

Tuesday, 17 March 2020

**AUDIT COMMITTEE**

A meeting of **Audit Committee** will be held on

**Wednesday, 25 March 2020**

commencing at **2.00 pm**

The meeting will be held in the Meadfoot Room, Town Hall, Castle Circus,  
Torquay, TQ1 3DR

**Members of the Committee**

Councillor Loxton (Chairman)

Councillor Ellery

Councillor Dart

Councillor Hill

Councillor Howgate

Councillor Kennedy

Councillor O'Dwyer

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**A prosperous and healthy Torbay**

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**Lisa Antrobus, Town Hall, Castle Circus, Torquay, TQ1 3DR**

Email: [governance.support@torbay.gov.uk](mailto:governance.support@torbay.gov.uk) - [www.torbay.gov.uk](http://www.torbay.gov.uk)

# AUDIT COMMITTEE AGENDA

1. **Apologies**  
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 4 - 6)  
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 15 January 2020.
3. **Declarations of interests**
  - (a) To receive declarations of non pecuniary interests in respect of items on this agenda  
**For reference:** Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
  - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda  
**For reference:** Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.  
  
(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
4. **Urgent Items**  
To consider any other items that the Chairman decides are urgent.
5. **Review of Corporate Health and Safety** (Pages 7 - 17)  
To note a report that provides the progress being made to improve the delivery, management and culture of health and safety at Torbay Council.
6. **Audit Strategy** (Pages 18 - 23)  
To note the submitted report.
7. **Audit Charter** (Pages 24 - 31)  
To note the submitted report.
8. **Torbay Internal Audit Plan 2020-21** (Pages 32 - 46)  
To note the submitted report.

**9. Overview of Investigations**  
To note the submitted report.

(Pages 47 - 48)



## Minutes of the Audit Committee

15 January 2020

-: Present :-

Councillor Loxton (Chairman)

Councillors Howgate, Kennedy, O'Dwyer and Bye

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### 198. Apologies

An apology for absence was received from Councillor Dart.

It was reported that, in accordance with the wishes of the Conservative Group, the membership of the Committee had been amended for this meeting by including Councillor Bye instead of Councillor Hill.

Apologies were also received from Mark Bartlett and Sarah Ironmonger of Grant Thornton.

### 199. Minutes

The Minutes of the meeting of the Audit Committee held on 25 September were confirmed as a correct record and signed by the Chairman.

### 200. Treasury Management Strategy 2020/21 (incorporating the Annual Investment Strategy 2020/21 and the Minimum Revenue Provision Policy 2020/21)

Members considered the Treasury Management Strategy that aimed to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2020/21 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

Members challenged the significant drop in the forecast borrowing, questioning the Partnerships ongoing commitment to continued capital investment in Torbay in future years and requested the Leader and Cabinet be asked for their approach to future capital investment.

Resolved:

That subject to the table in Appendix 6 being amended to include Non Treasury Investments that were paid in full on or after 31 March 2019, the Treasury Management Strategy be recommended to Council.

(Note: the Chairman varied the order of business, enabling the conclusion of this item to be undertaken after item 9 (Minute 204) in order to ask questions that would require the exclusion of the Press and Public.)

### **201. Internal Audit Report - Follow Up Report on Areas Requiring Improvement**

Members considered a report that provided updated assurance to members on areas that Internal Audit had previously identified as 'improvements required'. The Head of the Devon Audit Partnership informed Members that the Annual Internal Audit Report was presented to the Audit Committee in June 2019, the report provided a summary of the audits undertaken and an assurance opinion. Members were advised that areas which were identified as 'improvements required' had action plans in place and the progress against these action plans had been reviewed; the majority of the assurance opinions remain as reported in the Annual Audit Report 2018/19.

Members paid particular attention to the fundamental weaknesses identified in Corporate Health and Safety, noting that internal audit were not due to undertake follow up work until the next financial year. Members therefore requested the Assistant Director of Community and Customer Services provide a detailed update on the progress against the action plan at the next meeting of the Audit Committee.

Members also requested Internal Audit present their internal audit report on the Children's Services Medium Term Financial Strategy/Improvement Plan to the Audit Committee on 25 March 2019.

### **202. Internal Audit - Half Year Audit Report 2019-20**

Members noted a report which reviewed the work undertaken by the Council's Internal Auditors, to date in 2019/20, and provided Internal Audit's current opinion on the overall adequacy and effectiveness of the Authority's internal control environment. The Head of the Devon Audit Partnership advised Members that in Corporate Services, Financial Services and Public Health an opinion of 'significant assurance' on the adequacy and effectiveness of the internal control framework was provided. However, for the Children's Services and Place Directorates only internal audit were only able to give an opinion of 'limited assurance'.

Members further noted that when the Audit Plan was developed the Senior Leadership Team asked to include areas where there was a sense that practices and procedures were not necessarily as robust as they perhaps should have been hence the opinion of 'limited assurance' was not unexpected. The Head of the Devon Audit Partnership stated that most value was provided by looking at those areas where management wanted independent assurance; auditing areas known to be performing well, and where the risks are low, would not be making the best use of Internal Audit resources.

**203. Annual Certification Report and Sector Update**

Members noted a report that provided the findings of the Council's External Auditors (Grant Thornton's) on the Annual Certification of the Housing Benefit Subsidy Claim. The Director of Corporate Services detailed the sampling process, the errors found and the resulting action taken by the Council's External Auditors and the Council itself.

**204. Whistleblowing Complaints**

Members noted the report and exempt appendix. The Director of Corporate Services provided an update an estimated timescales of ongoing work.

(Note: prior to consideration of the item in Minute 204, the press and public were formally excluded from the meeting on the grounds that exempt information (as defined in paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) was likely to be disclosed.

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Chairman/woman



**Meeting: Audit Committee**

**Date: 25 March 2020**

**Wards Affected: All**

**Report Title: Review of Corporate Health & Safety**

**Is the decision a key decision? No**

**When does the decision need to be implemented? N/A**

**Cabinet Member Contact Details: Cllr Christine Carter, Cabinet Member  
Christine.Carter@torbay.gov.uk**

**Supporting Officer Contact Details: Steve Cox, Environmental Health Manager, 01803  
208029, steve.cox@torbay.gov.uk**

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## **1. Purpose and Introduction**

- 1.1 The purpose of this report is to give an overview and to demonstrate the progress being made to improve the delivery, management and culture of health and safety at Torbay Council.

## **2. Proposed Decision**

- 2.1 To note the report.

## **3. Reason for Decision**

No decision is required.

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## **Supporting Information**

### **4. Position**

- 4.1 In May 2019, Devon Audit Partnership reported on their audit of Torbay Council's Corporate Health and Safety provision. It identified a fundamental weakness on managing the corporate health and safety risks. It also reported that there was no clear health and safety direction.
- 4.2 In February 2019, poor working practices at Brixham Harbour came to the attention of the Health and Safety Executive (HSE), which resulted in a number of visits and a meeting with the senior management of Torbay Council. The outcome of those visits

was positive as although HSE had concerns, they did not identify any ongoing contraventions, and they were also confident in the new approach already being undertaken and implemented at Torbay Council.

- 4.3 The HSE, however, required Torbay Council to write an action plan by July 2019, and then to provide regular updates, the last of these being in November 2019. The November 2019 letter and the latest spreadsheet (January 2020) are attached in Appendices 1 and 2. These importantly pick up all the issues covered by the May 2019 Audit report. To date HSE have not felt the need to revisit and undertake any audits, which must be seen in a positive light.
- 4.4 The focus on the work has been entirely risk based, with a light touch audit being undertaken across the whole organisation, including the TDA. This resulted in departments and teams being risk rated into high, medium and low for detailed audits. Further to this all high risk audits are now completed as are many of the medium risk ones. This has enabled the organisation to understand and address its higher risks. The grant maintained schools have also been audited. A training programme of all managers and front line staff is being rolled out, as well as relevant specialist training, such as for risk assessors.
- 4.5 A Health and Safety Management system, SHE Assure, has been purchased and the incident module rolled out, which is also being used by the TDA and schools and in due course will be used by SWISCO. This allows for the recording of incidents (including near misses and accidents) and the management of the actions that arise from the investigations. It will also help inform decision making at both departmental and corporate level with regular reports to SLT. Further modules for risk management, training and audits will be completed shortly for further implementation in 2020/21.
- 4.6 A cross department working group has now been meeting for the past 8 months, and this is being used as a conduit to pass information two ways and to help with the cultural change that is taking place. The embedding of both the new management system and a cultural change are key parts of this coming years work plan; along with the completion of the audits; further training roll out and the review of all risk assessments by departmental staff, using the new risk assessment module on SHE Assure.
- 4.7 Although some of the completion dates in the original audit have had to change, due to risk prioritisation, significant progress is being made in all areas, with some areas being completed.

