

Internal Audit

Annual Audit Report  
2019-20

Torbay Council  
Audit Committee

May 2020



Robert Hutchins  
Head of Audit Partnership



Auditing for achievement

## Introduction

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

The Accounts and Audit (Amendment) (England) Regulations 2015 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 2019/20 was presented and approved by the Audit Committee in March 2019. The following report and appendices set out the background to audit service provision; a review of work undertaken to date in 2019/20 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 an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

### Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the 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 (see appendix 4) and satisfy themselves from this assurance for signing the Annual Governance Statement.

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

Contents	Page
Introduction	1
Opinion Statement	2
Summary Assurance Opinions	3
Value Added	4
Audit Coverage Performance Against Plan	5
Irregularities	6
Appendices	
1 – Summary of Audit Reports & Findings	7
2 – Professional Standards and Customer Service	28
3 – Audit Authority	29
4 – AGS Assurance Framework Audit Authority	30
5 – Basis for Opinion	31
6 – Performance Indicators	32
7 - Customer Service Excellence	33

# Opinion Statement

**Overall, based on work performed during 2019/20 and our experience from previous years, the Head of Internal Audit’s Opinion is one of “Substantial Assurance” on the adequacy and effectiveness of much of the Authority’s internal control framework. The exception to this is the Children’s Directorate where we are only able to provide ‘Limited Assurance’ at this time however the Directorate is showing a positive direction of travel and is currently driving significant change through a service programme, including a complex migration to a new IT system.**

*This opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 4. Assurance over arrangement for adult social care is mainly provided by colleagues at Audit South West, the Internal Audit provider for Health Services, who provides a separate letter of assurance.*

The Authority’s internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority’s control environment. These reviews have informed the Head of Internal Audit’s Opinion on the details of Internal Audit’s opinion on each audit review carried out in 2019/20 to date. 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 2019/20.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews, 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. Implementation of action plans rests with management and these are reviewed during subsequent audits or as part of a specific follow-up.

The summary Assurance Opinions chart on page 3 provides a “Themed” overview. We have RAG rated the audit areas covered to identify what our assurance is relative to the audit plan.

## This statement of opinion is underpinned by:

### Internal Control Framework

The control environment comprises the Council’s policies, procedures and operational systems and processes in place to establish and monitor the achievement of the Council’s objectives; facilitate policy and decision making; ensure economical, effective and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council’s assets and interests from losses of all kinds. Core financial and administrative systems were reviewed by Internal Audit.

The Council’s overall internal control framework is considered to have operated effectively during the year. Where internal audit work has highlighted instances of non or part compliance, none are understood to have had a material impact on the Authority’s affairs. However, the opinion provided must be considered in light of the current and (at time of writing) ongoing coronavirus pandemic, and the impact of this on the Council. Our opinion is based on internal audit work undertaken during 2019/20, a majority of which took place prior to Covid-19 and the resulting emergency measures being implemented.

Covid-19 measures have resulted in a significant level of challenge to the Council and put pressure on the expected control environment; the need for prompt and urgent action by officers has required changes to some procedures and control arrangements. The level of impact this had in 2019/20, and continues to have in 2020/21, is changing as the situation develops. In respect of this annual report it has not been possible to fully quantify the additional risk that may have arisen from such emergency and short-term measures or fully determine the overall impact on the framework of governance, risk management and control.

### Risk Management

Strategic Risk Management remains in place, integrated with performance monitoring at Senior Level. We have identified prevention initiatives in place and recommended a more integrated approach. We have been engaged in processes to support the inclusion of significant Council programmes and projects. Work to integrate this at operational level remains ongoing, and we consider continued active risk management to be critical in light of the current crisis.

### Governance Arrangements

Governance has been reviewed within Transformation programmes and projects; various System Implementations; Health & Safety; and Information Governance and Data Quality, where opportunities were found for improvement, Governance in relation to information management is provided by the Information Security Group.

### Performance Management

Performance Monitoring is integrated into the Risk Management reporting to SLT and Audit Committee. Transformation Portfolio performance is monitored by the Transformation Board and sub programme boards. For other contracts, monitoring and governance is variable across the Authority and opportunities for improvement identified. Performance of ICT provision is monitored but is undergoing a review to reflect changes in the service delivery model.

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.	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.
Substantial 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.	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.

# Summary Assurance Opinions

Service Area Overview of Audit Coverage				
Children's Services	Adult Services and Housing	Public Health	Place	Corporate
<p>Early Years (Prevention)</p> <p>Use of Agency</p>	<p>Community Engagement (Prevention)</p>	<p>Health Protection and Infection Control</p> <p>Public Health / NHS Links</p>	<p>Museums</p> <p>TDA ISO9001</p> <p>Spatial Planning - Development and Planning</p>	<p>Material Systems -</p> <p>Asset Register; Treasury Management; Income Collection; FIMS system Admin; IBS System Admin; GL and Bank Reconciliation; Payroll; Benefits; Creditors and POP</p>
<p>SEN/Higher Needs</p> <p>Contracted Services / Commissioned Services</p> <p>Legal Care Proceedings</p> <p>Permanency Planning</p> <p>Early Help Strategy</p> <p>Special Guardianship Order</p> <p>Transition - Children's to Adults</p> <p>Disability Services</p> <p>Children's Services Medium Term Financial Strategy - Improvement Plan</p> <p>Adoption</p>			<p>Parking Services</p> <p>Harbours (Income)</p> <p>Commissioning and Performance Monitoring by the Council of TDA</p> <p>TOAD Replacement (Asset &amp; Facilities Management Project)</p>	<p>Material Systems -</p> <p>Debtors &amp; Corporate Debt; Council Tax and MINDR</p> <p>ICT Investment in the Service</p> <p>ICT IG and Data Quality</p> <p>Housing</p> <p>Community Protection (Prevention)</p>
<p>Grant Certification</p>	<p>Care Act - Better Care Act / Improved Better Care Action / Section 256</p>		<p>Port Marine Safety Code</p> <p>Grant Certification</p>	<p><b>Health &amp; Safety</b></p> <p>Transformation</p> <p>Benefits - testing of earned income</p> <p>Benefits subsidy claim 40+</p> <p>Benefits subsidy claim - discovery &amp; Initial 40+</p> <p>GDPR - Project and IAR</p> <p>Information Security Group</p>

**Key:** Green = High or Good Standard    Amber = Improvements Required    Red = Fundamental Weaknesses    Blue = Opportunity or Value Added

## Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can. We seek to obtain feedback from those audited during the year to ensure we achieve this.

We believe internal audit activity can add 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.

We trust that Senior Management has found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times. We further trust that our work has provided specific added value benefits in key areas and in mitigating key risks. For example:-

### Public Health

- the development of future years audit plans to cover new and emerging risk.
- Our Council wide prevention audit activity is intended to support the Council in their existing efforts to develop prevention and reduce service costs.

### Adult Services

- inclusion again of the 'Care Act – Better Care Fund / Section 256 monies' audit in the planned work to provide management with the required assurance;
- liaison support in relation to the working relationship between the Council and Audit South West;
- support to Audit South West in completion of their IT Audit Plan
- Council wide prevention audit intended to support the Council's existing efforts to develop prevention and reduce service costs.

