Internal Audit

Half Year Report 2015/16

Torbay Council
Audit Committee

November 2015

Not Protectively Marked

devon **audit** partnership

Auditing for achievement

CUSTOMER SERVICE EXCELLENCE

CSE

Contents

Devon Audit Partnership	**Confidentiality and Disclosure Clause**
The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay 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.	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.
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 robert.hutchins@devonaudit.gov.uk .	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.

Introduction

The Audit Committee, under its Terms of Reference contained in Torbay Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2006 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2015/16 was presented to and approved by the Audit Committee in March 2015. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2015/16 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a report providing an opinion that can be used by the organisation to inform its governance statement. This report provides a position statement at half year on the progress towards that opinion.

Expectations of the Audit Committee from this half year report

Audit Committee members are requested to consider the;

- assurance statement within this report;

- completion of audit work against the plan;

- scope and ability of audit to complete the audit work;

- progress impact against strategic aims;

- audit coverage and findings provided;

- overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Robert Hutchins
Head of Audit Partnership

> **Overall, based on work performed during 2015/16 and our experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

Assurance Statement

This assurance statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.

The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework.
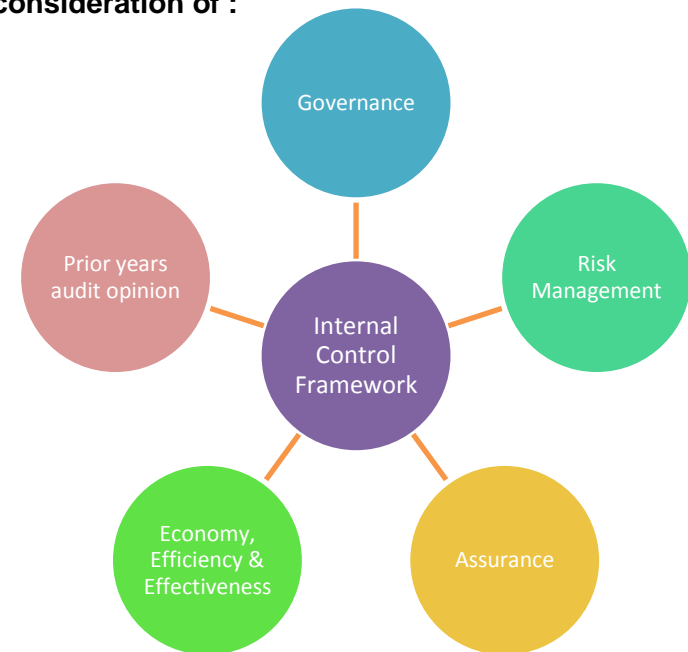
Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2015/16. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2015/16.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans rests with management and are reviewed during subsequent audits or as part of a specific follow-up process.

Generally, our work has not been adversely affected by planned changes during the first six months. There have been no significant changes made to plans to date, although minor alterations have been made to the Children's Services and Innovation plan and the Adult Services plan.

The 2015/16 level of irregularity work to date is within anticipated levels and has not adversely impacted delivery of the plan. Some of our planned assurance work is necessarily scheduled for completion in the second half of the year and other work involves ongoing project support, however, we feel, based on the work completed and on previous year's work that the framework of control remains in operation.

This statement of opinion is underpinned by our consideration of :

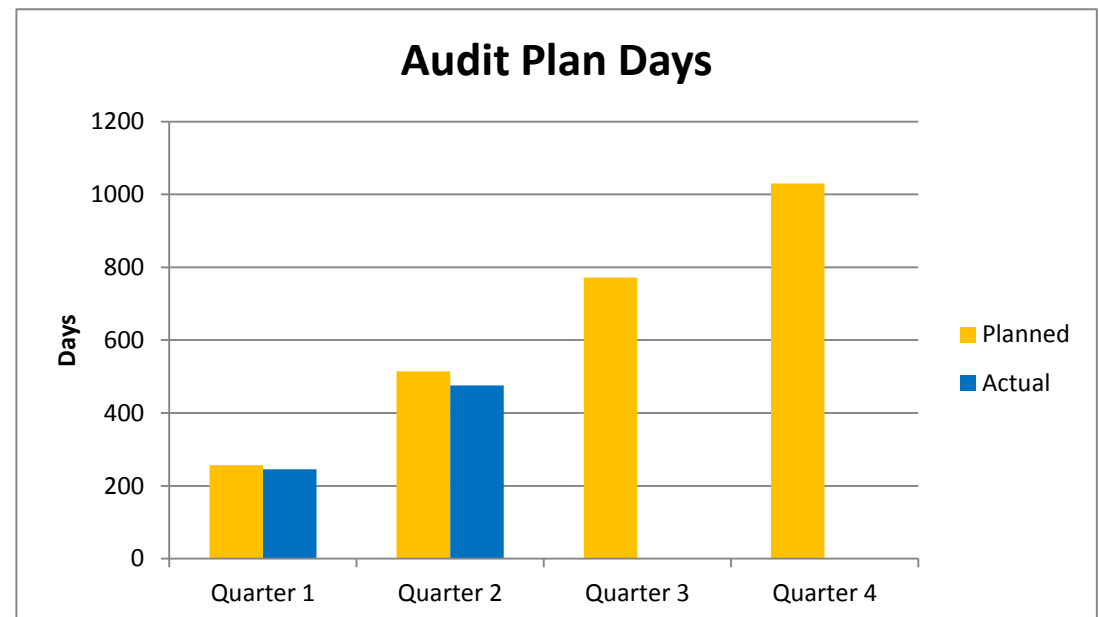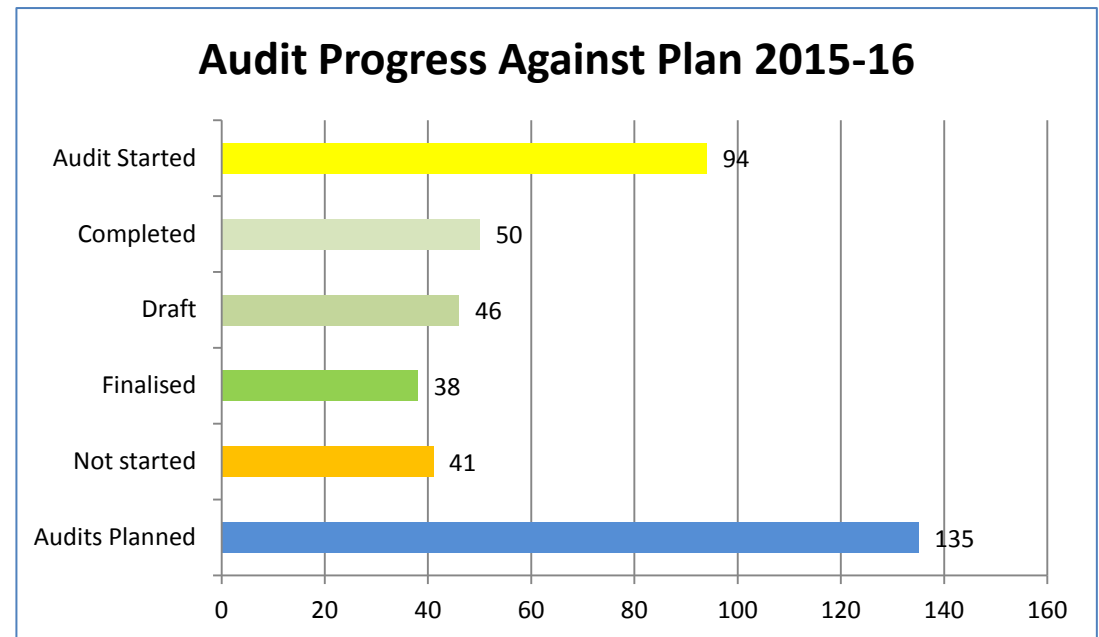|	
Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
No Assurance	Risks are not mitigated and 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, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

Progress Against Plan

This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year. Some of our work supports projects and hence completion will be in accordance with project timescales. The level of irregularity work has been in line with anticipated levels and the need for investigation work has not had an adverse impact on the overall completion of the plan.

The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations and that the number of audit days delivered is approximately as that planned.

Appendix 2 provides further performance information for the first six months of 2015/16.

Audit Progress Against Plan 2015-16

Category	Value
Audit Started	94
Completed	50
Draft	46
Finalised	38
Not started	41
Audits Planned	135

Audit Plan Days

Quarter	Planned	Actual
Quarter 1	~260	~245
Quarter 2	~510	~475
Quarter 3	~770	
Quarter 4	~1030	

Progress Impact Assessment

Our audits completed to date this year, in the majority of areas, provide assurance that identified risks are being minimised or mitigated where appropriate. Progress impact assessments are detailed below by service area highlighting developmental areas. The overall audit assurance will have to be considered in light of these positions.

Our audit plan spreads work across the financial year periods, and as a consequence assurance progress on a number of reviews/ risks remains incomplete or outstanding. The effectiveness of these areas may impact on the success of the organisation's wider strategic risks.

For example, continued delivery of services against a backdrop of budgetary and resource constraints require sound material systems controls, robust project management and project benefits realisation, established contract and partnership management, contract and supplier monitoring frameworks, effective management of relationships with linked organisations and service users, a resilient and effective ICT infrastructure, effective demand management, innovative delivery development, and effective delivery of grant funded scheme.