## **5. Possibilities and Options**

- 5.1 Not applicable

## **6. Fair Decision Making**

- 6.1 Not applicable



## **7. Public Services (Social Value) Act 2012**

7.1 Not applicable

## **8. Risks**

8.1 There does still remain a risk, as there is still work to do to embed a culture, and this is the focus of the work plan for 2020/21. However that risk is significantly reduced from 12 months ago.

## **Appendices**

Appendix 1 Torbay Council letter to HSE dated 26<sup>th</sup> November 2019

Appendix 2 HSE spreadsheet of activities – updated January 2020.

## **Additional Information**

**Please reply to:** Anne-Marie Bond,  
Director (Corporate Services & Operations),  
Torbay Council, Town Hall, Castle Circus,  
TORQUAY, TQ1 3DR

Jo Fitzgerald

**My ref:** AMB/KO/  
**Your ref:**  
**Telephone:** 01803 207160  
**E-mail:** anne-marie.bond@torbay.gov.uk  
**Website:** www.torbay.gov.uk  
**Date:** 26 November 2019

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Dear Jo

**RE: HSE Intervention**

Further to my letter of 14<sup>th</sup> August 2019, and in accordance with your request of the 28<sup>th</sup> August 2019, I am writing to update you on the progress we have made with the continued improvements to our management systems and operational practices. A tracker has also been attached, detailing progress to date against the agreed work plan. I have separated our work into areas to clearly set out our progress.

**Risk Profiling**

I can advise that we are continuing to close out the remaining areas of concern that were identified in the audits carried out by our external auditor, SSG, as contained within the documents you have previously seen. The key targets have been monitored using trackers with regular meetings taking place between the service areas and the Corporate Health and Safety team. The remaining focus on these plans is principally concerned with the completion of competency based general health and safety training which is being met through the Council's three year training plan.

In respect of further auditing that was planned and set out in our previous letter, I can confirm that the following progress has been made;

**Red Rated Priority areas**

- Harbours and Beaches, and ICT departmental audits have been completed and a tracker has been produced to monitor the identified remedial actions and areas that have presented improvement opportunities. A number of medium risks have been identified which are being addressed.
- Print and Post Room: a specific audit has been completed that focused on the high risk area of the control of substances, and control measures required to reduce the risk to ALARP have been implemented.

- Natural Environment: the scope, plan and initial meetings with the service area for this audit will be undertaken by the end of November, with the audit completed by the end of the calendar year.

I appreciate that this programme has seen a small amount of slippage from the original target dates. However, I can advise that this has only occurred as a result of the corporate team responding robustly to other Health and Safety issues that have arisen in the normal course of business over this period, and those being considered a greater priority than those within the original plan. We can articulate these to you if you wish to see further detail.

### Amber Rated Priority areas

To date the following audits have been completed from the cohort of 12 departments identified;

- Housing Standards & Environmental Protection
- Waste
- Local & Strategic Transport
- Highways and Street Scene
- Registrars

This work has been completed by SSG. The audits have shown a clear improvement in Health and Safety practices across the teams audited to date, and this they have reported on within their summary report.

The remaining departments have been included in our audit action plan following the implementation of the Audit Module in the SHE Assure Health and Safety system and are all on target to be finished by the due date of the 31<sup>st</sup> March 2020.

### Green Rated Priority areas

These, as per the Amber rated priority areas above, are to be in the SHE Assure Audit Module for completion within the 20/21 financial year as per the original work plan.

## Auditing and Inspection

### *Workplace*

The workplace inspection regime is in accordance with our previous letter and the findings from these regular assessments will be included within the Audit Module on the SHE Assure system. Work undertaken in this regard to date is indicating a requirement for us to bolster or modify our welfare provisions and appropriate arrangements are now being put in place for this work to be undertaken.

### *Schools*

The recently appointed additional Corporate Health and Safety Officer, has been in contact with all of our maintained schools and completed a high level assessment of their compliance with some specific health and safety risk areas. This has identified some concerns and these are being addressed through individual visits to schools to assess the work required to manage out risk and ensure that it is implemented.

### *TDA*

The TDA will be using the Corporate SHE Assure system which has been configured to also enable them to use. Their new Property Management database (Tech Forge) has recently been commissioned which will provide an accurate picture of the Council's assets and both statutory and non-statutory inspection and certification regimes.

A full review of their procedures and arrangements associated with their contract management has commenced along with a similar review of other parts of the Authority that regularly use contractors. This element of work, which is a significant project, is planned for completion at the end of January 2020 and will also include a complete update of the Council's Contractor Selection and Management Health and Safety Policy and Arrangements documents. This work has already seen an improvement in a contract that was being advertised for the procurement of agency personnel with the duties and responsibilities, in respect of Health and Safety management of these personnel, being bolstered and clarified.

### **Management System**

The SHE Assure system has been designed and configured over the past few months and testing on the incident module took place throughout October. The system (incident module) is now live with the other modules planned for implementation in Q4 of this financial year. H&S performance data from Quarter 3 (1 October 2019) will be uploaded onto the platform. In addition the use of the system for our maintained schools is being accelerated for use in January 2020.

As part of the roll out of the electronic platform the Council's Incident reporting Policy and Arrangements documents are being updated to reflect the use of the new system and to highlight the crucial importance of determining root and underlying causes of incidents. There is also going to be a campaign to raise the awareness and importance of hazard reporting as a means of reducing accidents and near misses. All incidents will be monitored through the use of dash-boards designed specifically to ensure that both performance and trends are clearly identified.

All Torbay Council staff, who will be licence users for the new system, have been trained by the end of November, with TDA staff to be trained by the end of December 2019.

Other elements of the documented management system are being updated on a prioritisation basis and as these are updated and implemented the Health and Safety Policy will be adjusted and amended to reflect changes in arrangements, duties and responsibilities.

### **Training**

With respect to Torbay Council's staff, a training needs analysis has been undertaken with all identified staff scheduled to receive their training. To date we have completed 114 of the identified 402 personnel at Level 2 (Introduction to H&S), and 30 of the 153 at Level 3 (H&S for managers and supervisors) as well as 6 at Level 2 COSHH specific training. The remaining personnel are planned onto courses over the next 2 years, including one Level 3 this week. This represents 28% and 20% of the identified workforce who have received training to date for Level 2 and Level 3 training respectively.

The TDA have completed their own workforce training needs analysis. All their nominated staff are scheduled to receive their Level 2 and Level 3 certified training in Q4 of this financial year.

COSHH, DSE, Risk Assessment as well as any other specific courses identified either as a consequence of a risk assessment or other method will continue to be scheduled as part of the training programme. We have identified a need to train our manager's in incident investigation and a bespoke course is being designed on root and underlying causation for roll out in 2020.

The mandatory H&S Safety training/induction provided through the Council's Electronic Training System (iLearn), have been updated and revised with a substantive assessment included as part of the content. These are currently with the Corporate Health and Safety Officer for final review with an intended roll out planned for January 2020.

