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Mr P. Looby, Executive Head – Financial Services
Mrs C. Taylor, Director of Adult Social Care
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Sent via Email to paul.looby@torbay.gov.uk and caroline.taylor@torbay.gov.uk

20th August 2014
Our ref: JM/VP

Dear Mr Looby and Mrs Taylor

Introduction

The following statement of assurance is provided by the Director of Audit of Audit South West, the provider of Internal Audit, Counter Fraud and Consultancy Services to Torbay and Southern Devon Health and Care NHS Trust for audits in relation to the April 2013 to March 2014 internal audit plan.

The provision of Adult Social Care services is the responsibility of Torbay and Southern Devon Health and Care NHS Trust under the arrangements specified within the original Partnership Agreement between Torbay Council and Torbay Care Trust, established in 2005.

This statement has been compiled to meet the assurance needs of Torbay Council, as the accountable body for the provision of Adult Social Care services.

This assurance statement consists of the following elements:

- Overall Assurance Statement;
- Counter Fraud Service Assurance Statement;
- Third Party Assurances:
 - ISAE 3402 report in respect of Shared Business Services (SBS).
 - ISAE 3402 report in respect of IT General Controls in respect of the Electronic Staff Record (ESR); and
- Appendix A – schedule of relevant final Internal Audit reports.

Overall Assurance Statement

1. The annual audit plan for Torbay and Southern Devon Health and Care NHS Trust for 2013/14, as approved by the Audit and Assurance Committee in March 2013, included a number of audit areas specific to the provision of adult social care and the systems and processes used in delivering, monitoring and accounting for the service. The adult social care audits and associated systems covered within the annual audit plan for 2013/14 are listed at Appendix A.

2. We have reviewed, evaluated and tested the Trust's control systems in accordance with the agreed annual audit plan for 2013/14 and have reported the outcome of all audit work and the progress against the annual audit plan to the Trust's Audit and Assurance Committee regularly throughout the year. All internal audit work has been conducted in line with the requirements of the Public Sector Internal Audit Standards.
3. All internal audit work has been reviewed by senior staff and reports have been issued to operational management on matters of good practice and issues for further action. Management has responded positively to audit recommendations. Each recommendation is subject to a follow-up process as action dates become due, and the status of outstanding actions are reported to the Trust's Audit and Assurance Committee.
4. Torbay and Southern Devon Health and Care NHS Trust's annual audit plan for 2013/14 included specific assurance, risk and corporate governance reviews, which provide a background and framework within which we are able to assess the Trust's control environment. These reviews have informed the Head of Internal Audit Opinion on the Trust's system of internal control. The Head of Internal Audit Opinion provided for 2013/14 was "significant assurance", in line with the Department of Health definitions below.

This opinion statement was presented to the Audit and Assurance Committee on 2 June 2014.

Full Assurance	Full assurance can be given that there is a sound system of internal control which is designed to meet the organisation's objectives and that controls are being consistently applied in all the areas reviewed.
Significant Assurance	Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.
Limited Assurance	Limited assurance can be given as weaknesses in the design, and/or inconsistent application of controls, put the achievement of the organisation's objectives at risk in a number of the areas reviewed.
No Assurance	No assurance can be given as weaknesses in control, and/or consistent non-compliance with controls, could result/ has resulted in failure to achieve the organisation's objectives in the areas reviewed.

Counter Fraud Service Assurance Statement

The Counter Fraud Service's main aims for the Trust in 2013/14 year were to:

- enhance the anti-fraud culture by engaging with Trust staff to increase their awareness of fraud risks;
- work with the Trust to identify, manage and mitigate the risk of fraud; and
- maximise the work on prevention, deterrence and detection of fraud through policy and procedure reviews and local proactive exercises.

Details of achievement of these objectives have been provided throughout the year in reports to Trust's Audit and Assurance Committee, in summary:

- the anti-fraud culture work continued through planned presentations, training courses and update sessions as well as newsletters and posters;

- reviews of local policies and local proactive exercises were carried out in known risk areas and improvements to systems and policies have been implemented; and
- counter fraud update reports were presented to the Audit & Assurance Committee meetings held in 2013/14 confirming the work undertaken and highlighting any emerging risks and issues.