### Children's Services

- engagement in relation to the Liquid Logic implementation;
- a high-level review of cross-agency working arrangements with Adult Care Services to ensure adequate support infrastructures are in place for transitioning young care leavers with disabilities;
- assistance in maintaining impetus in management action plans to address identified risks through the annual follow up process;
- review of procurement and prevention arrangements and activities which may assist with budget pressures.

## Corporate Services

- ongoing engagement in various Transformation programmes and projects, including FIMS Projects, Children's Services system implementation (excluding procurement stage); engagement in Council Redesign; TOR2 and Investment and Regeneration. We also continue to provide relevant information and practices from Local Government articles and guidance;
- additional support in relation to the external audit requirement for benefit subsidy;
- support to the ongoing GDPR project, including development of the Council's Information Asset Register (IAR);
- continued advice, guidance and challenge to the Information Security Group.
- Support to the Council's Data Protection Officer in the provision of FOI data; and input to the annual Data Security and Protection Toolkit (DSPT);
- Data Quality/IG audit that also supports the Council's DSPT submission;
- Review of prevention activity across the Council, intended to support existing efforts to develop prevention, maximise integration, improve efficiency and reduce service costs.

### Place

- additional request for a follow up review of Tor Bay Harbour Authority Port Marine Safety Code Compliance;
- additional request to provide a review of ISO9001 procedures at the TDA;
- a review of the governance structure in place at the Council, to ensure it facilitates robust and independent planning decisions;
- provision of grant certifications;
- project assurance support to the ongoing TOR2/SWISCO project;
- review of the Asset and FM system replacement project.

### Schools

- Continued assurance through the routine internal audit visits that systems and controls are in place to ensure compliance with Department for Education and Council requirements are being met.

## Audit Coverage and performance against plan

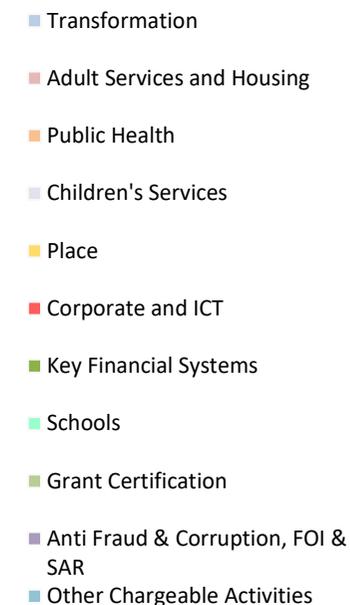
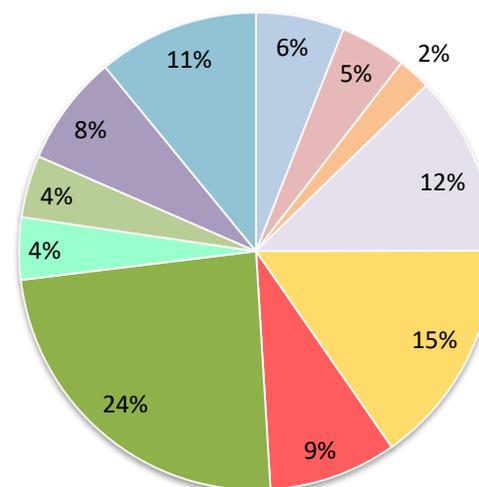
The pie charts right show the breakdown of audit days planned by service area / type of audit support provided. The balance of work has varied slightly during the year as can be seen from comparison with the second chart, and variations have been with full agreement of the client.

Appendix 1 to this report provides a summary of the audits undertaken during 2019/20, along with our assurance opinion. Where a “high” or “good” standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of “improvement required” has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

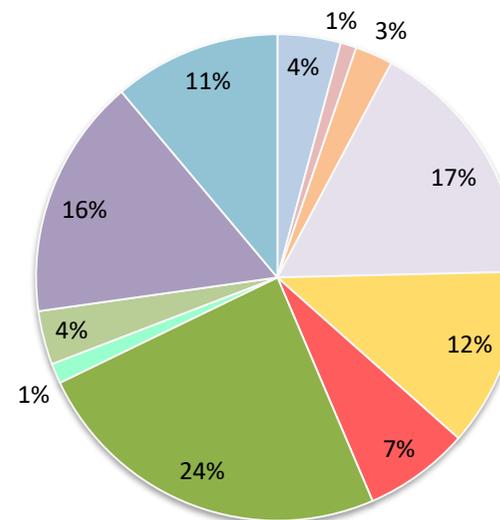
Appendix 6 shows the performance indicators for audit delivery in 2019/20 against the revised audit plan. It will be noticed that there was a small variation in the total number of audit days provided during the year. When we prepare our plans, we make an educated assessment of the number of days that an audit is likely to take.

When the fieldwork is actually completed there is inevitably a variance from the planned days. In addition, we provide an allowance for work on areas such as fraud and corruption; in some years the requirement will exceed the planned budget and in others the need for our resource will be less than planned. It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.

### Audit Plan 2019-20



### Audit Delivery 2019-20



## Irregularities Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability.

Devon Audit Partnership (DAP) has taken on a liaison role with the Corporate Fraud Officer; the key outcomes of this role are the identification and investigation of external frauds.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years. The majority of data matching for this involves the investigation of potential external fraud committed against the Authority, i.e. individuals or bodies external to the Council. This area of NFI has now been taken on by the corporate fraud officer, with advice and assistance from DAP as required.

DAP has continued to undertake an annual 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. The Council’s Whistleblowing Inbox is also monitored daily.

Periodic fraud bulletins are also produced and published on DAP’s website and Twitter feed.

**Irregularities** – During the 2019/20-year, Internal Audit have carried out, or assisted in fifteen irregularity investigations. Analysis of the types of investigation and the number undertaken shows the following: -

<b>Issue</b>	<b>19/20 Number</b>	<b>18/19 Number</b>
Poor Procedures	4	2
Employee / Member Conduct	9	9
Tenders & Contracts	1	0
Financial Irregularities	1	3
IT Misuse	0	2
Theft	0	1
Misappropriation of Income	0	0
<b>Total</b>	<b>15</b>	<b>17</b>

**Summary details as follows: -**

The irregularities have included; reviewing officers processes operated following allegations of poor practices; reviewing officer conduct following allegations; investigation of employment and cultural practices following allegations; irregular administrative and financial practices, and minor theft.

**Freedom of Information and Subject Access Requests: -**

We were asked to assist with six requests under Freedom of Information, Data Protection requirements, and an Unacceptable Behaviour report.