Corporate and Business Services

- Material Systems work for the year is predominantly scheduled for the second half of the year, however finalisation of 2014/15 audits carried over into the current year providing a degree of rolling assurance;
- Similarly the follow up of the 2014/15 audits this summer provided assurance regarding the direction of travel in mitigation of risks and progress in areas previously reviewed;
- Continued support and related advice for the Self Service, Cheque Printing, Fair Decision Making, Risk Management integration and the new Business Improvement District projects provides some assurance regarding project management and progress, and associated impacts on risks;
- The cyclical basis of the Tor Bay Harbour Authority Audit Plan and reporting of outcomes to the Harbour Committee provides assurance that risks are subject to regular review and that progress in improving the control framework is being formally monitored.

- TOR2 Commissioning / Contract Monitoring, and robust arrangements to achieve service delivery within contract fees remain to be examined;
- Procurement / Contracts, and compliance with new requirements and effective monitoring arrangements have not yet been assessed;
- Operational Arrangements and the Ethics and Culture of the Council since the reorganisation, and the adequacy and fitness of purpose have not yet been reviewed to allow time for arrangements to be developed and become embedded.

The level of grant certification work required has increased and Internal Audit have met the condition deadlines; should this trend continue there will be a need to increase the time allowed for this work in future year plans.

Community and Customer Services

- ICT audits, all remaining ICT audits collectively integrate in ensuring a robust ICT infrastructure although previous audit work in these areas and ongoing related client liaison has ensured management awareness of audit concerns regarding existing arrangements;
- the Council's opportunity to meet organisational change is reliant on effectively linking and embedding ICT development with risk management and business continuity; issues we have previously highlighted in these areas remain and reduce the opportunity for achieving the objectives of some change directions.
- Torbay Coast and Countryside Trust, and working arrangements in relation to service delivery in accord with the Council's objectives and maintenance of elements of the natural space and Geopark on behalf of the Council;
- Housing Options, and effective arrangements to reduce homelessness and to protect the vulnerable;
- Sports Facilities, and promoting healthy lifestyles and maximising the use of facilities and the natural space;
- The majority of the material systems work is within Corporate and Business Services, however Revenues and Benefits work encompasses the material system audit reviews of certain functions; this work is predominantly scheduled for the second half of the year;
- Similarly the follow up of the 2014/15 audits this summer provided assurance regarding the direction of travel in mitigation of risks and progress in areas previously reviewed.

Children's Services and Innovation

- The follow up of the 2014/15 audits this summer provided assurance regarding the direction of travel in mitigation of risks and progress in areas previously reviewed;
- Our ongoing work in certification of Children's Services and Innovation grants, particularly in relation to the Troubled Families Programme, provides assurance in terms of conditions associated with funding being met;
- Transition from Children's to Adults, and the maintenance of care to protect the vulnerable is currently being reviewed;
- Fostering, and the achievement of 'value for money' following changes to payment arrangements is still being examined;
- Virtual School, and the achievement of education virtually for children unable to attend school has not yet been examined;
- Integrated Youth Service, and the effectiveness of new arrangements to protect vulnerable young adults and assist in achievement of their goals has not yet been reviewed to allow time for arrangements to be developed and become embedded.

Public Health

- Lifestyle Services, and public health priorities in Torbay require sound consultation to determine service requirements and service change opportunities;
- Public Health / NHS Links, and working arrangements to achieve public health objectives require effective and monitored practices to ensure attainment of service priorities.

Adult Services

Our audit completed this year provides assurance that identified risks are being minimised or mitigated where appropriate. The limited plan of work within Adult Services for 2015/16 and in previous years, and the position that various functions are provided and audited by the National Health Service (NHS) Trust Provider means that we cannot quantify the impact of audit progress on risks within the whole service area.

The Adults Social Care Commissioning Team encompasses Commissioning, Performance Management, Community Engagement, Healthwatch, Housing Strategy, Prevention and NHS Advisory Service, with services provided by the NHS Trust Provider.

The agreed audit plan will consider the following issues in the second half of the year:

- NRS Joint Equipment Store, and the achievement of 'value for money' in relation to contract monitoring and the security of assets is yet to be considered;
- Care Act Implementation and Better Care Fund, and liaison with colleagues at Audit South West regarding effective use of funding.

Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:

- providing objective and relevant assurance;
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Senior Management has found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following areas:

Corporate and Business Services

- ongoing involvement in Self Service project ensuring that control issues are highlighted and resolved before implementation;
- continuing our involvement in the integration of the risk management methodology;
- using knowledge from previous audit work to assist the Council with the new Business Improvement District;
- advice to the Cheque Printing project to assist them in the removal of payment by cheque to achieve associated cost savings;
- new involvement in the project to develop the Fair Decision Making processes;
- support to Procurement in relation to changes in regulations and resulting amendment to policy and practices;
- identification of the need for grant certification for Autism Innovation and Community Capacity;
- the development and annual review of the Tor Bay Harbour Authority Five Year Rolling Audit Plan and related assistance to the Executive Head in supporting the Harbour Committee.

Adult Services

- notification to the client of the requirement for certification of the Autism Innovation grant as a result of partnership working;
- inclusion of the NRS Joint Equipment Store audit in the planned work post Audit Committee plan approval as a result of a flexible audit plan approach and effective client liaison.
- the development of future years audit plans to cover new and emerging risk.

Public Health

- identifying improvement opportunity in relation to consultations linked to further Public Health commissioning reviews.

Community and Customer Services

- facilitation of ICT Continuity & Disaster Recovery integration into the Risk Management methodology;
- ongoing involvement as an advisory member of the Information Security Group;
- ongoing support to various ICT system developments, for example the harbour mooring system, corporate print project, cheque printing;
- retrospective examination of practices during the close down period of Torre Abbey for Museum Services;
- provision of risk assessments in relation to the consideration of reduction of Closed Circuit Television (CCTV) and changes to the building access control system;
- support to Safer Communities providing advice and guidance in relation to ICT elements of the 'Prevent' guidance.

Children's Services and Innovation

- assistance in maintaining the impetus in management action plans to address previously identified risks through an annual and robust follow up exercise;
- provision of Children's Services and Innovation financial and demand data to the Audit Committee;
- the development of the current years and future years audit plans to incorporate flexibility to meet changing and developing business demands and to cover existing, and new or emerging risks.

Schools

- Our support has helped all schools comply with the schools financial value standard with all schools completing their self-assessment this year.

Executive Summary - Audit findings

Corporate and Business Services

In our opinion, and based upon our audit work completed during 2015/16, 'watching briefs' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Significant concerns have been raised in relation to Section 106 arrangements; the risks identified related to a lack of an overarching monitoring process which is now being considered by the organisation.

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

We have identified opportunities for improvements in terms of the continuing project to implement Payroll / Human Resources Self Service; there remain concerns in relation to project resources and timescales whilst maintaining project impetus and 'business as usual'. Other projects are in earlier stages and we will provide support in line with organisational need.

Although improvements in policy and procedure for the employment of agency staff have been achieved, controls remain insufficient to ensure adherence to the new framework although this is now being addressed.

Other than the areas detailed above, no significant concerns have been identified from the majority of our work including that on grants and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which definitions of the assurance opinion ratings are given in Appendix 2.

Key Risks / Issues

An imminent change to the material systems control framework is the introduction of Payroll element of 'self-service'; we will review and report on the impact of this change in line with project timescales.
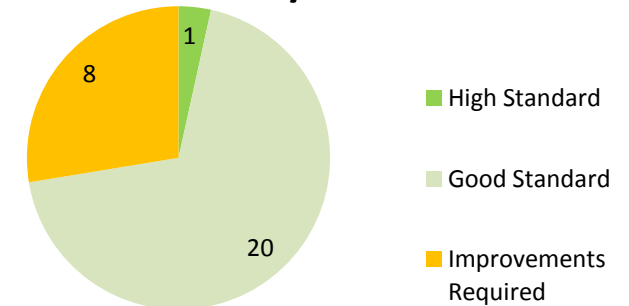
Contract and partnership management arrangements may be a risk to the ongoing provision of service by TOR2 following organisational changes.

Changes to procurement regulations provide for potential improvements to the control framework but will require careful monitoring and management.
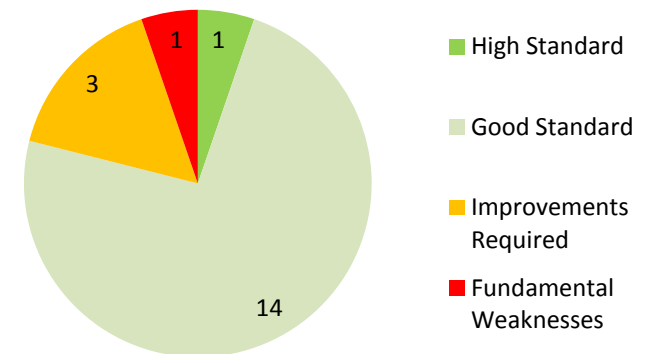
There is a risk of legal challenge and potential loss of income arising from the lack of an overarching monitoring process for Section 106 agreements.

There remains residual risk of unsafe or illegal hiring of agency staff although mitigating controls are being embedded.

Assurance Opinions Operations and Finance 2014/15

- High Standard
- Good Standard
- Improvements Required

Assurance Opinions Apr - Sept 2015/16

- High Standard
- Good Standard
- Improvements Required
- Fundamental Weaknesses

It should be noted that the assurance opinion comparison charts above are reflective of the previous and current organisational structure and should therefore be considered as indicative only.

Community and Customer Services

In our opinion, and based upon our audit work completed during 2015/16, 'watching briefs' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

The majority of the material systems work is within Corporate and Business Services, however material system controls relevant to Community and Customer Services have either been maintained or improvements are being made to address previous identified weaknesses.