### **Culture and Communication**

We have produced our communication strategy and have implemented a number of initiatives to raise Health and safety awareness throughout the Council and with our partner organisations. These have included: -

- All Manager Forums, which are held quarterly, have a specific Health and Safety agenda item included. At the last one in October, the results of the Town Hall fire risk assessment were discussed with particular emphasis placed on manager's responsibilities to identify and remove specific hazards. In addition there was a presentation on the roll out of the SHE Assure system.
- Topic of the month included on Staff News are identified at the Health and Safety Working Group (HSWG) meetings, which is chaired by the Assistant Director of Community and Customer Services.
- Revised and updated Terms of reference for the HSWG with an emphasis on the following areas: -
  - Recruitment of Trade Union and Non-TU Safety Representatives
  - Involvement and participation of group members to ensure messages and actions are communicated out throughout their departments and appropriate measures are implemented
  - Reporting back to the group on completion and implementation of actions taken to reduce risks
- Health and safety information on notice boards throughout the Council with posters and updates.
- Regular update meetings with the TDA to assess their progress to improve their management systems and raise awareness and competency amongst their staff and supply chain

On behalf of the Council I would want to re-emphasise our continued commitment to improving the Council's management of health and safety and I hope that the contents of this letter together with the attachments will demonstrate our continuing efforts to raise the bar on our health and safety performance and that we are delivering the required improvements. Our objective is, and will always be, to ensure that all our staff and supply chain partners operate in a safe and healthy environment.

Yours sincerely

**Anne-Marie Bond**

Director of Corporate Services and Operations













## TORBAY COUNCIL

### INTERNAL AUDIT STRATEGY (March 2020)

#### 1 INTRODUCTION

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance.

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In the Council, the Service Director for Finance is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.

The PSIAS refers to the role of Chief Audit Executive and requires this officer to ensure and deliver a number of key elements to support the internal audit arrangements. For the Council, the role of Chief Audit Executive is provided by the Head of Devon Audit Partnership (HoDAP).

The PSIAS require the HoDAP to produce an Audit Charter setting out audits purpose, authority and responsibility. We deliver this through our Audit Strategy which:

- is a high-level statement of how the internal audit service will be delivered and developed in accordance with the Charter and how it links to the organisational objectives and priorities;
- will communicate the contribution that Internal Audit makes to the organisation and should include:
  - internal audit objectives and outcomes;
  - how the HoDAP will form and evidence his opinion on the governance, risk and control framework to support the Annual Governance Statement;
  - how Internal Audit's work will identify and address significant local and national issues and risks;
  - how the service will be provided, and
  - the resources and skills required to deliver the Strategy.
- should be approved, but not directed, by the Audit Committee.

The Strategy should be kept up to date with the organisation and its changing priorities.

## **2 INTERNAL AUDIT OBJECTIVES AND OUTCOMES**

The primary objective of Internal Audit is to provide an independent and objective opinion to the Council on the governance, risk and control framework by evaluating its effectiveness in achieving the organisation's objectives through examining, evaluating and reporting on their adequacy as a contribution to the proper, economic, efficient use of resources.

To achieve this primary objective, the HoDAP aims to fulfil the statutory responsibilities for Internal Audit by:

- identifying all of the systems, both financial and non-financial, that form the Council's control environment and governance framework, and contribute to it meeting its obligations and objectives – the 'Audit Universe';
- creating an audit plan providing audit coverage on the higher risk areas in the Audit Universe;
- undertaking individual audit reviews, to the standards set by the PSIAS, to independently evaluate the effectiveness of internal control;
- providing managers with an opinion on, and recommendations to improve, the effectiveness of risk management, control and governance processes;
- providing managers with advice and consultancy on risk management, control and governance processes;
- liaising with the Council's external auditors to ensure efficient use of scarce audit resources through the avoidance of duplication wherever possible; and
- providing the Council, through the Audit Committee, with an opinion on governance, risk and control framework as a contribution to the Annual Governance Statement.

## **3 OPINION ON THE GOVERNANCE, RISK AND CONTROL FRAMEWORK**

As stated above, one of the key objectives of Internal Audit is to communicate to management an independent and objective opinion on the governance, risk and control framework, and to prompt management to implement agreed actions.

Significant issues and risks are to be brought to the attention of the S.151 Officer as and when they arise. Regular formal meetings should also be held to discuss issues arising and other matters.

The HoDAP will report progress against the annual audit plan and any emerging issues and risks to the Audit Committee.

The HoDAP will also provide a written annual report to the Audit Committee, timed to support their recommendation to approve the Annual Governance Statement, to the Council.

The Head of Devon Audit Partnership's annual report to the Audit Committee will:

- (a) include an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework;
- (b) disclose any qualifications to that opinion, together with the reasons for the qualification;
- (c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance streams;
- (d) draw attention to any issues the HoDAP judges particularly relevant to the preparation of the Annual Governance Statement;
- (e) compare the audit work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
- (f) comment on compliance with the Public Sector Internal Audit Standards and communicate the results of the internal audit quality assurance programme.

#### **4 PLANNING, INCLUDING LOCAL AND NATIONAL ISSUES AND RISKS**

The audit planning process includes the creation of and, ongoing revision of an “audit universe”. This seeks to identify all risks, systems and processes that may be subject to an internal audit review.

The audit universe will include a risk assessment scoring methodology that takes account of a number of factors including: the Council’s own risk score; value of financial transactions; level of change, impact on the public; political sensitivity; when last audited; and the impact of an audit. This will inform the basis of the resources allocated to each planned audit area.

The results from the audit universe will be used in creating an annual audit plan; such a plan will take account of emerging risks at both local and national level.

##### *Assignment planning*

Further planning and risk assessment is required at the commencement of each individual audit assignment to establish the scope of the audit and the level of testing required.

#### **5 PROVISION OF INTERNAL AUDIT**

The Internal Audit for The Council is provided by Devon Audit Partnership

The Head of Devon Audit Partnership has established policies and procedures in an Audit Manual to guide staff in performing their duties and complying with the latest available PSIAS guidance. The manual is reviewed and updated to reflect changes in working practices and standards.

##### **Internal Audit Performance Management and Quality Assurance**

The PSIAS state that the HoDAP should have in place an internal performance management and quality assurance framework; this framework must include:

- a comprehensive set of *targets to measure performance*. These should be regularly monitored and the progress against these targets reported appropriately;
- seeking *user feedback* for each individual audit and periodically for the whole service;
- a periodic review of the service against the Strategy and the achievement of its aims and objectives. The results of this should inform the future Strategy and be reported to the Audit Committee;
- internal quality reviews to be undertaken periodically to ensure compliance with the PSIAS and the Audit Manual (self-assessment); and
- an action plan to implement improvements.

##### *Performance Measures and targets*

The Head of Devon Audit Partnership will closely monitor the performance of the team to ensure agreed targets are achieved. A series of performance indicators have been developed for this purpose (please see over).

Internal Audit Performance Monitoring Targets.

<b>Performance Indicator</b>	<b>Full year target</b>
Percentage of Audit Plan completed	90%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%
Draft reports produced with target number of days (currently 15 days)	90%
Final reports produced within target number of days (currently 10 days)	90%

There are a number of other indicators that are measured as part of the audit process that will be captured and reported to senior management.

<b>Task</b>	<b>Performance measure</b>
Agreement of Annual audit plan	Agreed by Chief Executive, SLT and Audit Committee prior to start of financial year.
Agreement of assignment brief	Assignment briefs are agreed with and provided to auditee at least two weeks before planned commencement date.
Undertake audit fieldwork	Fieldwork commenced at agreed time.
Verbal debrief	Confirm this took place as expected; was a useful summary of the key issues; reflects the findings in the draft report.
Draft report	Issued within 15 days of finishing our fieldwork. Report is "accurate" and recommendations are both workable and useful.
Draft report meeting (if required)	Such a meeting was useful in understanding the audit issues.
Annual internal audit report	Prepared for senior management consideration by end of May. Report accurately reflects the key issues identified during the year.
Presentation of internal audit report to management and audit committee.	Presentation was clear and concise. Presenter was knowledgeable in subject area and able to answer questions posed by management / members.
Contact with the audit team outside of assignment work.	You were successfully able to contact the person you needed, or our staff directed you correctly to the appropriate person. Emails, letters, telephone calls are dealt with promptly and effectively.

Once collated the indicators will be reported to the S.151 Officer on a regular basis and will be summarised in an annual report. Performance indicator information will also be presented to the Audit Committee for information and consideration.

The Head of Devon Audit Partnership is expected to ensure that the performance and the effectiveness of the service improves over time, in terms of both the achievement of targets and the quality of the service provided to the user.

### *Customer (user) feedback*

The PSIAS and the Internal Audit Manual state that internal audit performance, quality and effectiveness should be assessed at two levels:

- for each individual audit; and
- for the Internal Audit service as a whole.