## Appendix 1 – Summary of audit reports and findings for 2018/19

### 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

### Direction of Travel Assurance 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 SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
<b>Transformation</b>			
Transformation Programme - project 'trusted advisor' role (ANA – Critical) Risk / ANA - Critical	Added Value Status: Draft  <i>Draft Report issued 14/5/2020 – awaiting client response</i>	<p>As requested, we undertake a dual role in both Audit assurance and support to operational delivery in line with programme and project timescales.</p> <p>We continue to provide reports resulting from our audit work where there's a direct link to Transformation Programmes and projects. These provide our opinion on specific areas along with any recommendations where we feel controls could be strengthened.</p> <p>In relation to specific Transformation Programmes and Projects, we have provided the following:</p> <ul style="list-style-type: none"> <li>Children's Services ICT – we continue to provide a Project Assurance role in relation to the Liquid Logic system implementation, highlighting assurance issues through to Project Board and Project Management. We also provide an ongoing advisory role as required.</li> <li>Commercialism Programme – attendance at and participation in Commercialism Board in an active Project assurance role, along with engagement within associated projects as required;</li> <li>TOR2/SWISCO – provision of Project Assurance in relation to the ongoing Project, transitioning TOR2 to SWISCO. Assurance issues are highlighted to Project Board and Project Management. We continue to engage with the Project Manager.</li> <li>FIMS projects – we have recently been engaged in a number of ongoing FIMS projects, again providing a project assurance role and advice where required;</li> <li>Council Re-design – we had minimal engagement in the early stages of this programme and are pleased to now be fully engaged with the Programme Manager, allowing us to formally undertake a Project Assurance role.</li> </ul> <p>We undertake ongoing horizon scanning through provision of information/articles from Local Government and other relevant publications identifying projects and programmes that may be of interest to Torbay Council.</p>	N/A*

**CORPORATE SERVICES**

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		It is pleasing to note that external project and programme support has been engaged by the Council to support progression of Transformation. However, we remain of the opinion that the Council review its position in terms of a broader Portfolio Management perspective integrating other Council projects that fall outside of the Transformation remit. This would provide the organisation with greater clarity on all projects and identify interdependencies, priorities and a method for identifying peaks in resource requirement.	
<b>Material Systems</b>			
Asset Register Risk / ANA -Medium	High Standard Status: Final	Assurance was reported in this year's half yearly report; please refer to that report for details.	
Treasury Management Risk / ANA - Low	High Standard Status: Final	Assurance was reported in this year's half yearly report; please refer to that report for details.	
Income Collection Risk / ANA - Medium	High Standard Status: Final	Assurance was reported in this year's half yearly report; please refer to that report for details.	
FIMS System Administration Risk / ANA - Critical	Good Standard Status: Final	Assurance was reported in this year's half yearly report; please refer to that report for details.	
IBS* System Administration Risk / ANA – High *International Business Systems	Good Standard Status: Final	Assurance was reported in this year's half yearly report; please refer to that report for details.	

## CORPORATE SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Benefits – testing of earned income. Risk / ANA: N/A	Added Value Status: Complete	Assurance was reported in this year's half yearly report; please refer to that report for details.	N/A
Benefit Subsidy Claim – Additional 40+ testing. Risk / ANA: N/A	Added Value Status: Complete	No further issues were identified.	N/A
Benefit Subsidy Claim – Discovery and initial 40+ testing. Risk / ANA: N/A	Added Value Status: Complete	Assurance was reported in this year's half yearly report; please refer to that report for details.	N/A
General Ledger and Bank Reconciliation Risk / ANA: Medium	Good Standard Status: Final	<p>As has been the case in previous years, the control environment relating to financial performance monitoring, day to day amendments that are made to the ledger, and undertaking bank reconciliations, including access to the online banking system, is generally sound. We are also pleased to report most of the outstanding agreed recommendations have now been implemented.</p> <p>Other outstanding recommendations including the lack of segregation of duties across these functions remain; however, these issues are common within small teams, and management have accepted the associated risks.</p> <p>Additional, minor recommendations have been made in relation to updating procedural guidance and ensuring budget virements net to zero.</p>	
Payroll 2019-20 Risk / ANA: Critical	Good Standard Status: Final	<p>As in previous years, the control environment relating to the payroll system is generally robust, and only a small number of recommendations have been made. These include retention of evidence relating to checks on parameter updates.</p> <p>Other recommendations are those where risks have previously been accepted, and those remaining from previous years that have yet to be actioned. We are pleased to note that these have been reduced significantly this year due to their implementation.</p>	
Benefits Risk / ANA: Medium	Good Standard Status: Final	Issues continue to be identified in relation to processing claims from self-employed (SE) applicants, specifically in terms of the accuracy of calculating weekly earnings, and we have made a number of recommendations accordingly.	

**CORPORATE SERVICES**

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>In addition, targets for the percentage of processes to be checked via the department’s quality checking (QC) process are currently not being met, increasing the risk of inaccurate benefit payments being made.</p> <p>No issues were identified in terms of the payment process itself, and sample testing of a number of overpayments found they had all been accurately determined and effectively recorded.</p> <p>Testing on the Authority’s 2018-19 subsidy claim undertaken earlier in the year did identify some additional issues and these were separately reported. We did not find any similar instances during this audit, however our sample size is more limited than for subsidy work, therefore we cannot provide assurance that similar issues are not present in the 2019-20 year.</p>	
Creditors and POP Risk / ANA: High	Good Standard Status: Final	<p>The control environment relating to the payment of invoices and other creditors, whether originating via the electronic ordering process, or via the manual payment route is generally robust. A number of related recommendations have been made; however, some are longstanding and have been previously accepted by management due to resource constraints.</p> <p>As in previous years, our main concern is in relation to the authorisation process for manual payments, whereby only payments over £5k are checked for appropriate authorisation before being processed. We understand a number of system-based solutions are available to mitigate this risk, and that at the time of the last audit, a business case was being written to obtain management agreement.</p> <p>Due to the impact of the Covid-19 outbreak on the level of resource available to support the audit, we have been unable to establish progress since then, or complete a number of other areas this year, specifically:</p> <ul style="list-style-type: none"> <li>• Manual Certification Forms</li> <li>• Petty Cash Claims</li> <li>• Credit notes / Amendments.</li> <li>• Input of invoices</li> </ul> <p>We are therefore unable to provide assurance in these areas and will examine them fully in the 20/21 audit. Where there have been previous recommendations linked to these areas, these have been re-reported.</p> <p>The overall opinion given is therefore based solely on the work that has been undertaken.</p>	

## CORPORATE SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Debtors and Corporate Debt Risk / ANA: High	<p>Improvements Required</p> <p>Status: Draft</p> <p><i>Draft Report Issued 22/4/2020</i></p> <p><i>Awaiting client response</i></p>	<p>Although this year's opinion remains 'Improvements Required', we are pleased to report that there has been again been progress in some areas, although not as much as was the case last year. Many of these previous improvements therefore remain in their initial stages, so we will need to undertake further audit work next year to ensure they have become embedded and are operating effectively.</p> <p>Issues specifically remain in relation to Corporate Debt, particularly non-adherence to the recovery timetable, and recovery suppression and adherence to special payment arrangements not being effectively monitored.</p> <p>In terms of debt recovery / monitoring across the Council as a whole, due to the impact of the Covid-19 outbreak on the level of resource available to support the audit, we have been unable to establish progress this year, so have had to re-report the majority of our recommendations, and again, these will be followed up next year.</p>	 *
Council Tax and National Non-Domestic Rates Risk / ANA: Medium	<p>Improvements Required</p> <p>Status: Draft</p> <p><i>Draft Report Issued 30/4/2020</i></p> <p><i>Awaiting client response</i></p>	<p>As part of our cyclical programme of work, this year's audit focussed on walking through the system to ensure that controls previously in place remain and that no changes have been made to the overall control environment.</p> <p>Our audit opinion this year has gone from 'Good Standard' to 'Improvements Required'. This is mainly due to not being able to obtain evidence to support discussions held with key officers, but also due to a lack of information provided on the progress undertaken on recommendations made in the 2017-18 audit report. We have been advised that preparation for year-end activities, and somewhat later, the activities in response to the Covid-19 pandemic were factors in engagement with the audit this year but progress will be followed up next year.</p> <p>We are therefore unable to provide assurance in a number of areas, including:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting evidence from the customer before changes are made to NNDR accounts</li> <li>• Clearing exception reports</li> <li>• Ensuring all CT property amendments notified to the VOA have been actioned</li> <li>• Ensuring all time limited discounts are removed when appropriate</li> <li>• Undertaking sufficient QC activity</li> </ul> <p>Other issues identified include control of transfers, a lack of independent review of refunds, the inappropriate use of stop codes, and inaccurate correction of accounts that were found to have had inappropriate discounts applied for a number of years.</p>	 *