We have identified opportunities for improvements in the control and governance framework for the Museum Services and Corporate Security & CCTV. The latter is currently subject to full service review and our findings will inform this project.

We continue to provide support for ICT projects and we have maintained our ongoing involvement with the Information Security Group to assist the organisations with emerging issues affecting both information governance and ICT controls. ICT Change control arrangements require formalising and recording. In addition, we have previously identified the links between ICT Continuity & Disaster Recovery, the Risk Management methodology and Business Continuity Planning, and the need to fully integrate these areas in order to provide a robust and holistic approach to ensure business continuity and the achievement of organisational objectives. We are continuing to support the development of new practices and arrangements for an integrated approach.

No other significant concerns have been identified from our work and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 2.

Key Risks / Issues

The potential loss of CCTV and changes within the security provision to the Council presents numerous risks which are being examined through a dedicated project.

The ICT Infrastructure faces significant challenges in terms of budget reduction impacts with ICT Change Control Management being key to minimising the risk of ICT change having an adverse impact on other areas of the Council.

The lack of integration of ICT Continuity & Disaster Recovery into Risk Management remains but is being progressed through a working party.

The change of structure in relation to information governance and information compliance presents a potential risk of non-compliance during the bedding in period.


Assurance Opinions Place 2014/15
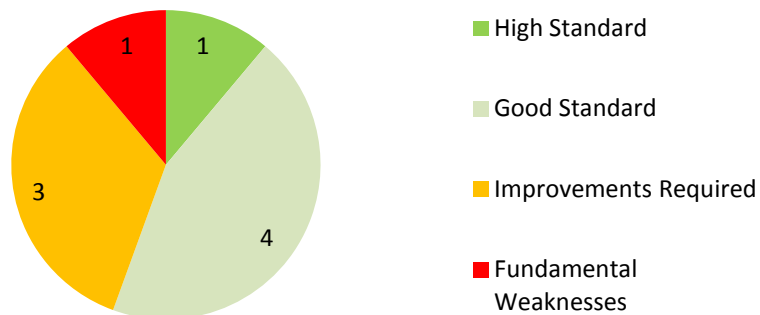
- High Standard: 1
- Good Standard: 4
- Improvements Required: 3
- Fundamental Weaknesses: 1

It should be noted that the assurance opinion comparison charts are reflective of the previous and current organisational structure and should therefore be considered as indicative only.

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Assurance Opinions Apr - Sept 2015/16

- High Standard: 0
- Good Standard: 2
- Improvements Required: 4
- Fundamental Weaknesses: 0
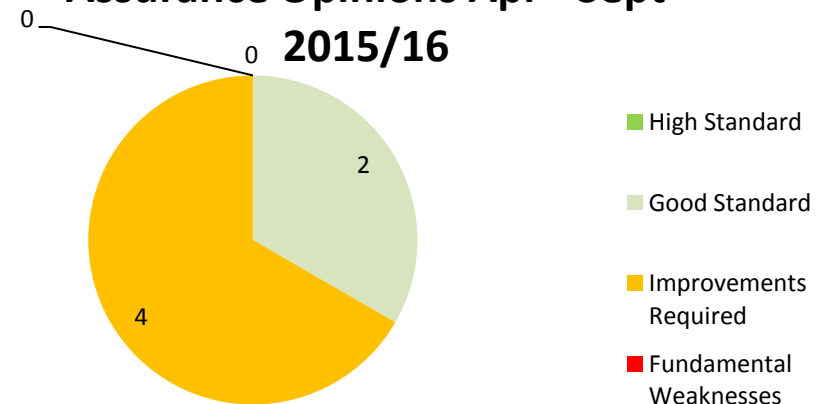
Children's Services and Innovation

We are unable to provide an opinion at this time due to the majority of work in Children's Services in the last two years being deferred until future years. We can, however, comment that based upon our audit work completed during 2015/16 and based on earlier year's work that the framework of control remains in operation, and where recommendations have been made, action plans have been agreed with management.

The Children's Services directorate incorporates both the Safeguarding & Wellbeing functions and those for Schools.

Our work has involved examination of Admissions in Place Planning and Pupil Referral Panel and certification of grant in relation to Early Years. As detailed in Appendix 1, we were able to provide an overall audit opinion of 'High Standard' in relation to these functions and the grant was certified without any issues being identified. Our work in relation to Schools Places Planning reported in the Corporate and Business Services report is still currently in progress.

The overall assurance from schools audit is of good standard. The risk and control framework is of a good standard although there is some non-compliance or poor practice in a small number of schools on governance and use of resources to achieve school improvement. Detailed assurance is provided under a separate report, and also summarised in Appendix 1 to this report.

No significant concerns have been identified from our work including that on grants and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which definitions of the assurance opinion ratings are given in Appendix 2.
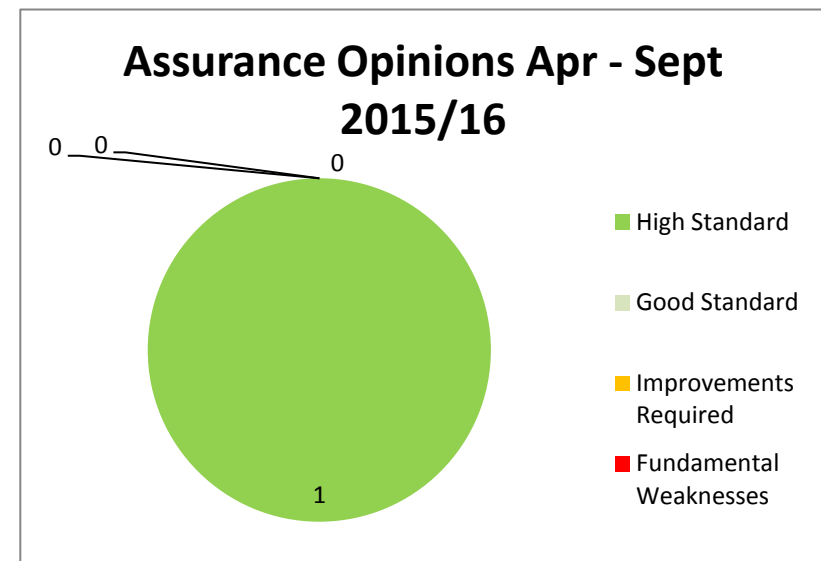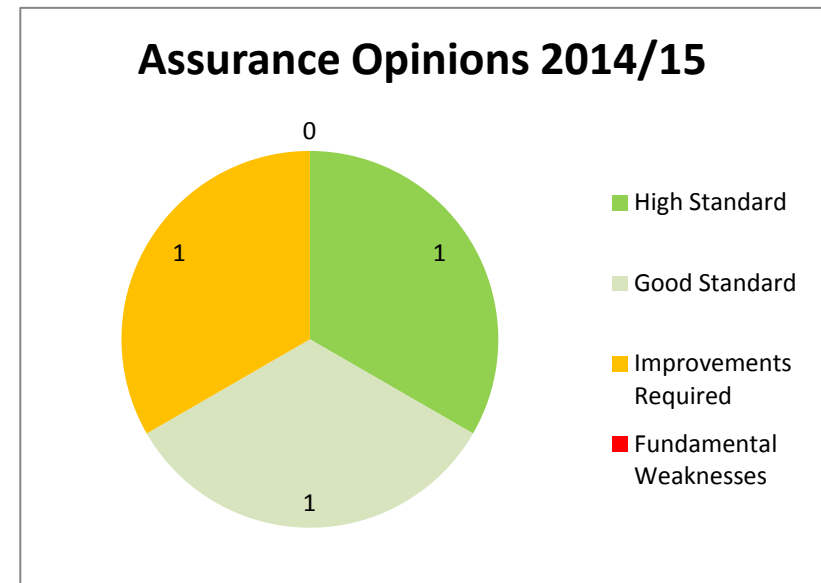
Key Risks / Issues

Risks inevitably exist in the delivery of a service area such as Children's Services and Innovation, and issues have previously been reported in relation to contract management, performance monitoring and the formalisation of plans and strategy linked to changed practice and budget.

Children's safeguarding is an identified risk within the organisation's risk management framework; the risk management methodology is currently being integrated into operational practices and business continuity arrangements of the Council.

The delivery of the financial recovery plan for Children's Services and Innovation remains a risk; we have been commissioned by the Audit Committee to provide data comparing demand and spend to facilitate their review and challenge of the plan.

Achieving financial savings required at this time of austerity whilst maintaining 'business as usual' and the care, education and safeguarding of children presents a risk to the Council.

Assurance Opinions 2014/15

- High Standard
- Good Standard
- Improvements Required
- Fundamental Weaknesses

Assurance Opinions Apr - Sept 2015/16

- High Standard
- Good Standard
- Improvements Required
- Fundamental Weaknesses

Public Health

In our opinion, and based upon our audit work completed during 2015/16, 'audit partner support' and as trusted advisor for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Our work includes working with management to finalise the audit report and action plan for the Lifestyle Services review. As detailed in Appendix 1, we are currently working with Public Health colleagues to agree the report in relation to this area and management have provided valuable feedback to our work which may result in changes to our initial draft report; the outcomes of this will be reported in our annual monitoring report.

Management have responded positively to any recommendations for improvement in our previous work and are actively engaged in agreeing our current work. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 2.

It should be noted that the assurance opinion comparison charts opposite are reflective of the previous and current organisational structure and should therefore be considered as indicative only.

Key Risks / Issues

Risks inevitably exist when delivering a service area such as Public Health, and issues have previously been reported in relation to workforce planning, information governance, emergency planning and preventative work.