Customer feedback is also used to define and refine the audit approach. Devon Audit Partnership will seek feedback from:-

- auditees;
- senior leadership; and
- executive management.

The results from our feedback will be reported to Senior Management and the Audit Committee in the half year and annual reports.

### *Internal quality reviews*

Devon Audit Partnership management have completed a self-assessment checklist against the PSIAS and have identified that there are no omissions in our practices. We consider that we fully meet over 95% of the elements; partially meet 3% (6); and are not required to or do not meet 2% (5) of the elements. The self-assessment will be updated annually, and, if management identify areas where we could further strengthen our approaches, these will be added to the Quality Action Improvement Plan.

In December 2016 Devon Audit Partnership welcomed Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service and his colleague Chris Wood, Audit Manager, who completed an external validation of the Partnership.

Terry and Chris concluded that;

“It is our overall opinion that the Devon Audit Partnership **generally conforms\*** to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

*\* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards*

## **6 RESOURCES AND SKILLS**

### *Resources*

The PSIAS and the Audit Manual states that:

- Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its responsibilities and objectives, or have access to the appropriate resources;
- The Internal Audit service shall be managed by an appropriately qualified professional with wide experience of internal audit and of its management; and
- The Chief Audit Executive (Head of Devon Audit Partnership) should be of the calibre reflecting the responsibilities arising from the need to liaise with members, senior management and other professionals, and be suitably experienced.

Devon Audit Partnership currently has c.40 staff who operate from any one of our three main locations (Plymouth, Torquay and Exeter), we also operate from offices at Torridge DC (Bideford), Mid Devon DC (Tiverton) and South Hams/West Devon Councils (Totnes). The

Partnership employs a number of specialists in areas such as Computer Audit, Contracts Audit and Counter Fraud Investigators as well as a mix of experienced, professionally qualified and non-qualified staff.

The Partnership draws on a range of skilled staff to meet the audit needs. Our current staff includes: -

- 3 x CCAB qualified
- 6 x qualified IIA
- 2 x qualified computer audit (QICA & CISA)
- 1 x risk management (IRM)
- 10 x AAT qualified
- 7 x ACFS (accredited counter fraud specialists)
- 4 x ILM (Institute of Leadership & Management) level 5 or above

Devon Audit Partnership uses Pentana MK as an audit management system. This system allows Partnership management to effectively plan, deliver and report audit work in a consistent and efficient manner. The system provides a secure working platform and ensures confidentiality of data. The system promotes mobile working, allowing the team to work effectively at client locations or at remote locations should the need arise.

#### *Staff Development and Training*

Devon Audit Partnership management assess the skills of staff to ensure the right people are available to undertake the work required.

Staff keep up to date with developments within internal audit by attending seminars, taking part in webinars and conferences, attending training events and keeping up to date on topics via websites and professional bodies. Learning from these events helps management to ensure they know what skills will be required of our team in the coming years, and to plan accordingly.

Devon Audit Partnership follows formal appraisal processes that identify how employees are developing and create training and development plans to address needs.

**Devon Audit Partnership**

**March 2020**



## TORBAY COUNCIL

### INTERNAL AUDIT CHARTER (March 2020)

#### MISSION

The Mission of Devon Audit Partnership is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight across its partners.

#### TERMS OF REFERENCE

This Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP), and the scope of Internal Audit work. This Charter complies with the mandatory requirements of the Public Sector Internal Audit Standards.

#### DEFINITIONS

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

The PSIAS set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within The Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Senior Leadership Team.

The PSIAS make reference to the role of "Chief Audit Executive". For The Council this role is fulfilled by the Head of Devon Audit Partnership (HoDAP).

#### STATUTORY REQUIREMENTS

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

*5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In the Council, the Service Director for Finance is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.



## **THE PURPOSE AND AIM OF INTERNAL AUDIT**

The role of Internal Audit is to understand the key risks of the Council; to examine and evaluate the adequacy and effectiveness of the system of risk management and the entire control environment as operated throughout the organisation and contribute to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:

- support the Section 151 Officer to discharge his / her statutory duties
- contribute to and support the Finance function in ensuring the provision of, and promoting the need for, sound financial systems
- support the corporate efficiency and resource management processes by conducting value for money and efficiency studies and supporting the work of corporate working groups as appropriate
- provide a quality fraud investigation service which safeguards public monies.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Internal Audit for The Council is provided by Devon Audit Partnership. We aim to provide a high quality, professional, effective and efficient Internal Audit Service to the Members, service areas and units of the Council, adding value whenever possible.

## **PROFESSIONALISM, ETHICS AND INDEPENDENCE**

### **Being Professional**

We (Devon Audit Partnership) will adhere to the relevant codes and guidance. In particular, we adhere to the Institute of Internal Auditors (IIA's) mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for evaluating the effectiveness of Internal Audit's performance. The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to The Council's relevant policies and procedures and the internal audit manual.

Internal Auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not, however, imply infallibility.

### **Our Ethics**

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out by The Institute of Internal Auditors. This Code of Ethics promotes an ethical culture in the profession of internal auditing. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

The Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing;
2. Rules of Conduct that describe behaviour norms expected of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others, and applies to both individuals and entities that provide internal auditing services.

The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace Codes of Ethics of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

### **Being Independent**

Internal Audit should be independent of the activities that it audits.

The status of Internal Audit should enable it to function effectively. The support of the Council is essential and recognition of the independence of Internal Audit is fundamental to its effectiveness.

The Head of Devon Audit Partnership should have direct access to and freedom to report in his or her own name and without fear or favour to, all officers and members and particularly to those charged with governance (the Audit Committee). In the event of the necessity arising, the facility also exists for Internal Audit to have direct access to the Chief Executive, the S.151 Officer and the Chair of the Audit Committee.

The Council should make arrangements for Internal Audit to have adequate budgetary resources to maintain organisational independence.

The Head of Devon Audit Partnership should have sufficient status to facilitate the effective discussion of audit strategies, audit plans, audit reports and action plans with senior management and members of the Council.

Auditors should be mindful of being independent. They;

- Must have an objective attitude of mind and be in a sufficiently independent position to be able to exercise judgment, express opinions and present recommendations with impartiality;
- Notwithstanding employment by the Partnership / Council, must be free from any conflict of interest arising from any professional or personal relationships or from any pecuniary or other interests in an activity or organisation which is subject to audit;
- Must be free from undue influences which either restrict or modify the scope or conduct of their work or significantly affect judgment as to the content of the internal audit report; and
- Must not allow their objectivity to be impaired by auditing an activity for which they have or have had responsibility.

### **AUTHORITY**

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement.

All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2015 section 5(2-3) that state that:

Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

- (2) (a) make available such documents and records; and
- (b) supply such information and explanations; as are considered necessary by those conducting the internal audit.
- (3) In this regulation “documents and records” includes information recorded in an electronic form.

In addition, Internal Audit, through the HoDAP, where deemed necessary, will have unrestricted access to:

- the Chief Executive
- Members
- individual Directors and Executive Heads
- Section 151 Officer
- Monitoring Officer
- all authority employees
- all authority premises.

## **ACCOUNTABILITY**

Devon Audit Partnership is a shared service established and managed via a Partnership Committee and Board with representation from each of the founding partners. The Partnership operates as a separate entity from the client authorities and Internal Audit is therefore independent of the activities which it audits. This ensures unbiased judgements essential to proper conduct and the provision of impartial advice to management. Devon Audit Partnership operates within a framework that allows the following:

- unrestricted access to senior management and members
- reporting in its own name
- separation from line operations

Every effort will be made to preserve objectivity by ensuring that all audit members of audit staff are free from any conflicts of interest and do not, ordinarily, undertake any non-audit duties.

The Head of Devon Audit Partnership fulfils the role of Chief Audit Executive at the Authority and will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Service Director for Finance 'Section 151 Officer' will liaise with the Head of Devon Audit Partnership and is therefore responsible for monitoring performance and ensuring independence.

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Head of Devon Audit Partnership reports functionally to the Audit Committee on items such as:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving reports from the Head of Devon Audit Partnership on the section's performance against the plan and other matters;
- approving the Head of Devon Audit Partnership's annual report'
- approve the review of the effectiveness of the system of internal audit.

The HoDAP has direct access to the Chair of Audit Committee and the opportunity to meet with the Audit Committee in private.