All formal referrals received (even where no fraud is proven) resulted in a report being produced by the Local Counter Fraud Specialist and where relevant these reports contained recommendations to strengthen areas of weakness highlighted by the investigation process.

Third Party Assurances

ISAE3402 Third Party Assurance report in respect of Shared Business Services (SBS)

The Trust purchases a range of financial support services, including its Oracle General Ledger system from Shared Business Services Ltd. An established routine is in place whereby third party assurance is provided within an Independent Service Auditor's ISAE 3402 third party assurance report, which informs the Trust's Annual Governance Statement.

We are satisfied that the 2013/14 Independent Service Auditor's report provided by Grant Thornton, dated 17th April 2014, provides sound assurance in respect of the services provided by NHS Shared Business Services which supports the Trust's Annual Governance Statement.

The key messages in the overall audit opinion Section I Report of Independent Service Auditor are as follows:

- The accompanying process description in the report **fairly presents** the core services provided to Clients throughout the period 1 April 2013 to 31 March 2014.
- The controls related to the control objectives stated in the description were **suitably designed to provide reasonable assurance that the control objectives would be achieved** if the controls operated effectively throughout the period 1 April 2013 to 31 March 2014.
- The controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period 1 April 2013 to 31 March 2014.

Detailed testing identified one minor area where control was either not designed or operating efficiently, however this did not adversely impact upon the overall control environment.

ISAE3402 Third Party Assurance report in respect of IT General Controls in respect of the Electronic Staff Record (ESR)

In common with all NHS bodies, the Trust utilises the Electronic Staff Record (ESR) for its HR functions. An established routine is in place whereby third party assurance is provided annually within an Independent Service Auditor's ISAE 3402 third party assurance report, which helps to inform the Trust's Annual Governance Statement on Internal Control. This covers the IT general controls operated by McKesson UK in relation to the ESR.

We are satisfied that the 2013/14 Independent Service Auditor's report provided by PricewaterhouseCoopers, dated 30th April 2014, provides reasonable assurance in respect of the IT general controls operated by McKesson UK in relation to the national

Electronic Staff Record. This supports the organisation's Annual Governance Statement.

The audit work conducted by PricewaterhouseCoopers covered the following six areas:

- Change Management;
- Logical Security;
- Problem Management and Performance and Capacity Planning;
- Physical Security and Environmental Controls;
- Computer Operations; and
- Payslip Distribution.

The key messages in the overall audit opinion of the Report of Independent Service Auditor are as follows:

- The accompanying process description **fairly presents** the ESR service that had been designed and implemented throughout the period 1 April 2013 to 31 March 2014.
- The IT general controls related to the control objectives stated in the description were **suitably designed** throughout the period 1 April 2013 to 31 March 2014.
- The controls tested, which were those necessary to provide reasonable assurance that the IT general control objectives stated in the description were achieved, operated effectively throughout the period 1 April 2013 to 31 March 2014.

The overall conclusion from their audit opinion was that for the period 1 April 2013 to 31 March 2014, the control environment and IT general controls for the ESR service were suitably designed and effective in helping to achieve objectives in relation to the areas above. Detailed testing identified a small number of areas where controls were either not designed or operating efficiently, however these did not adversely impact upon the overall control environment as appropriate mitigating controls were in place for all but one of the controls and this control was not regarded as a key control.



Jenny McCall
Director of Audit
Audit South West

APPENDIX A

Table of Relevant Final Internal Audit Reports

Financial Management
Budgetary Control including Continuous Improvement Programme
Local Financial Systems including Ledger to Board Reporting
Debt Management
General Corporate Assurance
Risk Management
Assurance Framework
Continuing Healthcare
Care Quality Commission
Information Governance
Local Handling of Safety Incidents
Data Quality
Estates Governance
Mandatory Training
Sickness Absence Management
Supervision – Clinical Reflection; Social Care Supervision; and Child Protection Supervision
Hollacombe CRC – Review
South Hams and Ivybridge Zone Review
Complaints
ICO Transition Programme Board – Phase 1
Use of Bank & Agency
Performance Reporting