Consultation processes represent a risk to future service delivery if they are not sufficiently robust; we will be finalising our reporting to management in relation to any identified improvements areas in relation to Lifestyle Service Reviews Consultations.
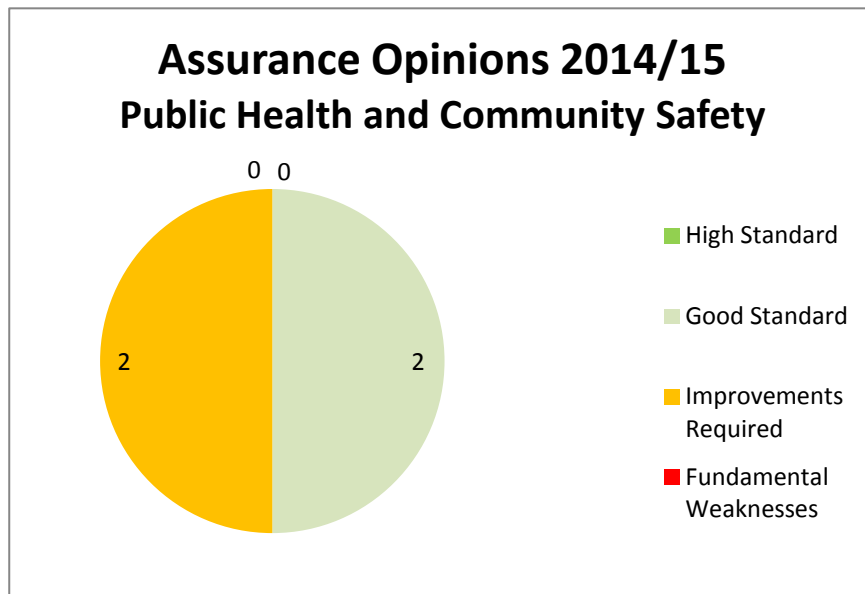
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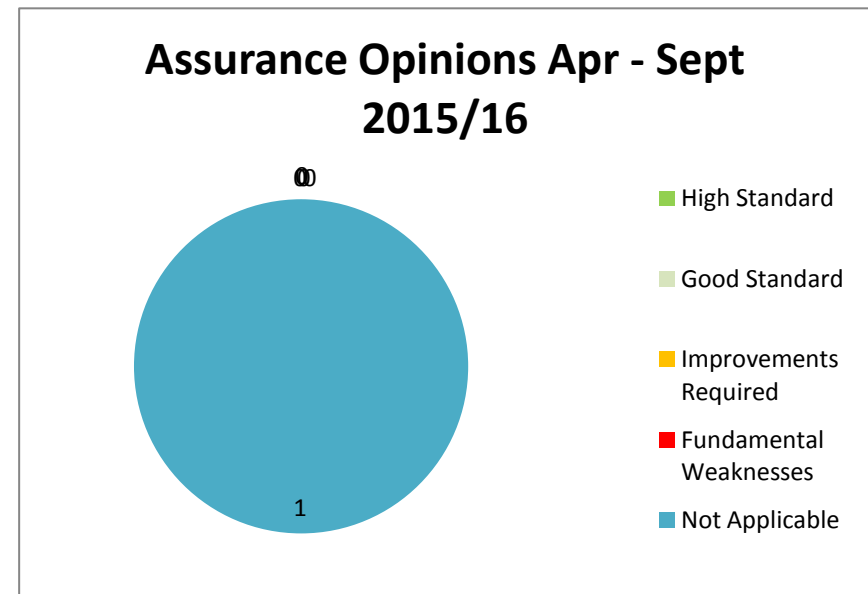
Adult Services

We are unable to provide an overall opinion at this time due to the limited work that we undertake within this directorate area.

The Adult Services Directorate incorporates both the Joint Commissioning Team functions and those functions provided and audited by the NHS Trust Provider.

Assurance over arrangements for adult social care is mainly provided by colleagues at Audit South West, the internal audit provider for Health services. Audit South West provides a separate letter of assurance to the Director of Adult Services and the Council's S151 Officer. Devon Audit Partnership provides support and internal audit input on key areas as agreed with the Director of Adult Services. We are working with Audit South West, and colleagues at the Trust, to ensure that the assurance requirements of the Council can be effectively met, which will involve the Council having greater input into the audit planning process for next year.

Our work to date has involved certification of the Autism Innovation grant. As detailed in Appendix 1, we were able to provide certification for this grant ensuring that the Council retained the grant funding to support the operation of this function.

The limited planned audit work in Adult Services is scheduled for the second half of the year. During this time we will also work with management to prepare an audit plan for 2016/17 that addresses new and emerging risks.
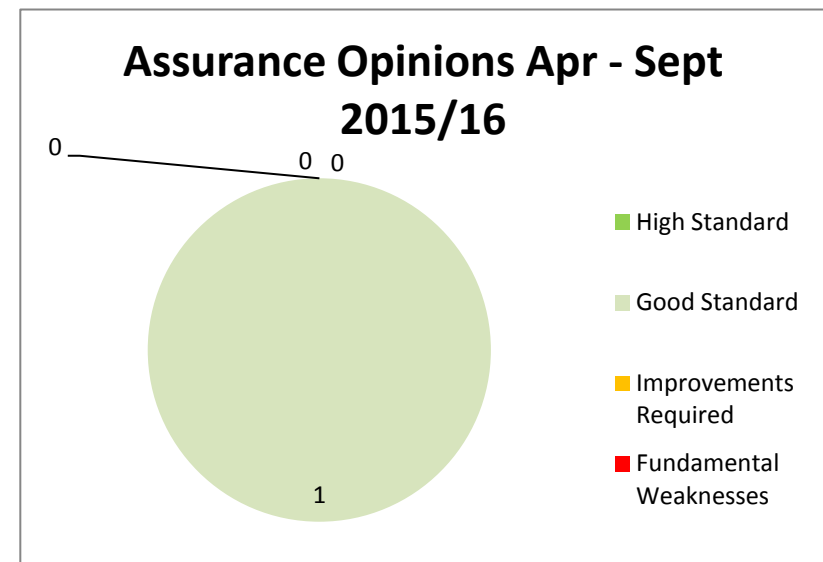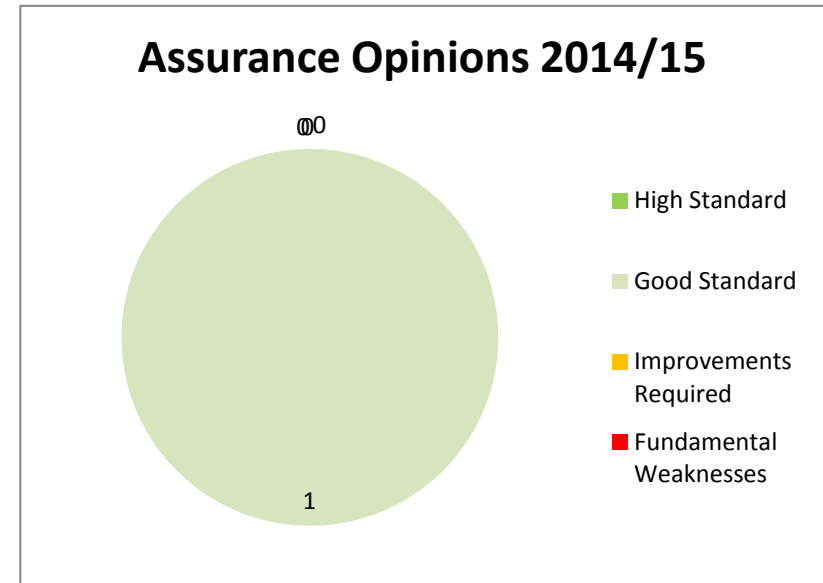
The Appendix 1 details the assurance opinions for individual audits for which definitions of the assurance opinion ratings are given in Appendix 2.

Key Risks / Issues

Risks inevitably exist in the delivery of a service area such as Adult Services, as a result of the vulnerability of the clients and where delivery of the service is commissioned to other service providers.

Issues have previously been identified in relation to contract procurement arrangements and performance monitoring in a specific service area; we have worked with management to ensure robust management action plans are established to mitigate the associated risks.

New legislation presents risks in relation to implementation; our work for 2015/16 covers the Care Act – Better Care Fund.

Assurance Opinions 2014/15

0 0 0

1

- High Standard
- Good Standard
- Improvements Required
- Fundamental Weaknesses

Assurance Opinions Apr - Sept 2015/16

0   0 0

1

- High Standard
- Good Standard
- Improvements Required
- Fundamental Weaknesses

Schools

We have made good progress in the delivery of our audit plan to schools and schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the Schools Financial Value Standard (SFVS) are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

Good Standard - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks have been identified on the core element of the audit review at some schools, recommendations have been made to reduce risks and in other areas and are made to strengthen what are reliable procedures.