**CORPORATE SERVICES**

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
<b>IT Audit</b>			
ICT Investment in the Service Risk / ANA – High	Improvements Required Status: Final	<p>The ICT Strategy has, in our opinion, been well written. However, development of the strategy would have been improved had the Organisations Corporate Plan going forward been in place. The strategy would benefit from further detail in relation to delivery, along with implementation of some peripheral actions such as improved risk management and preventative network security monitoring.</p> <p>In our opinion, based upon a brief review of the level of planned ICT investment, there are areas where spending appears low in comparison with other similar sized organisations, examples being network spending, firewall spending, and the procurement for Fibre Channel switch, which although not investigated in detail appears to be at the low end for this type of equipment. The cost of replacement of end user devices looks reasonable, as does the proposed spend on telephony replacement, which appears consistent with organisations of a similar size. We recognise that there are organisational aspects that have impacted decisions relating to the level of spend and consequently the standard of hardware being purchased.</p> <p>The pace of planned recruitment and associated knowledge management is an area of concern, given the organisational requirements of ICT in both 'business as usual' and ongoing large-scale projects.</p>	
ICT IG and Data Quality Risk / ANA – High	Improvements Required Status: Draft  <i>Draft Report Issued 15/4/2020</i> <i>Awaiting client response</i>	<p>Policies exist to support Information Governance and Data Quality, however we found that these had not been subject to review for some time. As required by GDPR, an Information Asset Register has been progressed, but this remains incomplete with some key elements of the system yet to be explored or commenced.</p> <p>We are aware that there is intention to increase resource to the Information Governance Team to create greater capacity.</p> <p>In support of the annual Health Data Security and Protection Toolkit (DSPT) submission, we examined information governance and data quality in Children's Services (CS). We found that induction and training for CS staff did not incorporate information governance as is mandatory for other areas of the Council. At the time of the audit the CS Inventory for Moveable Property i.e. laptops, iPads and iPhones was still being developed. Due to high turnover and significant use of agency staff, we found that control around the leaver process required tightening, particularly in relation to device management and electronic access to data. Whilst access to electronic records is restricted by access rights and access to physical records also restricted, we noted that the index and directory for physical records required improvement and was being worked on at the time of the audit. We have noted in this and previous CS audits that issues exist with consistency and quality of data recording within the PARIS system; the current development of procedures and practices across CS creates an ideal opportunity to embed information governance and data quality into the business as usual of the CS directorate.</p>	

## CORPORATE SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
GDPR – Information Asset Register Risk / ANA – Client Request	Added Value Status: Ongoing	Due to the remit and terms of reference of the Information Security Group, the GDPR project has been integrated into this group in terms of ongoing management and monitoring. We were originally engaged by the Council in 2018-19 to support the development and completion of the Council's Information Asset Register. This work continues and we are engaged in this as required. We have also been requested to provide support to the review and update of the Council's Data Retention policy and guidelines; this is continuing this year.	N/A
Information Security / GDPR (trusted advisor) Risk / ANA – High	Added Value Status: Ongoing	As noted above, the GDPR Project has been moved within the remit of the Information Security Group. We continue to support the project as required.	N/A
Information Security Group Risks / ANA - N/A	Added Value Status: Ongoing	We maintain membership of, and attendance at, the Council's Information Security Group. Our role continues to provide advice, guidance and challenge in terms of active participation within the group. There remains concern re the level of data breaches and subject access requests (SAR). The resource requirement to investigate and respond to these is significant and currently impacts upon the other operational duties of the team.	N/A
The following audit is currently in progress:			
<ul style="list-style-type: none"> <li>ICT KFS Continuity and Disaster Recovery (ANA – High)</li> </ul>			
<b>Other</b>			
Housing Services (follow up) Risk / ANA - Medium	Improvements Required Status: Final	Report now finalised with recommendations agreed. Assurance was reported in last year's annual report; please refer to that report for details.	
Health & Safety Risk / ANA - Medium	Fundamental Weaknesses Status: Final	Assurance was reported in this year's half yearly report; please refer to that report for details.	
Community Safety (Prevention) Risk / ANA – High, client request	Improvements Required Status: Draft  <i>Draft Report Issued</i>	It is pleasing to note that there are prevention initiatives/processes either in place or in development within Community Safety. There is clear support for and commitment to prevention work, and recognition of the need to further develop these in order to provide the most effective and efficient service for Council clients, whilst maximising potential savings through reduced demand on direct Council services.  There are opportunities to expand, develop and improve preventative measures / initiatives not just in Community Safety, but on a wider aspect across the Council and we have made recommendations to support this. Like any new process change, development of prevention	N/A*

**CORPORATE SERVICES**

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
	5/5/2020 <i>Awaiting client response</i>	<p>programmes and initiatives can be resource intensive in terms of baselining, and identification of demand drivers through to implementation and operation. We understand that some preventative measures within Community Safety have had to be reduced previously due to reductions in budget and available resource. This, in our opinion is where there may be benefit in the Council adopting a cross cutting and integrated approach to prevention, as opposed to each service area developing their own measures.</p> <p>Our evaluation of prevention measures across the Council identified Public Health as being much further developed in terms of successful measures and attracting funding for prevention. Given the nature of a large number of demand drivers there is clearly a significant cross correlation with Public Health. We would therefore suggest that there is benefit in pursuing further links with other Council service areas, in particular Public Health, which may provide a more integrated approach to prevention across the Council. Prevention initiatives such as the review and redesign of discretionary financial support have clear links with the gateway project within the Council Redesign Transformation Programme as both are based around a single and unified front door.</p>	

The following audit has been deferred until next year at the client's request:

- Emergency Planning & Business Continuity (ANA – Medium)

PUBLIC HEALTH			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Health Protection and Infection Control Risk / ANA – Medium / client request	Good Standard Status: Final	Assurance was reported in last year's annual report; please refer to that report for details.	
Public Health / NHS Links Risk / ANA – High / client request	High Standard Status: Final	<p>Effective links and joint working arrangements are in place between Public Health and the NHS and incorporate prevention activities. Public Health is highly effective in influencing practice and driving initiatives for prevention and taking a lead in jointly developed models such as Programme Development Executive Group (PDEG) and Sustainable Transformation Programme (STP) and these activities contribute to the 'core offer' agreed as part of the transfer of Public Health from the NHS.</p> <p>The newly implemented NHS gateway process which is managed through the Project Management Office provides standard and comprehensive management methodology to manage prevention based workstreams and projects. It enables the delivery of effective prevention working initiatives which are overseen by the PDEG. This is accompanied by the Devon STP Investment process which formalises the process for bidding for STP targeted funds and investing in workstreams, and requires robust business case review, investment checking and assessment via a prioritisation matrix.</p> <p>Local oversight and assessment of Torbay's needs and related prevention-based solutions is provided by the Public Health team in tandem with the NHS / STP work. There is some evidence of Public Health involvement in cross-directorate working to incorporate new ways of prevention-based working practices, but this is an area where further Public Health involvement would benefit both the Council and public.</p>	

