule below contains the audit work undertaken in 2023/24, along with the respective outturn. Alternatively, the Rolling Plan dashboard is available through our audit management system AuditBoard AuditBoard | Login (auditboardapp.com) you should be able to view all our audits on a continuous live basis.

At the conclusion of audit assignment work each review is given an Audit Assurance; a summary of the assurance levels is as follows:

- Substantial – A sound system of governance, risk management and control in place
- Reasonable – A generally sound system of governance, risk management and control in place
- Limited – Significant gaps, weaknesses or non-compliance were identified
- No Assurance – Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Assurance/Targeted Follow up Work							
Operational	Accounts Receivable Annual Assurance 2022/23	Final	Medium Reasonable	2	0	0	2
Operational	Payroll	Final	High Substantial	0	0	0	0
Operational	Data Quality & Information Governance	Final	High Limited	6	0	3	3
Operational	Fostering Panel Processes	Final	Medium Reasonable	5	0	1	4
Operational	Homelessness – Front Door Services	Final	High Limited	10	0	4	6
Operational	Accounts Payable Annual Assurance 2022/23	Final	Medium Reasonable	0	0	0	0
Operational	Procurement Cards	Final	Medium Reasonable	6	0	1	5
Operational	Effectiveness of Manager Self-Serve	Final	Medium Limited	7	0	6	1
Operational	Premises Health & Safety – Follow Up 1	Final	N/A	7	1	5	1

Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major Recommendation 1	↔ 2	3 = Medium 3
Operational	Response to Climate Emergency – Follow Up 1	Final	N/A	6	2	4	0
Operational	Debt Recovery – Access to Data for Collaborative Working	Final	Medium Limited	4	0	3	1
Operational	Transport Operations	Final	Medium Limited	11	0	8	3
Operational	Parking Appeals	Final	Medium Reasonable	5	0	0	5
Operational	SEND Transport	Final	Medium Limited	11	0	7	4
Operational	Revenues and Benefits Project Benefits Realisation	Final	Medium Substantial	0	0	0	0
Operational	Public Health – Third Party Supplier Management	Final	Low Substantial	0	0	0	0
Operational	Use of Consultants and Temporary Staff	Final	High Limited	7	0	6	1
Operational	User Access Management	Final	Low Reasonable	3	0	1	2
Operational	Joint Funding Arrangements	Final	High Limited	5	0	5	0
Operational	Premises Health & Safety – Follow Up 2	Final	N/A	3	1	2	0
Operational	Hearing & Vision Shared Service	Final	Medium Reasonable	3	0	0	3
Operational	Lessons Learned from SEND Tribunals Follow Up	Final	N/A	0	0	0	0
Operational	Housing Standards & Statutory Obligations	Final	Medium Reasonable	4	0	1	3
Operational	Children with a Disability Service	Final	High Limited	7	0	3	4

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Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Operational	Revenues & Benefits Annual Assurance	Final	**Medium Substantial**	0	0	0	0
Operational	Payroll Annual Assurance	Final	**High Substantial**	0	0	0	0
Operational	Planning Enforcement	Final	**Low Reasonable**	9	0	1	8
Operational	RMMSCW Framework	Final	**Low Limited**	13	0	12	1
Operational	Accounts Receivable Annual Assurance	Final	**Medium Reasonable**	2	0	0	2
Operational	Main Accounting Annual Assurance	Final	**Medium Reasonable**	3	0	0	3
Operational	Accounts Payable Annual Assurance	Final	**High Reasonable**	1	0	0	1
Follow Up	Response to Climate Emergency Follow Up 2	Final	N/A	2	1	1	0
Operational	Treasury Management Annual Assurance	Final	**High Reasonable**	2	0	1	1
Operational	Application Portfolio Management	Final	Advisory				
Operational	Compliance with GDS Standard	Final	Advisory				
Operational	Cifas (National Fraud Database) – Adults Service Users (Direct Payments)	Final	Advisory				
Operational	Cifas (National Fraud Database) - Licensing	Final	Advisory				

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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.

Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Operational	Cifas (National Fraud Database) – Homelessness Applications	Final	Advisory				
Grant Certification							
Grant Certification	DLEP Gateway	Final	Grant Certification				
Grant Certification	Rough Sleeping Accommodation Programme	Final	Grant Certification				
Grant Certification	Next Steps Accommodation Programme	Final	Grant Certification				
Grant Certification	BDUK (Ultrafast Broadband Project)	Final	Grant Certification				
Grant Certification	Supporting Families Grant Certification – June Claim	Final	Grant Certification				
Grant Certification	Supporting Families Grant Certification – Sept Claim	Final	Grant Certification				
Grant Certification	Supporting Families Grant Certification – Dec Claim	Final	Grant Certification				
Grant Certification	Supporting Families Grant Certification – March Claim	Final	Grant Certification				
Continuous Assurance							
Operational	Main Accounting (Quarter 4 2022/23 & Quarter 1 2023/24)	Final	Continuous Assurance				
Operational	Main Accounting (Quarter 2 2023/24 & Quarter 3 2023/24)	Final	Continuous Assurance				
Operational	Treasury Management (Quarter 4 2022/23)	Final	Continuous Assurance				

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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.

Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	⟷	3 = Medium
					Recommendation		
					1	2	3
Operational	Treasury Management (Quarter 1 2023/24)	Final	Continuous Assurance				
Operational	Treasury Management (Quarter 2 2023/24)	Final	Continuous Assurance				
Operational	Treasury Management (Quarter 3 2023/24)	Final	Continuous Assurance				
Operational	Accounts Receivable (Quarter 4 2022/23 & Quarter 1 2023/24)	Final	Continuous Assurance				
Operational	Accounts Receivable (Quarter 2 & Quarter 3 2023/24)	Final	Continuous Assurance				
Operational	Revenues & Benefits (Quarter 4 2022/23)	Final	Continuous Assurance				
Operational	Revenues & Benefits (Quarter 1 & Quarter 2 2023/24)	Final	Continuous Assurance				
Operational	Revenues & Benefits (Quarter 3 2023/24)	Final	Continuous Assurance				
Operational	Payroll (Quarter 1 & Quarter 2 2023/24)	Final	Continuous Assurance				
Operational	Payroll (Quarter 3 2023/24)	Final	Continuous Assurance				
Operational	Accounts Payable (Quarter 4 2022/23 & Quarter 1 2023/24)	Final	Continuous Assurance				
Operational	Accounts Payable (Quarter 2 & Quarter 3 2023/24)	Final	Continuous Assurance				
Work In Progress							
Operational	Dignity at Work (Place)	In progress					

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Summary of Internal Audit Work 2023/24

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Operational	Delivery of the Support for Carers	In Progress					
Operational	Estates Income & Debt Management	In Progress					
Operational	Establishment Control	In Progress					