Key Risks / Issues

- understanding of financial management by governors as evidenced by the requirements of the Standard, skills assessment and absence of key business from meetings;
- demonstrable benchmarking & financing of plans for raising standards and attainment;
- business continuity planning;
- inventories and asset management.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.
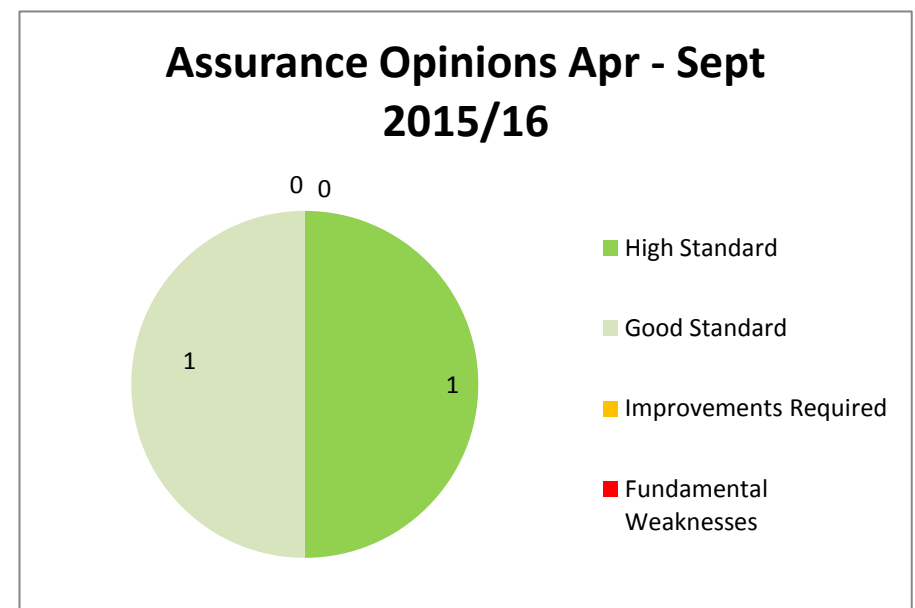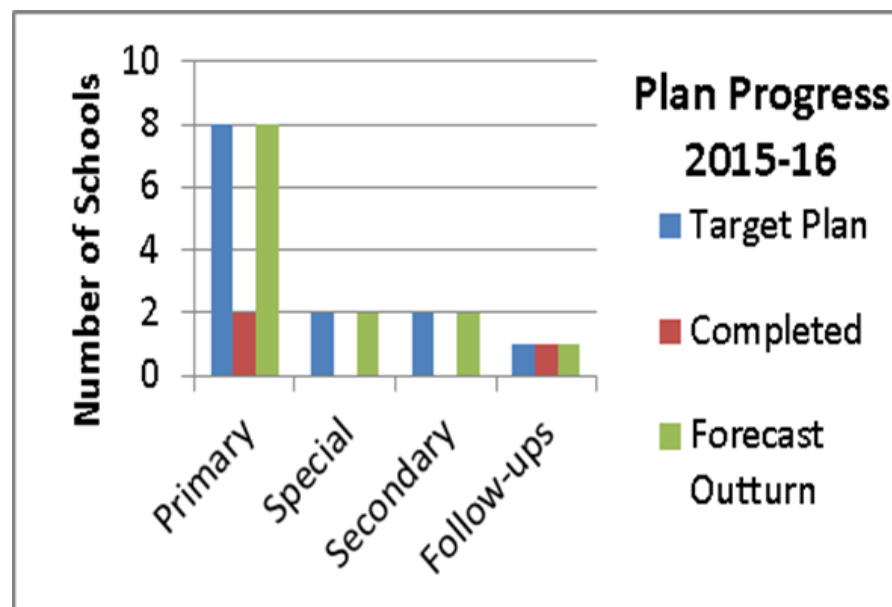
Fraud Prevention and Detection

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.

The Cabinet Office has taken over from the Audit Commission in running a major national data matching exercise (National Fraud Initiative – NFI) every two years. Data for the 2014/15 NFI exercise was provided, and the subsequent matching reports were disseminated in January 2015. Devon Audit Partnership (DAP) advised all relevant managers, and assisted departments in undertaking reviews of matches as appropriate throughout 2015; such data sets included payroll, creditors, insurance, concessionary travel passes, blue badges and housing benefits. Additionally, early liaison with relevant departments to facilitate the upload of 2015/16 data for Council Tax Single Person Discount and Rising 18's data matching reports, an exercise now required annually.

Linked to the TEICCAF (The European Institute for Combating Corruption and Fraud - was Audit Commission), and CIPFA (Chartered Institute of Public Finance and Accountancy) requirements, DAP continue to undertake annual 'Protecting the Public Purse', Fraud and Corruption surveys, which feeds into a national overview of fraud within public bodies.

Proactive anti-fraud work has been undertaken during the first six months of 2015/16. A Fraud bulletin has been produced and published on DAP's website. Our previous review of staff internet use identified a level of concern from which management took action on our findings. DAP has continued to undertake a six monthly monitoring of staff internet use and to date found no significant concerns. This provides assurance that action has been effective and such use remains within policy.

Irregularities - In the first six months of 2015/16, Internal Audit has carried out or assisted in 10 investigations across the various services, excluding Public Health and Adult Services, where Internal Audit were not made aware of any issues of irregularity that required investigation. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Employee Conduct	4
IT-misuse	2
Poor Procedures	2
Tenders and Contracts	1
Financial Irregularities	1

DAP have completed investigations into potential IT mis-use with evidence of inappropriate activity provided to management. These involved personal use of email and internet.

Assistance has been given with the investigation of a number of whistle-blower allegations relating to employee conduct, poor procedures and correct classification of cases, and the outcomes provided to Human Resources and the Financial, Ethical and Probity Group for action. An allegation regarding a safeguarding issue was also examined but no evidence as part of their Council employment was found. Additionally, we examined the potential inappropriate personal use of a business vehicle and provided our findings to Human Resources.

Customer Value

Performance Indicators - Resources

Overall, performance against the indicators has been very good (see appendix 2). We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.
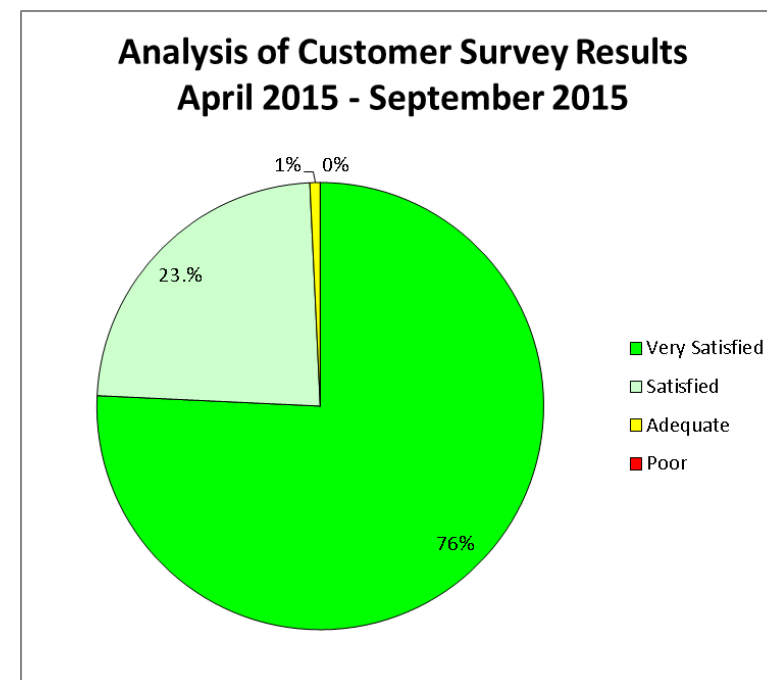
Customer Service Excellence (CSE)

DAP continues to be maintain accreditation by G4S Assessment Services of the CSE standard. We highly value customer comments on our service and how we can improve our work.

During the period we issued client survey forms with our final reports. The results of the surveys returned are very positive. The overall result is very pleasing, with near 99% being "satisfied" or better across our services, see appendix 3. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

What Our Customers Said

We have had some very complimentary feedback in the last six months. More details can be found on our website www.devonaudit.gov.uk but some of the more relevant comments include:-

- *'Auditor showed flexibility and willingness to be responsive in drawing up the terms of reference to ensure that appropriate areas were covered for audit to be of maximum value';*
- *'Very professional service delivery, I felt fully informed at all times and colleagues within the team were happy with interactions with auditors';*
- *'It's nice to have some positive feedback and for the hard work and commitment of staff in the team to be recognised. It's also good to have objective feedback so that we can be sure we are providing a good service to parents, children and young people in Torbay'.*

Analysis of Customer Survey Results April 2015 - September 2015

- Very Satisfied 76%
- Satisfied 23.%
- Adequate 1%
- Poor 0%

Added Value

We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. Some of the specific examples of where our team have been able to add value to the Council in the first six months of 2015/16 include:-

"extended the audit brief to include our requirements which supported the service in knowing how embedded practices are."

"may I express my appreciation to you for your excellent professional contribution to the recent very successful special schools conference"

"actions provided are achievable and will enhance the service.".

We continue to develop and train our staff so that they can add value to the organisation as it faces the difficult challenges ahead.

Appendix 1 – Summary of audit reports and findings for 2015/16

Risk Assessment Key
LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level
ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Assurance Progress Key
Green – action plan agreed with client for delivery over an appropriate timescale;
Amber – agreement of action plan delayed or we are aware progress is hindered;
Red – action plan not agreed or we are aware progress on key risks is not being made.
* report recently issued, assurance progress is of managers feedback at debrief meeting.