ADULT SERVICES			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Care Act – Better Care Fund / Section 256 monies, follow up Risk / ANA – Critical	Improvements Required Status: Final	<p>A financial monitoring spreadsheet for the 2019-20 BCF, including iBCF monies, has been set up and is currently being populated. This is likely to include the necessary information to be able to monitor spend, both at an overall and at a project level, but remains incomplete at this time.</p> <p>We have been unable to obtain any accurate financial information in relation to BCF funding for prior years, though we understand that many related projects are still ongoing.</p> <p>Detailed testing of a sample of individual programmes/projects within the iBCF scheme found a number of issues resulting in a lack of transparency, accountability and governance.</p> <p>We are still therefore unable to provide assurance that BCF, and iBCF, monies have been spent in line with approved plans, and consequently have re-reported our 2017-18 year recommendations and made further recommendations to improve practice and the associated control framework.</p>	
Community Engagement - Prevention Risk / ANA - High	Good Standard Status: Draft  <i>Draft Report issued 5/5/2020            Awaiting client response</i>	<p>As Adult Services are a commissioning service their scope of and responsibility for Prevention work is somewhat different to the other services we have evaluated. Direct responsibility for delivery lies with the commissioned services. Adult Services monitor delivery of services, i.e. meeting performance measures, monitoring contract delivery for non ICO commissioning. Under the Care Act the Council has a statutory duty of prevention and we understand that all funds for these activities go to the Integrated Care Organisation (ICO) to perform the prevention function. We understand that currently there is no formal framework established by which the Council's Adult Services obtain assurance in relation to the delivery and effectiveness of prevention works undertaken and have made recommendations accordingly.</p> <p>There are established prevention processes/initiatives in place within the ICO commissioned services of Adults, and our work has also identified the same within Public Health, Corporate Services, and Children's. Work is ongoing in other Council areas to fully identify and understand demand drivers for services.</p> <p>We are aware of a number where these drivers are very closely linked to those within Adult Services. As such there may be efficiency savings through integrating prevention practices across the Council as a whole.</p> <p>Given that Public Health and Adult Services (via the ICO) have strongly established prevention initiatives in place, there may be merit in the formation of an 'umbrella' body across the Council, that would both drive and manage all prevention initiatives, supported by service areas. This would provide a more integrated method, aimed at a process rather than functional approach to</p>	N/A*

**ADULT SERVICES**

<b>Audit Report</b>			
<b>Risk Area / Audit Entity</b>	<b>Assurance opinion</b>	<b>Residual Risk / Audit Comment</b>	<b>Direction of Travel Assurance</b>
		prevention, resulting in greater efficiencies in prevention development and operation. We would also suggest integration with the ongoing Council Redesign Programme, given that the primary outcome for this is a transactional hub as a single point of entry for clients which would then route them to the appropriate service, be that to an external partner, third sector or through to an existing council service, aimed at reducing demand on Council services.	

The following audit has been deferred to 2020-21 at the client's request:

- Health Watch (ANA - Medium)

## CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Children's Services Medium Term Financial Strategy (MTFS) / Improvement Plan Risk / ANA: High	Improvements Required Status: Final	Report and action plan now finalised. Assurance was reported in last year's annual report; please refer to that report for details.	
Disability Services Risk / ANA: Medium	Improvements Required Status: Final	Assurance was reported in this year's half year report, please refer to that report for details.	
Transition from Children's to Adults Risk / ANA: Medium	Improvements Required Status: Final	Assurance was reported in this year's half year report, please refer to that report for details.	
Special Guardianship Orders (SGOs) Risk / ANA: High	Improvements Required Status: Final	Assurance was reported in this year's half year report, please refer to that report for details.	
Early Help Strategy Risk / ANA: Medium	Improvements Required Status: Final	<p>The Early Help Strategy, although aligned with the 2018 Working Together guidance, provides only a limited overview of the intent for effective partnership working. Its focus is on Level 3 Targeted Support, with very little in relation to Level 2 Early Help.</p> <p>In addition, there are no identified measures which define 'successful implementation'.</p> <p>The Targeted Help Panel helps to ensure that inter-agency co-operation is promoted, children and families who would benefit from early help are identified, and the initial assessment process is robust; however, follow up monitoring could be improved.</p> <p>Again, there is little in the way of 'Working Together' support for Level 2 Early Help practitioners, which could result in families stepping up to level 3 unnecessarily.</p> <p>We have been unable to establish how the effectiveness of early help services is assessed, so cannot provide assurance that such services are successful in furthering the aims of the Early Help Strategy or in addressing locally assessed needs.</p>	

**CHILDREN'S SERVICES**

CHILDREN'S SERVICES			
Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		Survey results for a number of Early Help partner organisations found mixed results, particularly in relation to coordination, effective management of support pathways, and locally specific services, which could be improved.	
Permanency Planning Risk / ANA: High	Improvements Required Status: Final	<p>Permanence options have been properly identified and set out in a comprehensive Permanence Planning Policy that we understand has since been incorporated into the Sufficiency Strategy and associated Financial Model. We found that local capacity for the majority of permanence options had been assessed in the original Policy. We note that plans to address the shortfall in capacity identified are set out in the Children's Services Financial Recovery Plan 2019-24 with implementation ongoing throughout 2019-20. We therefore cannot provide any assurance on their effectiveness at this time.</p> <p>There are comprehensive procedures in place in terms of ensuring the Policy is adhered to in practice, and sample testing of a number of cases found that, generally, the need for permanence had been properly considered.</p> <p>Issues were however found in terms of recording information on PARIS, for example, family meetings and involvement in preparing the care and permanency plan, and a lack of parallel / contingency planning was identified.</p> <p>In addition, although looked after children are required to have regular reviews, these were not always being done within the timescales identified. Management review was also sometimes lacking, with related sections on the updated care plans not being completed; and sign off not to be taking place within prescribed timescales.</p> <p>Recommendations have been made to ensure required processes are undertaken effectively going forward, ensuring that permanence remains a key priority for all looked after children. We note the development of the Sufficiency Strategy, associated Financial Model, Forward Planner and the monthly case review process along with service cultural change since completion of our audit work; these should address the issues identified and recommendations made. We will follow up our audit report in 2020/21 and provide an updated assurance opinion at that time.</p>	
Legal Care Proceedings (Review of operation of new process) Risk / ANA: Medium	Improvements Required Status: Final	<p>We recognise the current work being undertaken within the Children's Services Transformation Programme and associated projects, aimed at improving efficiency and ultimately outcomes for children.</p> <p>Our review identified some areas where practices were working well such as the tracker meetings, drafting of a flow diagram procedure, an authorisation and management process, and the co-location of Children's Services and Legal Services to aid communication and minimise risk of challenge or rejection of evidence by the Courts. However, there were some findings that we feel</p>	