## **RESPONSIBILITIES**

The Chief Executive, Service Directors and other senior officers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

The Head of Devon Audit Partnership will provide assurance to the Service Director Finance 'Section 151 Officer' regarding the adequacy and effectiveness of the Council's financial framework, helping meet obligations under the LGA 1972 Section 151.

The HoDAP will provide assurance to the Monitoring Officer in relation to the adequacy and effectiveness of the systems of governance within the Council helping him/her meet his/her obligations under the Local Government and Housing Act 1989 and the Council's Constitution. The HoDAP will also work with the Monitoring Officer to ensure the effective implementation of the Council's Whistleblowing Policy.

Internal Audit responsibilities include but are not limited to:

- examining and evaluating the soundness, adequacy and application of the Council's systems of internal control, risk management and corporate governance arrangements;
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- reviewing the systems established to ensure compliance with those policies, plans, procedures and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- investigating alleged fraud and other irregularities referred to the service by management, or concerns of fraud or other irregularities arising from audits, where it is considered that an independent investigation cannot be carried out by management;
- appraising the economy, efficiency and effectiveness with which resources are employed and the quality of performance in carrying out assigned duties including Value for Money Studies;
- working in partnership with other bodies to secure robust internal controls that protect the Council's interests;
- advising on internal control implications of new systems;
- providing consulting and advisory services related to governance, risk management and control as appropriate for the organisation;
- being responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues.

## **INTERNAL AUDIT MANAGEMENT**

The PSIAS describe the requirement for the management of the internal audit function. This sets out various criteria that the HoDAP (as Chief Audit Executive) must meet, and includes:

- be appropriately qualified;
- determine the priorities of, deliver and manage the Council's internal audit service through a risk based annual audit plan;
- regularly liaise with the Council's external auditors to ensure that scarce audit resources are used effectively;
- include in the plan the approach to using other sources of assurance if appropriate;
- be accountable, report and build a relationship with the Council's Audit Committee and S.151 Officer; and
- monitor and report upon the effectiveness of the service delivered and compliance with professional and ethical standards.

These criteria are brought together in an Audit Strategy which explains how the service will be delivered and reflect the resources and skills required.

The Head of Devon Audit Partnership is required to give an annual audit opinion on the governance, risk and control framework based on the audit work done.

The HoDAP should also have the opportunity for free and unfettered access to the Chief Executive and meet periodically with the Monitoring Officer and S.151 Officer to discuss issues that may impact on the Council's governance, risk and control framework and agree any action required.

## **INTERNAL AUDIT PLAN AND RESOURCES**

At least annually, the Head of Devon Audit Partnership will submit to the Audit Committee a risk-based internal audit plan for review and approval. The HoDAP will:

- develop, in consultation with Directors and Executive Heads, an annual audit plan based on an understanding of the significant risks to which the organisation is exposed;
- submit the plan to the Audit Committee for review and agreement;
- implement the agreed audit plan;
- maintain a professional audit staff with sufficient knowledge, skills and experience to carry out the plan and carry out continuous review of the development and training needs;
- maintain a programme of quality assurance and a culture of continuous improvement;

The internal audit plan will include timings as well as budget and resource requirements for the next fiscal year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

Internal Audit resources must be appropriately targeted by assessing the risk, materiality and dependency of the Council's systems and processes. Any significant deviation from the approved Internal Audit plan will be communicated through the periodic activity reporting process.

It is a requirement of the Council's Anti-Fraud and Corruption Strategy that the Head of Devon Audit Partnership be notified of all suspected or detected fraud, corruption or impropriety. All reported irregularities will be investigated in line with established strategies and policies. The audit plan will also include sufficient resource to carry out proactive anti-fraud work.

Internal Audit activities will be conducted in accordance with Council strategic objectives and established policies and procedures.

Monitoring of Internal Audit's processes is carried out on a continuous basis by Internal Audit management, and the Council's members and management may rely on the professional expertise of the Head of the Devon Audit Partnership to provide assurance. From time to time, independent review is carried out: for example, through peer reviews; ensuring compliance with the PSIAS is an essential approach to such a review.

## **REPORTING**

The primary purpose of Internal Audit reporting is to communicate to management within the organisation information that provides an independent and objective opinion on governance, the control environment and risk exposure and to prompt management to implement agreed actions.

Internal Audit should have direct access and freedom to report in their own name and without fear or favour to, all officers and members, particularly to those charged with governance (the Audit Committee).

A written report will be prepared for every internal audit project and issued to the appropriate manager accountable for the activities under review. Reports will include an 'opinion' on the risk and adequacy of controls in the area that has been audited, which, together, will form the basis of the annual audit opinion on the overall control environment.

The aim of every Internal Audit report should be:

- to give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment; and

- to recommend and agree actions for change leading to improvement in governance, risk management, the control environment and performance.

The Manager will be asked to respond to the report in writing, within 30 days, although this period can be extended by agreement. The written response must show what actions have been taken or are planned in relation to each risk or control weakness identified. If action is not to be taken this must also be stated. The Head of Devon Audit Partnership is responsible for assessing whether the manager's response is adequate.

Where deemed necessary, the Internal Audit report will be subject to a follow-up, normally within six months of its issue, in order to ascertain whether the action stated by management in their response to the report has been implemented.

The Head of the Devon Audit Partnership will

- submit periodic reports to the Audit Committee summarising key findings of reviews and the results of follow-ups undertaken;
- submit on an annual basis an Annual Internal Audit Report to the Audit Committee, incorporating an opinion on the Council's control environment, which will also inform the Annual Governance Statement.

## **RELATIONSHIP WITH THE AUDIT COMMITTEE**

The Council's Audit Committee will act as the Board as defined in the Public Sector Internal Audit Standards (PSIAS),

The Specific Functions of the Audit Committee are set out in the Council's Constitution.

The Head of Devon Audit Partnership will assist the Committee in being effective and in meeting its obligations. To facilitate this, the HoDAP will:

- attend meetings, and contribute to the agenda;
- ensure that it receives, and understands, documents that describe how Internal Audit will fulfil its objectives (e.g. the Audit Strategy, annual work programmes, progress reports);
- report the outcomes of internal audit work, in sufficient detail to allow the committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address;
- establish if anything arising from the work of the committee requires consideration of changes to the audit plan, and vice versa;
- present an annual report on the effectiveness of the system of internal audit; and
- present an annual internal audit report including an overall opinion on the governance, risk and control framework

## **QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once in five years by a suitably qualified, independent assessor.

In December 2016 Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service who completed an external validation of the Partnership. Terry concluded that;

“It is our overall opinion that the Devon Audit Partnership **generally conforms\*** to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

*\* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards*

## **CHARTER – NON-CONFORMANCE AND REVIEW**

Any instances of non-conformance with the Internal Audit Definition, Code of Conduct or the Standards must be reported to the Audit Committee, and in significant cases consideration given to inclusion in the Annual Governance Statement.

The Head of Devon Audit Partnership will advise the Audit Committee on behalf of the Council on the content of the Charter and the need for any subsequent amendment. The Charter should be approved and regularly reviewed by the Audit Committee.

**Devon Audit Partnership**

**March 2020**

Internal Audit

# Internal Audit Plan 2020-21

Torbay Council  
Audit Committee

Page 32

March 2020

Not Protectively Marked

Robert Hutchins  
Head of Audit Partnership



Auditing for achievement

Agenda Item 8



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<p><b>Devon Audit Partnership</b></p> <p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Torridge, Mid Devon and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a>.</p>	<p><b>Confidentiality and Disclosure Clause</b></p> <p>This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</p> <p>This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.</p>
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## Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Senior Leadership Team. The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review and approve the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS make reference to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The chief audit executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Chief Finance Officer (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

### Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2020/21.

In review of the above the Audit Committee are required to consider the proposed audit plan.

**Robert Hutchins**  
**Head of Audit Partnership**

## Annual Service Level Plans

### Transformation Programme

We will continue to support the Authority's Transformation Programme in both a 'trusted adviser' role and through provision of operational support to project delivery.

### Public Health

We plan to examine the arrangements for Commissioning and Monitoring of 0 – 5 Activities (Health Visitors) Contract.