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Material Systems (includes all material systems for reporting completeness purposes, however direct responsibility for certain areas is within Community and Customer Services)					
Income Collection	ANA - Medium	Final	Good Standard	Assurance was reported in last year's annual report; please refer to that report for details.	
Crisis Support Follow-up	ANA – Low	Final	Good Standard	Assurance was reported in last year's annual report; please refer to that report for details.	
Creditors	ANA – High	Final	Improvements Required	Assurance was reported in last year's annual report; please refer to that report for details.	
Purchase Order Processing (POP)	ANA – Medium	Final	Good Standard	The ordering functionality within POP is effective and provides the majority of the expected controls of an electronic ordering system including robust authorisation controls. It provides for accurate recording of all the key information and the automated transfer and reversal of commitment data to the general ledger. Weaknesses continue to exist in the goods receipting functionality, however steps have been taken and continue to be developed to establish mitigating processes, and the residual associated risks continue to be accepted by management. A number of previous recommendations remain outstanding; however the majority of these should be resolved with the release of version e5.5 software in 2016.	

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Bank Reconciliation	ANA – Medium	Final	Good Standard	Sample testing of a number of bank reconciliations found that all have been accurately undertaken and had been independently reviewed, though clarity is required in term of completion deadlines, and interest should be promptly posted to the ledger at the end of the financial year. Although local payment schools are responsible for reconciling their own bank accounts to the schools' financial system, SIMS, a review of the reconciliation between SIMS and FIMS found that this had been effectively performed in a timely manner. We have no concerns in relation to user access management of the online banking system (Bankline), and all users reviewed were found to have appropriate access levels. Risks remain in relation to the lack of segregation of duties within the FIMS Sys Admin team, but these have previously been acknowledged, and accepted by management as unavoidable, due to the operational need and small size of the team.	
Main Accounting System	ANA - Medium	Final	Good Standard	A well established and robust control framework for the maintenance of councils Financial Information Management System (FIMS) Main Accounting System ensures that budgetary and transactional data is effectively recorded. This enables reporting of accurate financial information across service areas. The functionality within FIMS and the operation of manual controls provides further assurance of the integrity of the accounting data which is subsequently used to produce the Statement of Accounts and inform the Council's budgetary requirements. This includes data transferred from the Authority's various feeder systems. Segregation of duty remains an issue which is accepted by management as a factor prevalent in small finance teams, and a number of other minor issues have been identified for improvement.	

CORPORATE AND BUSINESS SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
		Status	Assurance Opinion	Executive Summary	
Treasury Management	ANA - Low	Final	High Standard	A comprehensive Treasury Management (TM) Strategy is in place and complies with the current CIPFA Code of Practice. The TM team continues to have a strong working relationship with its chosen advisor, Capita Asset Services, and many good practices have evolved as a result of this association. As in previous years, high operational standards continue to be maintained, with only minor issues being identified. Recommendations have been made to further strengthen existing controls, including, ensuring that all relevant documentation is completed and retained, and that outstanding training is undertaken.	⬆G
Payroll (Northgate)	ANA - Critical	Final	Good Standard	We are pleased to report that this year's assurance opinion remains as 'Good Standard'. This is partly due to the smaller audit programme being undertaken, and hence fewer recommendations; but also due to continuing progress in addressing prior year issues. Issues that remain include the outstanding Business Continuity Plan, the efficiency of the current method for recovering salary overpayments, and the Authority's leavers' process as leavers themselves are not required to be involved in any stage of the process before being terminated in the system. As was the case last year, only a small number of issues were identified this year in terms of the accuracy of data entry, and the majority of system amendments tested were found to have been appropriately authorised.	⬆G
Asset Register	ANA - Medium	Final	Good Standard	Assurance was reported in last year's annual report; please refer to that report for details.	⬆G

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Debtors	ANA – Medium	Final	Good Standard	The Debtors system continues to be well managed centrally and users are adequately supported by comprehensive procedures and training manuals. Debtors processes are operating effectively within a sufficiently sound overall control environment with most processes working as expected and as required by the organisation. Certain elements of the debtor process cannot be controlled centrally or are not controlled through system settings / restrictions and therefore reliance is placed on users to comply with procedural expectations. Limited central resources prevent the enforcement of compliance; hence the annual audit highlights incidents of non-compliance. Management continue to accept the risks of not taking action to address control weaknesses and non-compliance issues identified, due to the presence of mitigating controls and for customer service / business practicality reasons. The need for greater emphasis to be placed on debt recovery performance monitoring and reporting outcomes at senior management / member level in the current economic climate continues to be reported.	G ▲
Council Tax & Non Domestic Rates (NDR)	ANA – medium	Draft	Improvements Required	Overall there has been little progress in making the intended improvements to the control environment, and as a result recommendations have once again been made to properly embed and utilise the new processes, to complete on-going development of procedural documentation, and to make further enhancements to existing processes and controls. The review and confirmation of the ongoing appropriateness of bill reductions is not consistent or undertaken at a regular frequency, and changes to property valuation is not always timely, both resulting in a risk of unnecessary loss of income. Performance targets do not sufficiently cover review of all discounts and	A ▲

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report				Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary		
				exemptions, and generally performance targets are not being met.		
				The team have continued to maintain accuracy and control over property valuations with amendments to billing adequately supported.		
Benefits	ANA – Medium	Draft	Good Standard	The benefits department is generally performing effectively. A number of input / processing errors were identified, however although these were not deemed to be significant, or indicative of more serious underlying control weaknesses, there is a potential risk in relation to the accuracy of the Authority's subsidy claim.		G↑
				A potential system issue in relation to the treatment of 'unreported' change notifications was also identified, and we have recommended that further investigation is undertaken to determine any resulting impact.		
				Specific testing of overpayment recoveries or write-offs did not identify any issues.		
				As was the case last year, the Quality Assurance process is generally robust; and benefit payments themselves are well controlled.		
				Performance in terms of processing speed and accuracy is below target; however we understand this is due to a number of officers having been recently recruited, who are still in the process of being trained.		
Cheque Printing Project	Client Request	Ongoing	N/A	Support and advice is provided as required by the project. A proposal has been put forward following a decision by the project group; this is currently awaiting a formal response, following which a secondary element to the project will be instigated to implement the agreed outcomes.		N/A

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Northgate Self Service	ANA – Critical	Ongoing	N/A	Support continues to be provided to the project in line with the agreed project plan. The project framework is in place and operating reasonably effectively, however the project has been impacted by resource issues which continue to be managed. The supplier has been commissioned to undertake the 'build' of the system against agreed design documents. As expected the formulation of the design documents is very resource intensive. However the content and delivery timescale of these build documents is critical in ensuring that the system build is as required and the project timescales are achieved. The timescales for the project are considered to be 'tight', however are still currently considered to be achievable by the project board and supporting project team.	N/A

The following audits are currently in progress: • POP (Electronic Ordering) (ANA – Medium) • FIMS System Admin (ANA – High) • Asset Register (ANA – Medium) • Treasury Management (ANA – Low)	• IBS Open System Admin (ANA – High) • Capital Programme (ANA – Medium) It is anticipated that the reports will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.
The following audits have not yet been started as they are not due to commence until the second half of the year: • Main Accounting System (ANA – Medium) • Creditors (ANA - High) • Debtors (ANA – High) • Bank Reconciliation (ANA – Medium)	• Payroll (ANA – Critical) • Benefits (ANA – Medium) • Council Tax & NDR (ANA – Medium) • Income Collection (ANA – Medium) • Corporate Debt (ANA – Medium)

Grants

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Status	Assurance Opinion	Executive Summary	Assurance Progress RAG Score
Early Years – 2 year old nursery education	Client Request	Completed	Certified	No issued identified	G ⬆

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Highways Capital Funding x 3	Client Request	Completed	Certified	No issues identified	⬆ G
Autism Innovation	Client Request	Completed	Certified	No issues identified	⬆ G
Community Capacity	Client Request	Completed	Certified	No issues identified	⬆ G

The following audit is currently in progress:
• Troubled Families x4 (Client Request)

It is anticipated that work on Troubled Families will be ongoing until the end of 2015/16. No major concerns have been identified from our fieldwork to date.

The following audit has not yet been started as it is not due to commence until the second half of the year:
• Local Sustainable Transport Fund

Other

Section 106	ANA – Medium	Final	Fundamental Weaknesses	Planning applications are subject to review and authorisation by the Development Management Committee.	↗
				Section 106 payments are detailed in agreements drawn up by the Legal Team in liaison with the planning department; however the basis for the agreements is not consistently reviewed or evidenced within Planning resulting in risks of allegations against planning officers and legal challenge.	
				The agreed payments as defined within the s106 agreements, are due once trigger points have been reached. Weaknesses have been identified in the lack of information flowing between departments to ultimately advise Finance to instigate billing, leading to a risk of income not being billed as required. This could result in contributions not being collected and a reduction in potential income to the Authority. In one instance identified during the audit a	

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			
		Status	Assurance Opinion	Executive Summary	Assurance Progress RAG Score
				significant payment had not been collected.	
				Contributions received are recorded in the Financial Management Systems under the relevant schemes however issues have been identified and reported relating to the expenditure of these contributions at Service Area level. There is currently no effective end to end process monitoring method in place to ensure spending of the contributions is in line with the s106 agreements. This leaves the Authority open to legal challenge and potentially financial loss were the contractor(s) to request repayment under the terms of the agreement.	
				It is evident from the findings that an overarching monitoring process needs to be implemented to provide a more efficient and effective means for managing Section 106 payments as an end to end process. It is understood that there may be some scope to utilise an element of Section 106 / Community Infrastructure Levies (CIL) monies to fund such an implementation	
Tor Bay Harbour Authority – Risk Management	ANA – Medium	Final	Good Standard	Processes are established to identify and manage risks, and the Tor Bay Harbour Authority has been separately assessed as compliant with the Port Marine Safety Code. A specific Tor Bay Harbour Authority Emergency Plan is established and has been subject to testing through desk top exercises and a multi-agency exercise. In terms of business continuity, a plan exists but was not current at the time of the audit.	
				Recommendations have been made to ensure that risk areas identified in the emergency plan are risk assessed, to complete the standard operating procedures that support risk mitigation and to maintain the currency of risk assessments through ensuring that there are sufficient trained risk assessors, and that appropriate H&S training is completed by all staff in order to minimise the risk to personal and public health. The need for consistent recording of incidents / accidents was also identified along with the need to test the business continuity arrangements.	