**CHILDREN'S SERVICES**

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>may adversely affect outcomes through delaying aspects of the legal care proceedings processes, such as delays in the frequency of supervision meetings, inconsistencies in the level of caseloads allocated between Team Managers, and delays in provision of information to Legal Services;</p> <p>As such our findings would support the conclusion made by Ofsted 'When risks to children increase, the public law outline (PLO) pre-proceedings process is not yet timely enough for some children'. In addition, the Ofsted comments along with our findings would also conclude that there remains a risk to the Council of loss of public confidence and reputational damage.</p> <p>We also identified some peripheral issues and some opportunities for considering alternative practices which may further support the current transformation programmes to improve outcomes within Children's Services. There is opportunity within the current Children's Services IT System implementation project for process efficiencies to be considered and implemented.</p> <p>Data security within Children's Services as a service area remains an ongoing risk, however there are opportunities to improve this through the IT system implementation project.</p>	
Contracted Services / Commissioned Services Risk / ANA: High	Improvements Required Status: Final	<p>Though Children's Services do have some properly procured suppliers and supplier framework arrangements in place, a notable proportion of its engagement with suppliers and value of spend is not compliant with statutory and regulatory requirements, including failure to update the Contracts Register appropriately.</p> <p>There is a need for greater oversight of procurement at a strategic level and less devolvement of such decisions to the team level, with less reliance on spot purchasing by teams without adequate procurement knowledge, as is also the case more generally across Children's Services. Our work examined procurement activities across the year, including before recent changes involving the set-up of a Senior Leadership Team approved new Procurement &amp; Contract Management Team in January 2020 and the transfer of the Children's Services Commissioning function to that team in February. We understand that these issues are now being addressed by the Procurement &amp; Contract Team Manager who is currently temporarily overseeing procurement in Children's Services and reviewing practices including driving a culture change in relation to procurement, and this position and activity is reflected in our overall assurance opinion. These changes are actively supported by the newly appointed Director of Children's Services and through the recently approved Sufficiency Strategy.</p> <p>We identified control issues in relation to authorisation of spend outside of the framework and have made recommendations that must also be reflected in Liquid Logic which will replace the PARIS system. Similarly, we noted control weaknesses around payments whereby there were differences in recorded durations of service provision in PARIS and that actually paid for, suggesting either inaccuracies in recording in PARIS or errors in payments made. These issues</p>	

## CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>could be addressed through properly recorded schedules of charges and intended payments in PARIS.</p> <p>Similarly, we noted a lack of effective monitoring of supplier service and reporting to senior management for spend outside of the framework arrangements.</p>	
<p>Special Education Needs / Higher Needs</p> <p>Risk / ANA: Medium</p>	<p>Improvements Required</p> <p>Status: Draft</p> <p><i>Draft Report Issued 30/04/2020 Awaiting client response</i></p>	<p>There are comprehensive procedures in place for SEN officers, and clear information on the Council's Local Offer available on the website, along with a number of accessibility variations.</p> <p>Generally, Education and Health Care Needs Assessments are being undertaken effectively, though we have made recommendations in a number of areas including ensuring:</p> <ul style="list-style-type: none"> <li>• Post 16 provision is considered for all young people from year 9</li> <li>• Provision of information on personal budgets is recorded</li> <li>• Children / young people and their parents have the required amount of time in which to comment on the draft EHCP</li> </ul> <p>Significant issues were identified as part of the previous audit in terms of the timeliness of additional information being received from Health and Social Care; however, measure put in place since then are proving effective, with improvements having been made in this area.</p> <p>All EHCPs should be issued within 20 weeks of the initial assessment having been requested, and formally reviewed on an annual basis, however the results from our testing suggest this was not happening at the time our sample was selected. We note, however that delays in issuing the EHCPs were not significant. In terms of the annual review, this was acknowledged by the Team and a formal request for additional funds to increase capacity was made to the Council in September 2019, which was approved. Since then, a number of measures have been put in place which we understand have significantly improved the situation; however, we are unable to confirm the improved outcome at this time. This will be followed up as part of our annual follow up process in the second half of 2020/21.</p>	
<p>Early Years – Prevention (linked to the Future Model – Improved Outcomes)</p> <p>Risk / ANA - High</p>	<p>Good Standard</p> <p>Status: Draft</p> <p><i>Draft Report Issued 06/05/2020</i></p>	<p>Children's Services are engaged in a complex and significant scale of service review and change. A large number of the initiatives associated with the review relate to prevention work aimed at reducing demand on the service whilst ensuring the child's outcomes and needs remain the key priority.</p> <p>The Sufficiency Strategy has five strands based around different elements of the Children's Services provision. Within this, prevention processes / initiatives are being developed and progressed. However, in a number of cases, the prevention work is longer term and as such the effectiveness of the associated outcomes cannot yet be established.</p>	<p>N/A*</p>

**CHILDREN'S SERVICES**

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
	<i>Awaiting client response</i>	<p>One of the Children's Services prevention initiatives is to review Multi Agency Service Hub (MASH) to ensure that what comes through is appropriate. We understand that this review has taken place and although it has seen an increase in 'traffic' through MASH, the intention is that the signposting should now ensure that support is routed correctly and should consequently see a reduction in further / later reengagement with the service. Given the nature of the Council's Redesign Programme, which is also focussed around a single front door / point of entry and specific routing to services for clients, there may be merit in Children's Services engaging with the Redesign Programme.</p> <p>Our wider work has also identified various prevention initiatives within Public Health, and Adults (delivered via Integrated Care Organisation (ICO)) and Corporate Services, where we found that significant work is ongoing to fully identify and understand demand drivers for services, with, in many cases the drivers being very closely linked. Given the links in drivers there may be efficiency savings through integrating prevention practices across the Council as a whole, potentially forming an 'umbrella body' using particularly the prevention expertise in Public Health and Adults to drive and influence all prevention initiatives, supported by the individual service areas. This would provide a more integrated approach to prevention with the aim of providing greater efficiencies in development and operation.</p>	
Use of Agency staff and control of Safeguarding employee costs (follow up audit)  Risk/ANA - High	Good Standard  Status: Draft  <i>Draft Report Issued 12/05/2020</i> <i>Awaiting client response</i>	<p>We are pleased to note that the majority of the recommendations made in last year's audit have now been implemented.</p> <p>Although there have not been significant improvements in terms of recording discussions during the budget setting or monitoring process, we acknowledge that the causes of budget overspends are well known throughout Finance and Children's Services as are the agreed actions currently being taken to address them, including plans to reduce the use of agency staff, so have not made further recommendations in this regard.</p> <p>A review of the latest budget figures found that the likely additional costs associated with the use of agency staff are now being taken into account.</p> <p>Additional sample testing of a number of agency workers found only minor issues this year, with ECANs being in place for all such workers, and no instances of employment continuing beyond the period covered by the most recent ECAN.</p>	N/A*
Adoption (Client monitoring of the Regional Adoption Agency)  Risk / ANA - Medium	Improvements Required	<p>The RAA Partnership Agreement includes details of service delivery expectations, and annual performance monitoring arrangements, however Procurement were not involved in its production.</p> <p>In terms of performance monitoring, we were unable to obtain the targets agreed at the outset of the agreement from Torbay Council. They were, however, reviewed as part of the audit of ASW</p>	

## CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
	<p>Status: Draft</p> <p><i>Draft Report Issued 13/05/2020</i></p> <p><i>Awaiting client response</i></p>	<p>undertaken on behalf of DCC, but it was found they were not being used to drive performance improvements at present.</p> <p>Clear governance arrangements are in place, and there is a robust protocol for the sharing of information between partners, however other aspects of data protection, for example the retention, storage and destruction of data, are less well covered, particularly in relation to the RAA itself.</p> <p>Monitoring compliance with the Partnership Agreement, as well as the ongoing effectiveness of the service, is undertaken via an Annual Service Review, however at the time of the audit, the RAA was not yet one year old, so we were unable to review this process in terms of its robustness.</p> <p>In terms of payments, the schedule of charges and related payment arrangements have been clearly set out within the Agreement, and testing found that these have been adhered to in practice.</p> <p>There is currently no clear guidance for officers in terms of the adoption process, though we understand that an instruction manual was being drafted at the time of the audit.</p> <p>The assessment process for potential adopters was found to be effective and timely, however issues in terms of obtaining information when sample testing a number of adoption cases meant that we are not able to provide assurance that all expected elements of the adoption process are being undertaken for all cases.</p>	N/A*
Grants x 6 Risk / ANA: N/A	Certified Status: Complete	Grants certified comprise six Troubled Families claims.	N/A
<p>The following audits have been deferred / cancelled at the request of the client:</p> <ul style="list-style-type: none"> <li>• Fostering and Connected Carers (ANA - Medium)</li> <li>• Early Education / Nursery Funding (ANA - High)</li> <li>• Admissions and Place Planning (ANA - Low)</li> </ul>			
Schools Financial Value Standards (SFVS)	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2018/19 submitted to the Department for Education.	
Maintained Schools audit programme	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 concern in the wider control environment.	

## CHILDREN'S SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
<b>Maintained Schools Summary Data</b>			<b>Assurance Opinion</b>
<p><b>The key matters arising from the audits are:</b></p> <ul style="list-style-type: none"> <li>• Completion of a financial benchmarking exercise by schools using the DfE website.</li> <li>• The update of governor information on the DfE database 'Get information about schools'.</li> </ul>			Good Standard

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Museum Services – Tor Abbey (follow up) Risk / ANA – Medium	Good Standard Status: Final	Report and action plan now finalised. Assurance was reported in last year’s annual report; please refer to that report for details.	
TDA ISO9001	Good Standard Status: Final	Assurance was reported in this year’s half yearly report; please refer to that report for details.	
Spatial Planning – Development and Planning Risk / ANA – High	Good Standard Status: Final	Assurance was reported in this year’s half yearly report; please refer to that report for details.	
Parking Services Risk / ANA – High	Improvements Required Status: Final	We followed up this audit area in our annual follow up exercise that was reported to committee in January. We changed our assurance opinion as a result of the follow up to Improvements Required. Assurance was reported in the annual follow up report 2019/20, please refer to that report for details.	
Port Marine Safety Code (follow up of 2018-29 report in May 2019) Risk / ANA - Client request	Non-Compliant Status: Final	Assurance was reported in this year’s half yearly report; please refer to that report for details. However, please refer to the more recent work in the Autumn where we reported that Tor Bay Harbour Authority was now ‘Compliant’ with the Port Marine Safety Code.	
Port Marine Safety Code Risk / ANA: Client request	Compliant Status: Final	We have examined a restricted sample of records relating to the Tor Bay Harbour Authority and its compliance with the requirements of the Port Marine Safety Code and obtained such explanations and carried out such tests as we consider necessary.  To the best of our knowledge and belief, having carried out appropriate checks and considered responses provided to us by relevant Harbour staff, in our opinion the Tor Bay Harbour Authority is currently compliant with the Port Marine Safety Code. There remain concerns in relation to land-based Health and Safety (H&S), however these are outside of the scope of the Code and we understand are being investigated, managed and resolved through the Council’s Health and Safety Team in conjunction with the Tor Bay Harbour Authority.	

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Tor Bay Harbour Authority - Income Risk / ANA – Medium	Improvements Required Status: Final	<p>Budget monitoring is regularly reported to the Harbour Committee and it is evident that variations in income and the debt position are highlighted and discussed. Whilst established arrangements are in place for invoicing, collecting and recovering income, we found that use of final measures such as arresting vessels and withdrawing use of facilities could be timelier, thereby freeing up facilities for new harbour users.</p> <p>As previously reported, due to a lack of agreement with Brixham Trawler Agents (BTA) for direct access to information, Tor Bay Harbour Authority place reliance on BTA to provide accurate information regarding the value of fish sold through the market and thereby the accuracy of the value of fish toll paid over by them. Similarly, for direct landings, reliance is placed on the declaration by the company, although it is pleasing to note that there is now greater monitoring of direct landings in place, which reduces the risk of companies not paying fish toll for direct landings.</p> <p>Tor Bay Harbour Authority assets are monitored through the Harbour Asset Working Party. As previously reported, rent reviews are not taking place, although we acknowledge that this work is commissioned from the Torbay Development Agency (TDA), and as a result some leases have now expired. We are led to understand that in these circumstances the existing arrangements are still covered by law, however the Tor Bay Harbour Authority may wish to seek legal clarification for risk management purposes.</p> <p>We found that although most utility costs are now being recharged to users, there remains areas that are still not recharged.</p> <p>Whilst the Tor Bay Harbour Authority remains self-funding through its income generation, the regular contributions to the General Fund have reduced the Harbour Reserves, which puts the self-funding position at risk in the event of significantly costly incidences such as major storm damage. Given this risk, it is important that all areas of income recovery are fully explored, and any issues addressed to ensure that income is maximised.</p>	
Commissioning and Performance Monitoring by the Council of the TDA  Risk / ANA: High	Improvements Required Status: Draft <i>Draft Report Issued 06/05/2020</i> <i>Awaiting client response</i>	<p>Since our previous audit activity in this area, we are pleased to report that there is now a Commissioning Agreement between the Council and TDA that provides an adequate framework for performance management and ensuring value for money for the Council. Whilst the Agreement is in place, we found a lack of knowledge of it, and the split between Core and Additional Services at an operational level by officers charged with commissioning services from the TDA.</p> <p>Similarly, we found that the detailed provisions within the Agreement that are determined annually, including the apportionment of the budget across the eleven service categories and banding rates, are not mutually agreed and timely i.e. before the start of the financial year.</p>	N/A*