### Adult Services

Whilst most of the assurance work is carried out by Health auditors (Audit South West), our work this year will review commissioning, contract and performance management arrangements in relation to the Young Devon contract before responsibility is transferred to Children's Services, and also review of contract monitoring arrangements for the Joint Equipment Store.

### Corporate Services and Finance

Work will include examination of the current arrangements for Emergency Planning & Business Continuity and Health & Safety following action taken to improve both areas. We will again examine the Cross-Council use of Legal Services to provide assurance regarding the current status following our work in an earlier year. For Finance, we review practices in relation to the Capital Programme including in relation to the new Financial Code and IR35 (use of contractors) for both the Council and the Council's Companies. We will examine the work of Governance Support including in relation to Elections and the new Corporate Complaints System. More strategically, we will consider Performance & Risk Management.

### Place

In relation to Housing, we will consider the client role / management of the Housing Companies and Housing Services within the Council including joint working arrangements. We will again review processes in Spatial Planning in relation Section 106 and CIL (Community Infrastructure Levy).

We will also consider the Asset Management Strategy / Plan and the related Technology Forge System. We will review arrangements at the Tor Bay Harbour Authority in line with the rolling audit plan agreed with the Harbour Committee, and in addition will examine contract management of the mooring system, Work will also include examination of Beach Services.

Governance of the Safety Camera Partnership will also be subject to a separate audit by the Devon Audit Partnership commissioned jointly by Torbay Council, Devon County Council and Plymouth City Council.

### Children's Services

We will review the progress against the Sufficiency Strategy, specifically examining the progress made within each of the five workstreams. Additionally, following on from our work in Permanency Planning, we will examine Fostering and Connected Carers, and we will also follow up our previous work in relation to Special Guardianship Orders.

A section of the plan will focus on Education Services specifically Early Education / Nursery Funding and Admissions and Place Planning.

Additionally, Schools audit activity, and compliance with Schools Financial Value Standards, will be maintained.

### Core Assurance – Business Processes & Governance, Key Financial Systems, ICT

We shall continue to work with management to ensure that effective systems and governance arrangements are in place to manage the risks, as shown by our work in areas such as Commissioning and Contracts Management.

Assurance work will be undertaken on areas termed as material systems that process most of the income and expenditure of the Authority, and which have a significant impact on the reliability and accuracy of the annual accounts.

IT Audit activity of ICT Project Management will support benefits realisation and we will continue to support major ICT system implementations, and the GDPR (General Data Protection Regulations) project.

We will examine and evaluate the core ICT functions supporting the Council's key financial systems. Our work will also include a review of Cyber Essentials (attributes that guard against the most common cyber threats) and Mobile Device Management arrangements. The reviews will be undertaken using the ITIL (IT Infrastructure Library) framework and relevant standards as a reference for best practice but maintaining specific relevance to the organisation.

### Value Added and Infrastructure / Business Projects

We will provide irregularity investigation work as required. In addition, we will continue to support the Council in responding to Freedom of Information and Subject Access Requests.

We will undertake the annual follow up on all audit areas identified as 'Improvements Required' or 'Fundamental Weaknesses' in 2019/20. Several projects will be supported ranging from major infrastructure to operational system implementations.

Our involvement in the Information Security Group will continue.

**Thematic Overview  
Audit Coverage**

Service Area Overview of Audit Coverage						Business Projects	Value Added
Adult Services	Children's Services	Public Health	Corporate Services	Place			
Commissioning / Performance Management – Young Devon	Sufficiency Strategy Progress	0 -5 Activities (Health Visitors) Commissioning	Capital Programme	Housing Companies (client role / management)	Transformation Programme (refer to page 5)	Information Security Group including GDPR	
Joint Equipment Store (contract management)	Fostering and Connected Carers		Health & Safety Performance and Risk Management	Housing		Irregularity Prevention and Investigation	
(Adult Social Care audited by Audit South West)	Special Guardianship Orders (follow up)		Corporate Complaint System	Section 106 / CIL		Subject access and freedom of information requests	
	Early Education / Nursery Funding		Legal Services (cross Council use of Legal Advice)	Beach Services		Advice	
	Admissions and Place Planning		Elections	Torbay Harbour Authority		Audit Follow Up	
			Democratic Services & Member Allowances	Tor Bay Harbour Authority Mooring System		Schools incl. Financial Value Standard	
				Asset Management Strategy / Plan			
				Technology Forge System			
<b>Business Processes &amp; Governance</b> – Emergency Planning and Business Continuity, Commissioning and Performance Monitoring, Contract Monitoring, Safety Camera Partnership, Grant Certification, and Audit Assurance Planning and Reporting							
<b>Key Financial Systems</b> – Payroll, IBS Sys Admin, Creditors & Electronic Ordering, FIMS Sys Admin, Debtors & Corporate Debt, Benefits & Council Tax Support Scheme, Income Collection, Asset Register, Council Tax & Non-Domestic Rates, General Ledger & Bank Reconciliation, Treasury Management							
<b>ICT</b> – Cyber Essentials, Mobile Device Management, ICT Project Management, Information Governance – Data Quality and Records Management, ICT Continuity and Disaster Recovery (arrangements for key systems)							

The diagram shows the thematic approach to the elements proposed for audit coverage in the coming year as identified through risk assessment and discussion with Senior Management. This overview is supported by the detailed plans, by theme, in appendix 1.

## High Level Audit Plan

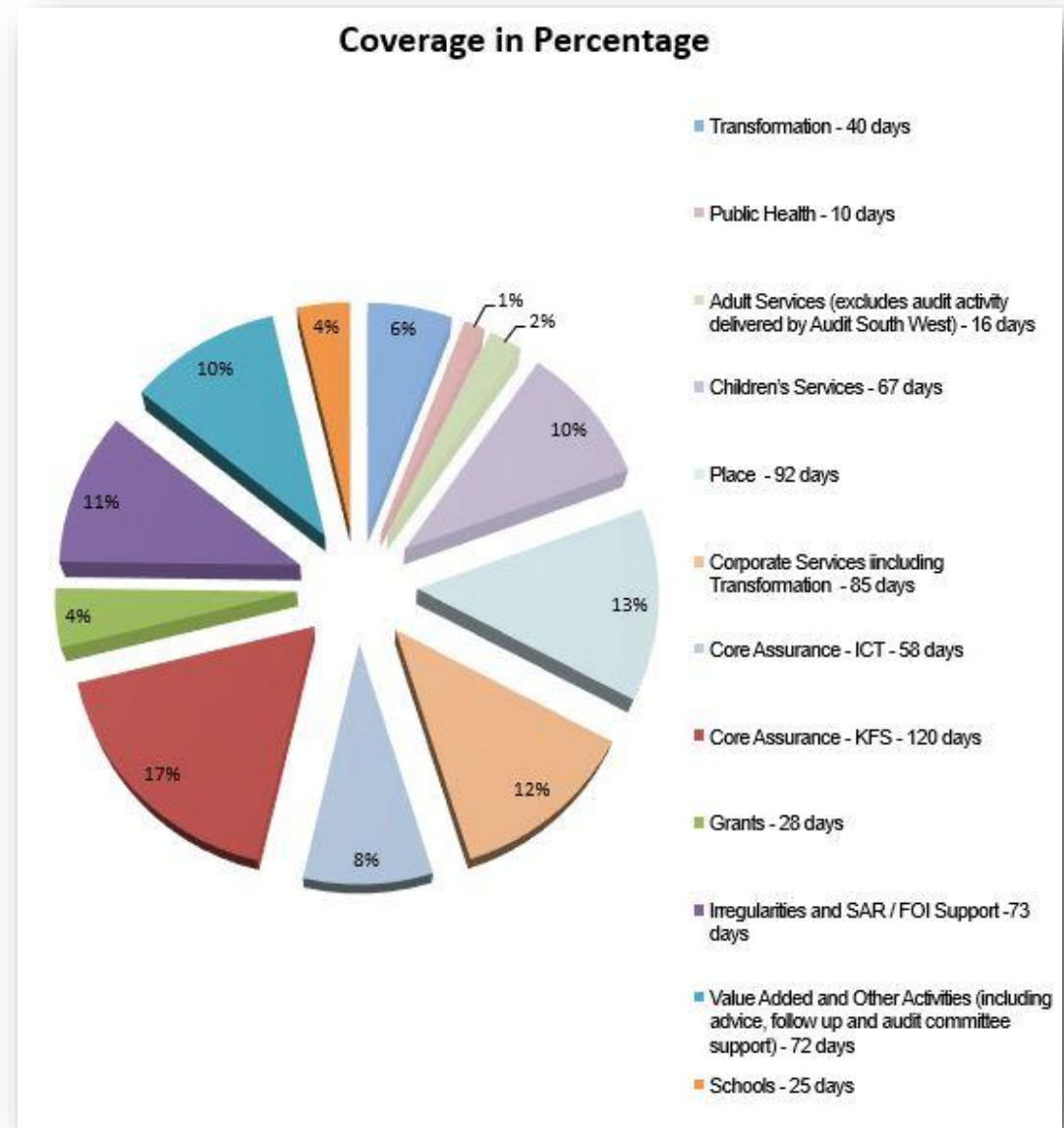
This chart shows a summary of planned audit coverage for the year totalling 661\* direct days (686 including 25 days for Schools). It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Council and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector.