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Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Human Resources	ANA - High	Final	Improvements Required	Comprehensive published policies exist in relation to recruitment of staff and the hiring of agency workers. These policies are supported by procedures, toolkits and forms, and the provision of recruitment training via i-learn and guidance from HR Advisors, in order that service areas are appropriately supported when recruiting and hiring staff. Contractual arrangements are in place with approved agencies to ensure appropriate procurement practices and pre-employment checking; a waiver facility allows deviation from this arrangement but is not adequately controlled to enforce the same checks applied to the approved agencies or require the same terms and conditions to reduce any liability by the Council. Recruitment training has now been established but completion of training is not enforced or monitored; understanding and awareness by responsible managers would increase the likelihood of consistent compliance with expectations. Since the last audit an improved control framework has been established, however it was found that controls are insufficient to ensure adherence to the policies and procedures in particular in relation to the hiring of agency staff. Hence the risks of unsafe or illegal recruitment and hiring are not fully mitigated. Recommendations have been made to strengthen the control framework and reduce the risks through ensuring greater HR monitoring / involvement.	G ↑
Business Improvement Districts (BID)	ANA – High	Ongoing	N/A	Ongoing support and advice is being provided to the project to establish a new BID company and BID area. We are using knowledge gained from our previous audit examination of the existing BID formations and their ongoing management of the arrangements between the BID companies and the Council.	N/A

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
TOR2 Commissioning / Contract Monitoring	ANA – High	Ongoing	N/A	We have previously provided support to the Future State Project, following its cessation we are now working with management to determine areas where we can provide support or added value in relation to TOR2 contract monitoring.	N/A
Procurement / Contracts	ANA – Medium	Ongoing	N/A	We have provided advice in relation to development of the new Procurement Strategy and the redrafting of Contract Standing Orders as a result of the Procurement Regulations 2015, and are now working with management to determine an audit approach to examine these changes in practice and build on previous work in relation to contracts compliance.	N/A
South Devon Link Road / Waste Public Finance Initiative (PFI)	ANA – High	Ongoing	N/A	Devon Audit Partnership has kept a watching brief of progress with the schemes.	N/A
Fair Decision Making	Client Request	Ongoing	N/A	Work has commenced in this area, however the client has requested that this be a project support approach as opposed to auditing the existing arrangements. The current project is to review the current operational practices in relation to the Fair Decision Making process, and our work will support and challenge this review process alongside considering the project management practices. The timing of our involvement is dependent on the project timetable.	N/A
The following audit is currently in progress: • Torbay Development Agency - School Places Planning (ANA – High)				It is anticipated that the report will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.	
The following audits have not yet been started as they are not due to commence until the second half of the year: - New Operational Arrangements (Client Request) - Elections (ANA – Medium)				- Demand Management including Financial Planning (Strategic Risk) - Ethics and Culture (ANA – Medium) - Tor Bay Harbour Authority (ANA – Medium)	

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Community and Customer					
Corporate Security and CCTV	ANA - Medium	Draft	Improvements Required	The Corporate Security and CCTV services face significant challenges in terms of budget reduction impacts. In addition, the existing building access security system is aged and no longer supported. Projects have commenced to consider future service delivery and alternative means of investment in light of these austerity measures and the need to replace the building access security system. Although the Council has no legal obligation to provide a CCTV service, the full or partial loss of it would present significant risks to the organisation and its stakeholders. Maintenance of sufficient security to keep assets safe is essential in relation to property and information management. Recent reorganisation within the Council has resulted in the transfer of these functions between departments and identified that the governance framework for these services is inadequate. Significant work is required to bring business plans, policy and procedures to an acceptable standard and to ensure compliance with legislative requirements, along with establishing and maintaining a project management framework to support the current service reviews and ensure that project objectives are met.	*
Museum Services	ANA – Low	Draft	Improvements Required	A comprehensive paper inventory maintains an effective record of the Torre Abbey collection of arts and social memorabilia. This is gradually being replaced by the electronic MODES system and supplemented by other electronic documents; however the delayed completion of this process could adversely affect the accuracy of the resulting electronic record. Examination of records did identify inaccuracies with the accession register and the asset location details recorded on the inventory. It was also noted that a copy of the accession register is not maintained off site	*

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	**Assurance Opinion**	**Executive Summary**	
				to support Torre Abbey's legal ownership rights to collection items in the event of a total loss.	
				The Abbey Project Board utilise admissions data to maximise income opportunity, although performance indicators have not been established to assist with monitoring.	
				Collection of admissions and other income through the cash tills is effectively controlled, although arrangements for cashing up and the transit of monies could be improved, the insurance for the safe needs addressing and the pricing policy for souvenirs should be formalised.	
				Income from the hire of rooms and grounds provides an increasing important source of revenue; whilst adequate processes exist to manage these arrangements and associated income, they are not consistently applied. Income from property related sources is controlled through the centralised systems and generally effectively managed through the Torbay Development Agency, although the rent reviews have been delayed, the turnover rent for the leased café is not being billed and rental from land for car parking is not being received.	
				Overall, despite the arrangements and practices in place and improvements since the last audit, the risks of loss of assets and loss of income remain.	
				Review of expenditure arrangements demonstrated generally sound controls, however one instance of non-compliance with Financial Regulations in relation to a contract was noted, and accordingly, a recommendation has been made to prevent a similar recurrence.	

The following audits have not yet been started as they are not due to commence until the second half of the year:
- Sports Facilities (ANA – Medium)
- Housing Options (ANA – Low)
- Torbay Coast and Countryside Trust (ANA – Medium)

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
IT Audit					
Mobile Device Management	ANA - Critical	Final	Good Standard	Assurance was reported in last year's report; please refer to that report for details.	
File Storage	ANA-High	Draft	Improvements Required	Assurance was reported in last year's report; please refer to that report for details.	
Corporate Printing	ANA – Medium	Final	Good Standard	The project is a reasonably small scale project intended to identify and realise efficiency / financial savings through rationalisation of the print solutions. The project is well managed and well supported through engaging an external supplier to undertake the status review and identify potential savings. The project has appropriate staff members engaged. There is some linkage with the current Corporate Security project in relation to use of swipe cards linked to the multi-function devices. The project is also intended to enhance the cross charging process through the use of a centralised print budget linked to a print management system. There are also cultural issues in terms of engaging staff in the printer rationalisation project as there is already some reluctance to release printers from specific areas. These issues are known issues and are being considered throughout the project. Although the timing of the project was initially somewhat protracted due to reliance on the external supplier, it is now progressing reasonably well with an intended implementation date of December 2015.	
Change Control (Follow up)	ANA – High	Final	Improvements Required	Some progress against the agreed recommendations has taken place. We note that a number of recommendations remain to be completed and in some cases revised recommendations have been made. Timescales for some original outstanding recommendations have slipped in some instances and revised timescales have been detailed in the updated action plan.	

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COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	**Assurance Opinion**	**Executive Summary**	
				The primary issue originally identified was in relation to the need for implementation of a Change Management Tracking System. This was originally piloted but the decision has subsequently been taken to no longer pursue this system; a weekly meeting has been instigated with attendance from various IT Teams to mitigate / minimise the associated risks, however this meeting is not formally documented or minuted and therefore Audit is unable to establish its effectiveness.	
Information Security Group	Client Request	Ongoing	N/A	Support continues to be provided in the form of attendance and active participation in the Information Security Group. This includes the review and update of the Information Security Policy Framework, and supporting policies such as the End User Computing policy and PCI compliance, which has recently been adopted. Work continues at the request of the client in terms of meeting attendance and active participation in arising associated activities including involvement in the group's work on emerging issues.	N/A

The following audits are currently in progress.
- Hosted Services - Checklist for Cloud Services (ANA – High)
- Database Administration (ANA – High)
- Harbour Mooring Replacement System (ANA – Medium)

It is anticipated that the reports will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:
- Infrastructure Management - review of technical fit with ICT Roadmap (ANA – Critical)
- Service Strategy - review following organisational change; and benchmarking of service delivery (ANA – High)
- Partnership Working (ICT systems) TOR2 (ANA – High)
- Service Operation - Corporate Access Management (ANA – High)
- Channel Shift (ANA – High)

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Material Systems (within Community and Customer Services, also shown in Corporate and Business Services)					
Crisis Support Follow-up	ANA – Low	Final	Good Standard	Assurance was reported in last year's annual report; please refer to that report for details.	G ↑
Benefits	ANA – Medium	Draft	Good Standard	The benefits department is generally performing effectively. A number of input / processing errors were identified, however although these were not deemed to be significant, or indicative of more serious underlying control weaknesses, there is a potential risk in relation to the accuracy of the Authority's subsidy claim.

A potential system issue in relation to the treatment of 'unreported' change notifications was also identified, and we have recommended that further investigation is undertaken to determine any resulting impact.

Specific testing of overpayment recoveries or write-offs did not identify any issues.

As was the case last year, the Quality Assurance process is generally robust; and benefit payments themselves are well controlled.

Performance in terms of processing speed and accuracy is below target; however we understand this is due to a number of officers having been recently recruited, who are still in the process of being trained.

A 'high standard' opinion has been given in relation to the risk, 'Inappropriate or inaccurate payments made or not recovered', however this year's approach has been to sample test the controls in place, and our opinion is based on the findings from this work. | G ↑ |
| Council Tax & NDR | ANA – medium | Draft | Improvements Required | Overall there has been little progress in making the intended improvements to the control environment, and as a result recommendations have once again been made to properly embed and utilise the new processes, to complete on-going development of procedural documentation, and to make further enhancements to existing processes and controls.

The review and confirmation of the ongoing appropriateness of bill | A ↗ |

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				reductions is not consistent or undertaken at a regular frequency, and changes to property valuation is not always timely, both resulting in a risk of unnecessary loss of income. Performance targets do not sufficiently cover review of all discounts and exemptions, and generally performance targets are not being met. The team have continued to maintain accuracy and control over property valuations with amendments to billing adequately supported.	

The following audits are currently in progress:
- IBS Open System Admin (ANA – High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:
- Benefits (ANA – Medium)
- Council Tax & NDR (ANA – Medium)
- Corporate Debt (ANA – Medium)

CHILDREN'S SERVICES AND INNOVATION

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Admissions in Place Planning and Pupil Referral Panel	ANA - Medium	Final	High Standard	Audit has assessed that Torbay Schools Admission Team have been fully compliant with the Dept. for Education (DfE) Schools' Admission Code. The admission arrangements were easily found on the internet and show clearly the admission arrangements and policies for all schools. Audit found that all relevant documentation was up to date and covered all relevant areas. Parental applications were dealt with within a clear timetable. Relevant checks by the Team were made to ensure compliance with the DfE School Admission Code and the relevant individual school policy. The work undertaken by the Senior Officer - Schools Services on the pupil referral panel was found to be excellent. The referrals from schools were dealt with in a timely manner and decisions made were found to be robust and based on good evidence and professional opinion. There was evidence of joint working with all agencies and professionals and the outcomes and actions for the child were tailored to their needs. A recommendation has been put in place for increased IT support.	

The following audits are currently in progress:
- Transition from Children's to Adults (ANA – Medium)
- Fostering (ANA – High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:
- Virtual School (ANA - High)
- Integrated Youth Service (ANA - Medium)

The following audit has been cancelled as it is no longer required:
- PARIS (ANA – Critical)

CHILDREN'S SERVICES AND INNOVATION

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

Grants

Early Years – 2 year old nursery education	Client Request	Completed	Certified	No issued identified	

The following audit is currently in progress:

• Troubled Families x4 (Client request)

It is anticipated that work on Troubled Families will be ongoing until the end of 2015/16. No major concerns have been identified from our fieldwork to date.

Maintained Schools

Schools Financial Value Standards (SFVS)	ANA – Low Mandatory for LA / Schools	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2014/15 submitted to the Department for Education.	
Maintained Schools audit programme	Agreed programme through 'buy back'	On-going	Good Standard	The overall opinion for the routine school audit visits has been maintained as 'good standard' (refer to summary data below). The provision of internal audit's performance data provides a greater focus on schools causing concerning in the wider control environment.	

Maintained Schools Summary Data	Assurance Opinion
The key matters arising from the audits are the: • understanding of financial management by governors and skills assessment as evidenced by the requirements of the Standard • demonstrable financing of plans for raising standards and attainment; and, • absence of financial benchmarking. Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.	Good Standard

PUBLIC HEALTH

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Lifestyle Service Review – Consultations	ANA - Medium	Draft		Work is currently on going with Public Health colleagues to agree the assurance opinion and report including the executive summary.	

The following audit has not yet been started as they are not due to commence until the second half of the year:
- Public Health / NHS Links (ANA - High)

ADULT SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Grants					
Autism Innovation	Client Request	Completed	Certified	No issued identified	

The following audit have not yet been started as they are not due to commence until the second half of the year:
- NRS Joint Equipment (Client Request)
- Care Act Implementation – Better Care Fund (ANA – High)

Appendix 2 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

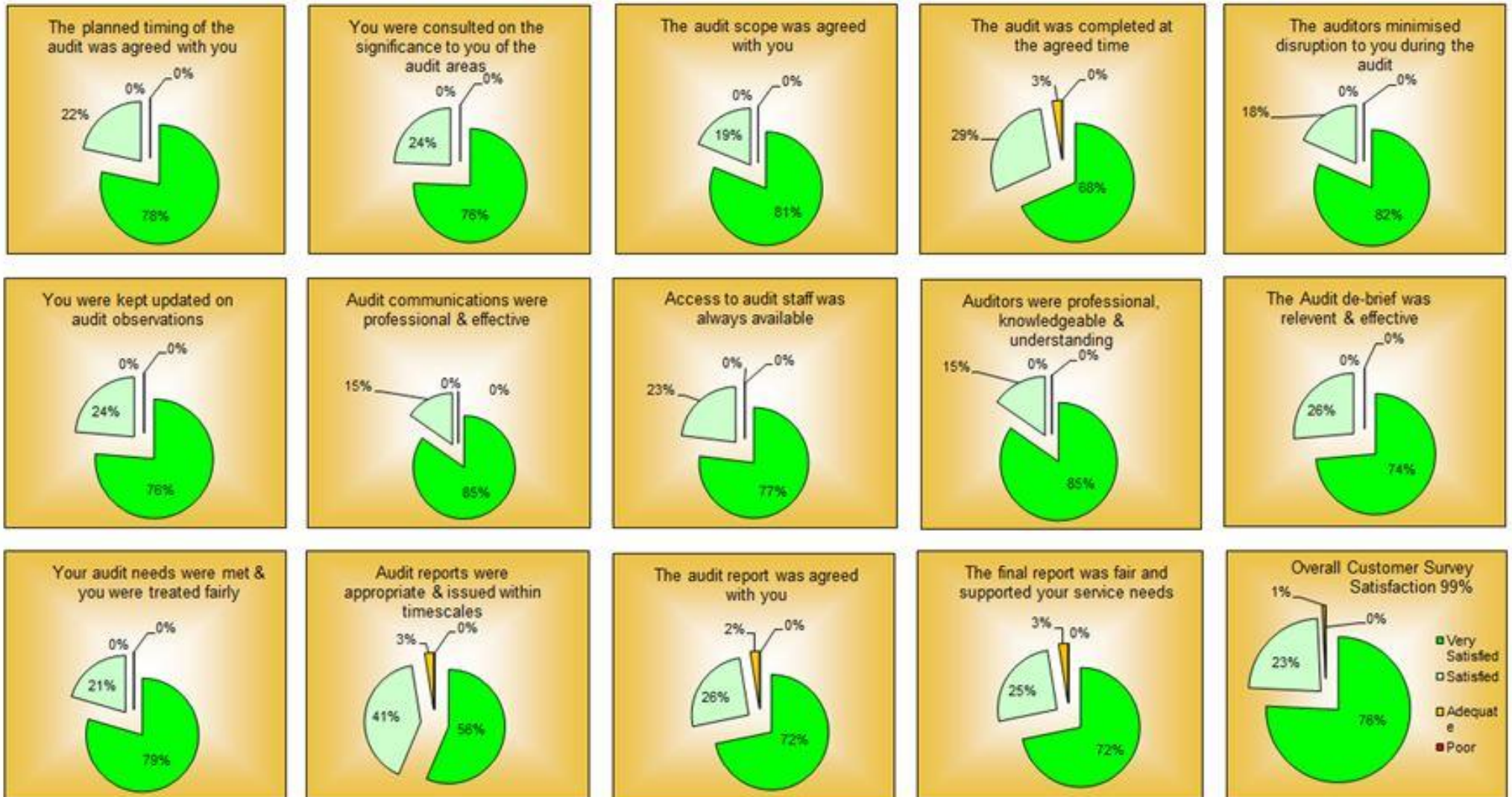| Annual Local Performance Indicators (LPI)	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16
	Target	Actual	Target	Actual	Target	Actual	Full Year Target	Six month Actual
Percentage of Audit plan Commenced (Inc. Schools)	95%	99%	100%	100%	100%	100%	100%	67.1%
Percentage of Audit plan Completed (Inc. Schools)	90%	93.1%	93%	90.4%	93%	91.7%	93%	36.2%
Actual Audit Days as percentage of planned (Inc. Schools)	90%	95%	95%	105.9%	95%	99%	95%	46.2%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%	100%	On target
Percentage of chargeable time	65%	66.1%	65%	69.3%	65%	67.8%	65%	67.3%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	98%	90%	99%	90%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	98%	90%	83.2%	90%	77.7%	90%	60%
Final reports produced within target number of days (currently 10 days)	90%	99%	90%	88.6%	90%	96.6%	90%	94.7%
Average level of sickness absence (DAP as a whole)	2%	2.9%	2%	3%	2%	5.5%	2%	2.1%
Percentage of staff turnover (DAP as a whole)	5%	8.5%	5%	3%	5%	16.6%	5%	6%*
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes	Yes	On target

Overall, performance against the indicators has been very good. We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We are reviewing areas where performance has been poor, and are working with our staff to ensure improvement is achieved.
Note * - 2 staff on secondment to other services.

Appendix 3 - Customer Service Excellence

Customer Survey Results April 2015 - Sept 2015

The charts below show a summary of 39 responses received.

Appendix 4 – Definitions

Definitions of Audit Assurance Opinion Levels		Confidentiality under the Government Security Classifications	
Assurance	**Definition**	**Marking**	**Definition**
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.	Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.	Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.	Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.		