We have set out our plan based on the current organisational structure for the Council. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage for the year.

A detailed analysis of proposed audit reviews is provided in the following schedule.

\*this includes 37 days deferred from the 2019/20 audit plan and carried forward into the 20/21 year; to note we have been commissioned in 2020/21 to deliver 624 days

As outlined in Appendix 3 to this report, the Audit Plan is drawn up considering various factors including risks to the Council and the views of Directors and Senior Officers. However, we note the emerging situation with Covid-19 and its potential impact to both resources within the Council and the Devon Audit Partnership. Given this, we will be agreeing audit priorities with the Director of Corporate Services and the s151 Officer.



## Proposed audit reviews

\* Whilst audit area titles are detailed below, our practice is to agree detailed scopes closer to the actual timing of the audits and these will be briefly recorded in our 6 month and annual monitoring reports to Audit Committee.

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing Quarter
<b>Transformation</b> (direct project consultancy)		
Transformation Programme - project ‘trusted advisor’ including review of <ul style="list-style-type: none"> <li>○ Children’s Services including New System Implementation</li> <li>○ Digitalisation, ICT Service delivery model</li> <li>○ TOR2 / SWISCO</li> <li>○ Major Projects incl. ICT Projects</li> <li>○ Commercialism</li> <li>○ Future Model – Improved Outcomes / Council Redesign</li> </ul>	ANA – critical	1-4
<b>Other Directorate Areas</b> (not directly linked to the transformational change programme)		
<b>Public Health</b>		
0 - 5 activities (Health Visitors) Commissioning	ANA – high, client request	4
<b>Adult Services</b>		
Commissioning and Performance Management (direct contract management – Young Devon Contract)	ANA – high, client request	1
Joint Equipment Store (contract management)	ANA – medium, client request	1
The Director of Adult Services is working with colleagues at Audit South West to devise an audit plan that meets key risks / challenges.	Audit areas to be notified and agreed by the Director by the Director of Adult Services Audit Plan to be approved at TSDFT’s Audit Committee	
<b>Children’s Services</b>		
Sufficiency Strategy Progress (our audit days will be divided to review the progress within each workstream)	ANA – high	2
Fostering and Connected Carers	ANA – medium	2
Special Guardianship orders - follow up	ANA - medium	2
Early Education / Nursery Funding	ANA - high	1
Admissions and Place Planning	ANA – low, client request	1
School Financial Value Standard (SFVS)	n/a	1
Schools	Service bought by Schools – summary of findings provided in relation to Authority Controlled Schools	n/a



Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
<b>Place</b>		
Housing Companies (client role / management)	ANA - high	4
Beach Services	ANA – low, client request	3
Tor Bay Harbour Authority	ANA - medium	3
Tor Bay Harbour Authority – Mooring system (contract management)	ANA – low, client request	3
Asset Management Strategy / Plan	ANA – high	4
Technology Forge system (review with audit of Asset Management Strategy / Plan)	ANA – medium	4
Spatial Planning – Section 106 and CIL	ANA - medium	1-2
Housing (including joint working of fragmented service)	ANA - medium	2-3
Governance of the Safety Camera Partnership (contribution to a joint audit with DCC and PCC)	ANA – low, client request	1
Public Toilets (contract monitoring)	ANA – low, client request	1
<b>Corporate Services and Finance</b>		
Capital Programme (including new Financial Code and IR35 - Council and Companies)	ANA – medium, client request	4
Emergency Planning and Business Continuity	ANA - medium	2-3
Elections	ANA - medium	2
Democratic Services and Member Allowances	ANA - medium	1
Health & Safety	ANA - high	2-3
Legal Services (cross Council use of Legal Advice)	ANA - medium	1
Performance and Risk Management	ANA - medium	4
Corporate Complaint System	ANA - medium	2-3
<b>Core Assurance – ICT</b>		
ICT Project Management	ANA - high	1-2
Cyber Essentials	ANA – high	3
Mobile Device Management	ANA - high	1
ICT Continuity and Disaster Recovery (arrangements for key systems)	ANA - high	4

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Information Governance – Data Quality and Records Management	ANA - high	3
Information Security Group including GDPR – ‘trusted advisor’	ANA – high, client request	1-4
<b>Core Assurance – Key Financial Systems and Grant Certification</b>		
General Ledger (Main Accounting System) and Bank Reconciliation	ANA – medium	3
Creditors & Electronic Ordering (POP) (follow up audit)	ANA – high	3
Debtors and Corporate Debt	ANA – high	4
FIMS Sys Admin	ANA – high	1
Asset Register	ANA – medium	1
Treasury Management	ANA – medium	2
Income Collection	ANA – medium	2
Payroll (follow up audit)	ANA – high	4
Benefits and CTAX Support Scheme	ANA – high	2
Council Tax and Non-Domestic Rates (follow up audit)	ANA – medium	3
IBS Open Sys Admin	ANA – high	1
A rolling programme of audits is adopted for material systems whereby although the overall planned days is likely to remain stable each year, the work programmes may differ, with each audit having varying amounts of system review, testing or a combination of the two, or follow up of the previous year’s audit findings. This approach enables us to deliver a more cost-effective service, whilst providing enough assurance as to the adequacy of the Authority’s material system control environment.		
Grant Certification	ANA – client request	n/a
<b>Value Added and Other Activities</b>		
Irregularity Prevention and Investigation **	business driven requirement, client request	n/a
Subject access and freedom of information requests	business driven requirement, client request	n/a
Advice	business driven requirement	n/a
Audit Follow Up	business driven requirement	2-3
Other activities (including audit planning and annual plan report; support for audit committee; 6 month and annual monitoring reports; support for the preparation of the AGS; attendance at corporate meetings; external audit liaison etc.)		n/a

#### Risk Assessment Key

SRR / ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level

\*\*To note, the time spent on irregularities in 2019-20 was more than 70 days. Should this be the case during 2020-21 then there will be a need to either revisit the audit plan and redirect resources or commission further internal audit days. In such instances in previous years, the s151 Officer and Director of Corporate Services have made these decisions.



## Fraud Prevention and Detection and Internal Audit Governance

### Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit will liaise with the Council’s Corporate Fraud Officer, to enable resource to be focussed on identifying and preventing fraud before it happens. Additionally, new guidance introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and also the Home Office ‘UK Anti-Corruption Plan’, will further inform the direction of counter-fraud arrangements going forwards.

Nationally, the notable areas of fraud include Housing Benefit, Council Tax, Housing and Tenancy, Procurement, Insurance, Abuse of Position, Blue Badges, and Direct Payments (Social Care).

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. The matches from the 2018/19 exercise were released on 31<sup>st</sup> January 2019 to those participating in the exercise. At Torbay Council, this work is led by the Council’s Corporate Fraud Officer.

### Internal Audit Governance

An element of our work is classified as “other chargeable activities” – this is work that ensures effective and efficient services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. Grant Thornton);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during 2020/21
- On-going development within the Partnership to realise greater efficiencies in the future.

### Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton) and Audit South West (Internal Audit for NHS).

## Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

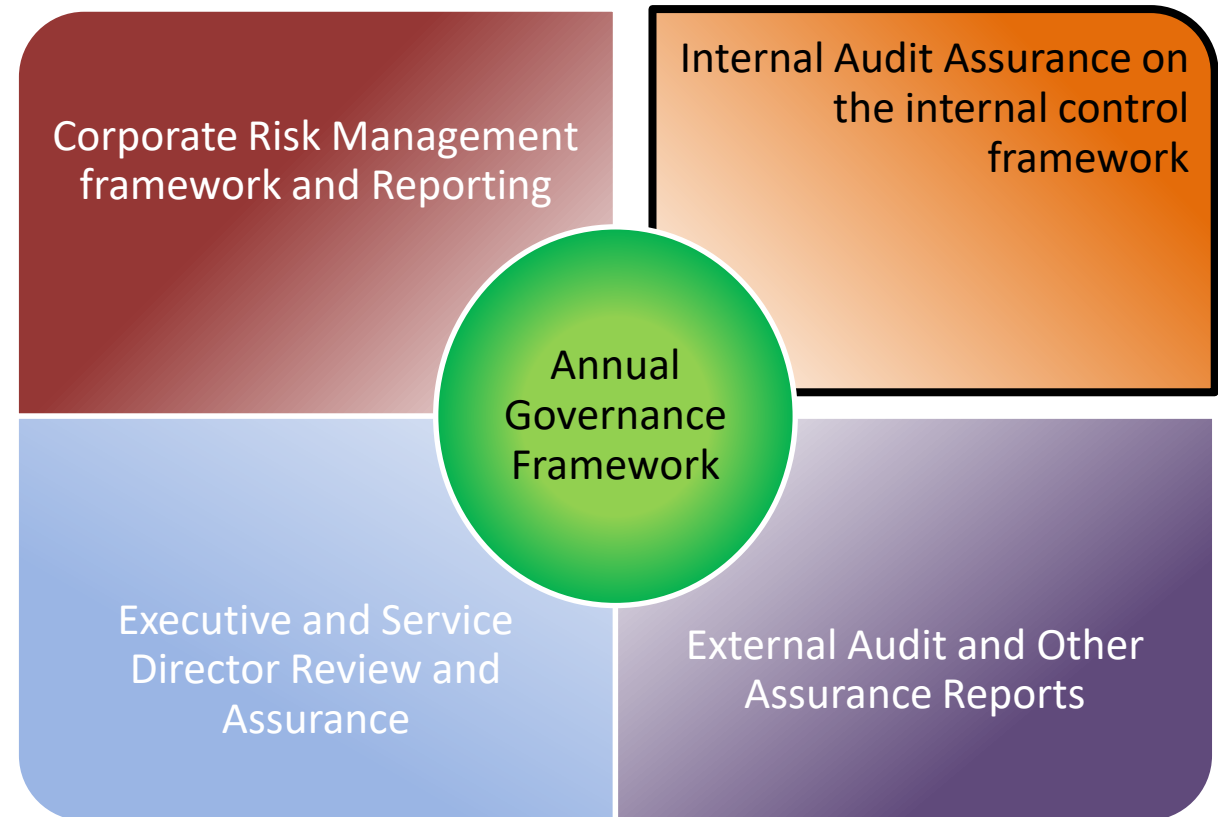
## Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Chief Executive and the Mayor;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon;
  - The Authority;
  - Audit Committee;
  - Risk Management;
  - Internal Audit
  - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g. Audit South West) that the statement meets statutory requirements.

## Appendix 3 - Audit Needs Assessment

We employ a risk-based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The result is the Internal Audit Plan set out earlier in this report.

The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

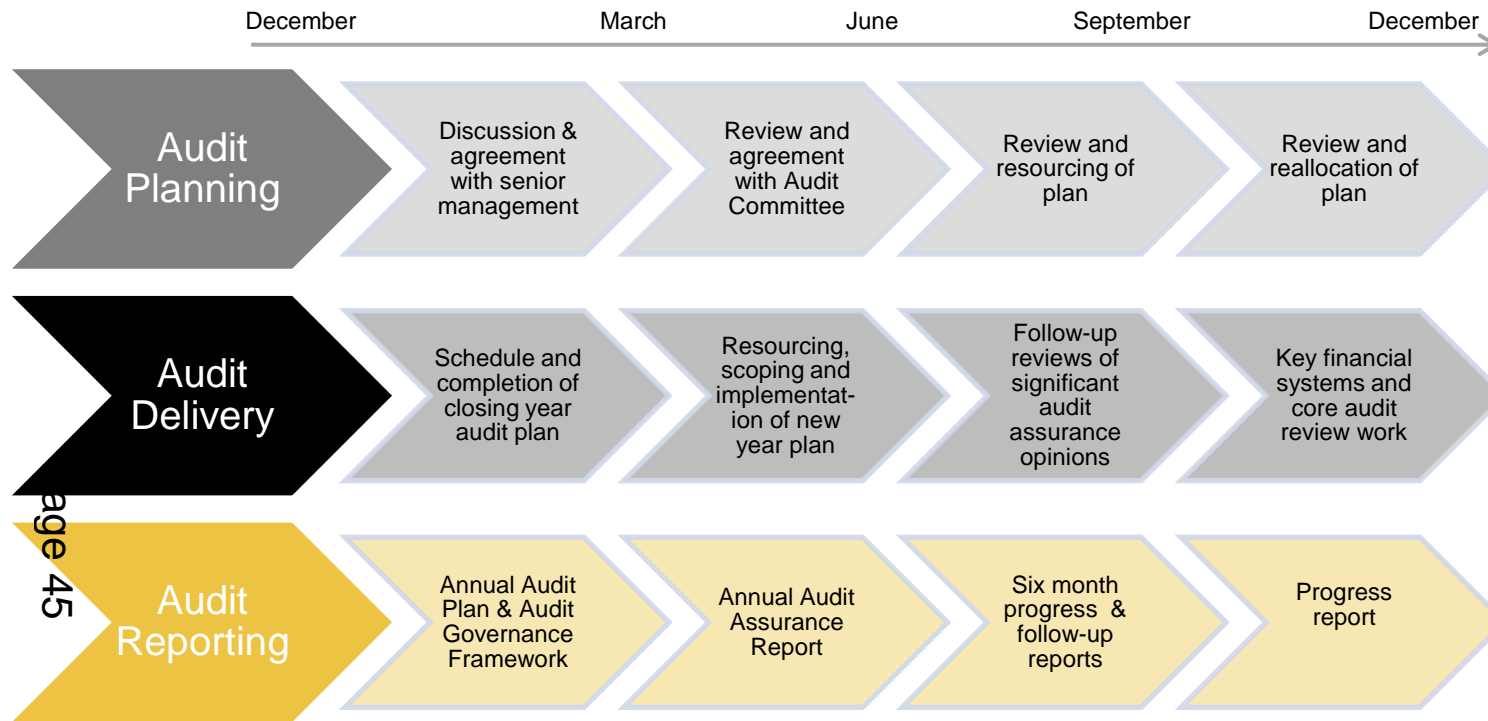
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

## Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec to Feb 2020	Directorate planning meetings
March 2020	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year-end field work completed
Apr / May 2020	Annual Performance reports written
May 2020	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
January 2021	Follow-up and progress reports presented to Audit Committee
January 2021	Six-month progress reports presented to Audit Committee
	2021/22 Internal Audit Plan preparation commences

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**Meeting:** Audit Committee

**Date:** 25 March 2020

**Wards Affected:** All

**Report Title:** Overview of Investigations

**Is the decision a key decision?** No

**When does the decision need to be implemented?** n/a

**Supporting Officer Contact Details:** Anne-Marie Bond, Director of Corporate Services and Operations, 01803 207160, anne-marie.bond@torbay.gov.uk

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## **1. Introduction**

- 1.1.1 Following previous debate within Audit Committee, it was agreed that a high level overview will be given to Audit Committee of any alleged fraud by staff or alleged financial irregularities.
- 1.2 Exempt Appendix 1, sets out such an overview.

## **2. Reason for Proposal**

- 2.1 To provide a greater level of detail to Audit Committee.

## **3. Recommendation (s) / Proposed Decision**

- 3.1 That Audit Committee note the contents of Exempt Appendix 1, and give consideration to any further information or action that they require.

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