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>Additionally, we found that although performance measures are detailed in the Agreement, these are not all being actively monitored and the monitoring that is in place is not being adequately evidenced by the Council.</p> <p>We also examined governance in relation to the Agreement with TDA and other TDA procurement related matters and found a lack of information to support compliance with the governance expectations within the Agreement, and to support compliance with Financial Regulations and Procurement Standing Orders in the Council's related transactions with the TDA.</p>	
TOAD Replacement (Asset and Facilities Management) Project  Risk / ANA – Medium	Improvements Required  Status: Draft  <i>Draft Report Issued 14/05/2020</i>  <i>Awaiting client response</i>	<p>It is pleasing to see that the system is now in place and operational. The Project Manager has consistently provided us with information throughout our ongoing review within the Project, demonstrating an excellent level of knowledge.</p> <p>Of key concern is the over reliance on the Project Manager, who is both the Asset Registrar and single user with input access to the Property and Estates modules, and the System Administrator. This results in a lack of contingency for those roles/system functions and creates a lack of segregation of duty.</p> <p>There are some opportunities for improvement in relation to user management, in particular the need for a formal leaver process for users that don't utilise the single-sign-on functionality of the system; undertaking regular user reviews; and utilising system functionality to further strengthen password controls. In addition, we have made recommendations in relation to system amendments, primarily the need for stronger pre-input authorisation controls, and greater use of system provided functionality around input validation and mandatory fields.</p> <p>There remain some areas where we require further clarification in order to fully conclude this part of the project review, in particular data storage and backup; business continuity and disaster recovery; along with some general system functionality aspects.</p>	N/A*
Grants x 4  Risk / ANA: N/A	Certified  Status: Complete	<p>Grants certified comprise; Local Transport Capital Block Funding, Pothole Funding, Local Growth Fund and Bus Subsidy grant.</p> <p>A number of minor issues were identified and reported to the relevant funding body.</p>	N/A
The following audits are currently in progress: <ul style="list-style-type: none"> <li>• Events (ANA – Medium)</li> </ul>		The following audits have been deferred / cancelled at the request of the client: <ul style="list-style-type: none"> <li>• Beach Services (ANA – Low / client request)</li> <li>• Asset Management Strategy / Plan (ANA - High)</li> <li>• Highways, Street Scene, Lighting &amp; Transport infrastructure (ANA - High)</li> <li>• Spatial Planning - s106 and CIL (ANA- Medium)</li> <li>• Housing (ANA - Critical)</li> </ul>	

## Appendix 2 - Professional Standards and Customer Service

### Conformance with Public Sector Internal Audit Standards (PSIAS)

**Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2019. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

**Quality Assessment** – through external assessment “DAP is considered to be operating in conformance with the standards”. External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS). The Head of Devon Audit Partnership also maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

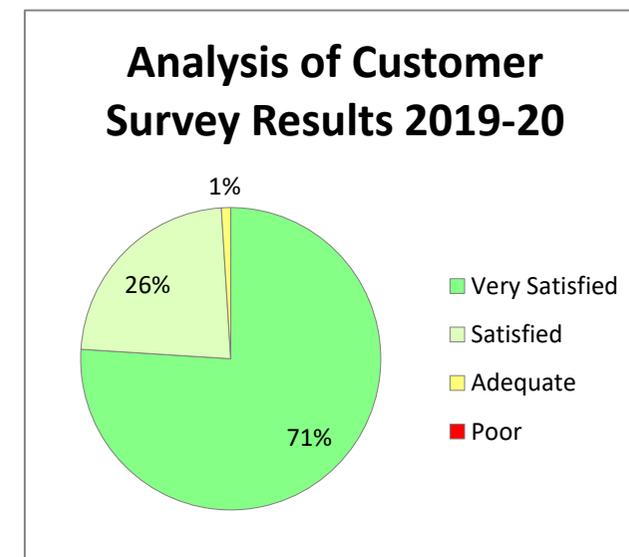
**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report was reported to the Management Board in October 2019.

### Performance Indicators

Overall, performance against the indicators has been very good with improvements made on the previous year (see Appendix 6). We continue to review where performance in all areas to ensure continuous improvement.

### Customer Service Excellence

In June 2019, DAP was successful in re-accreditation by G4S Assessment Services of the CSE. We continue to issue client survey forms with our final reports and the results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with 99% being "satisfied" or better across our services, see appendix 7. 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.



## Appendix 3 - Audit Authority



## Appendix 4 - Annual Governance Framework Assurance

***The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.***

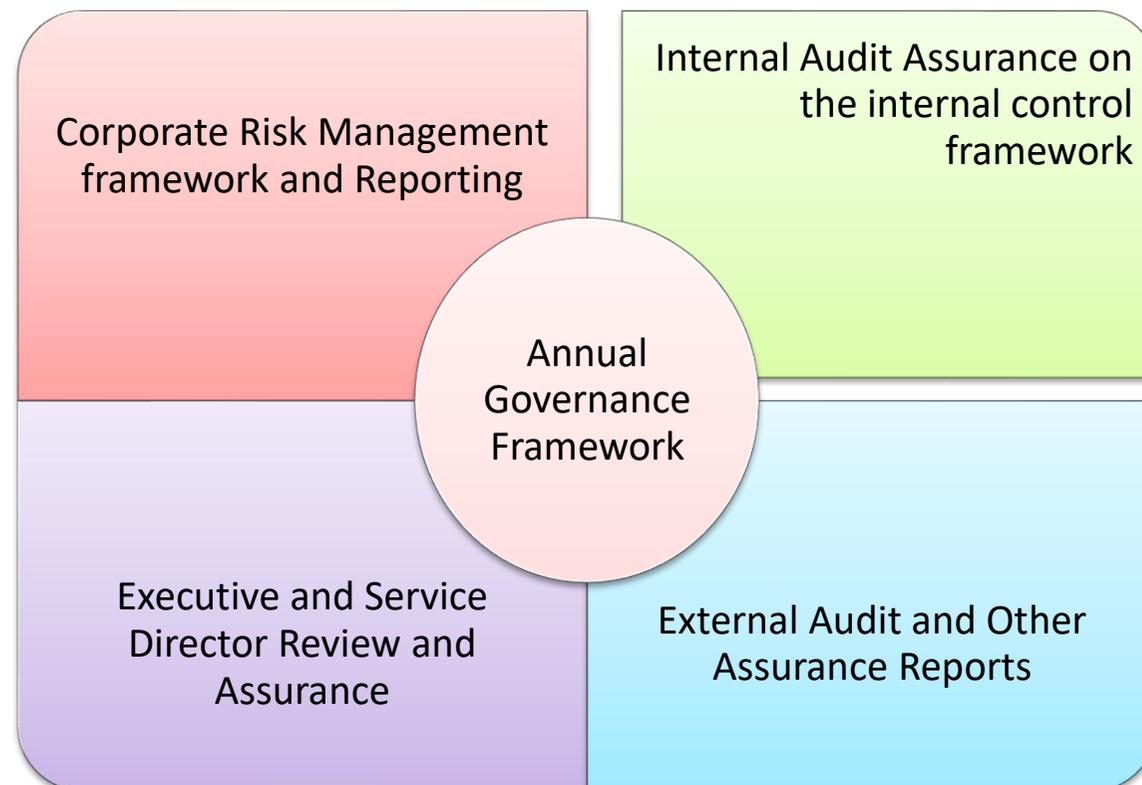
The Annual Governance Statement provides assurance that

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

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

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
  - The Authority;
  - Audit Committee;
  - Risk Management;
  - Internal Audit;
  - Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



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

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

## Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

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

The extent to which our work has been affected by changes to audit plans has not been notable and any changes are shown in Appendix 1. Some of our work remains ongoing and will be completed within quarter one of 2019-20.

Other service priorities have impacted audit delivery in Children's Services, and this impacts our Assurance Opinion for this area.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

all audits completed during 2019/20, including those audits carried forward from 2018/19;

any follow up action taken in respect of audits from previous periods;

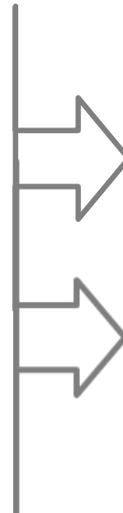
any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the Council's audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

any limitations that may have been placed on the scope of internal audit.



## Appendix 6 – 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:

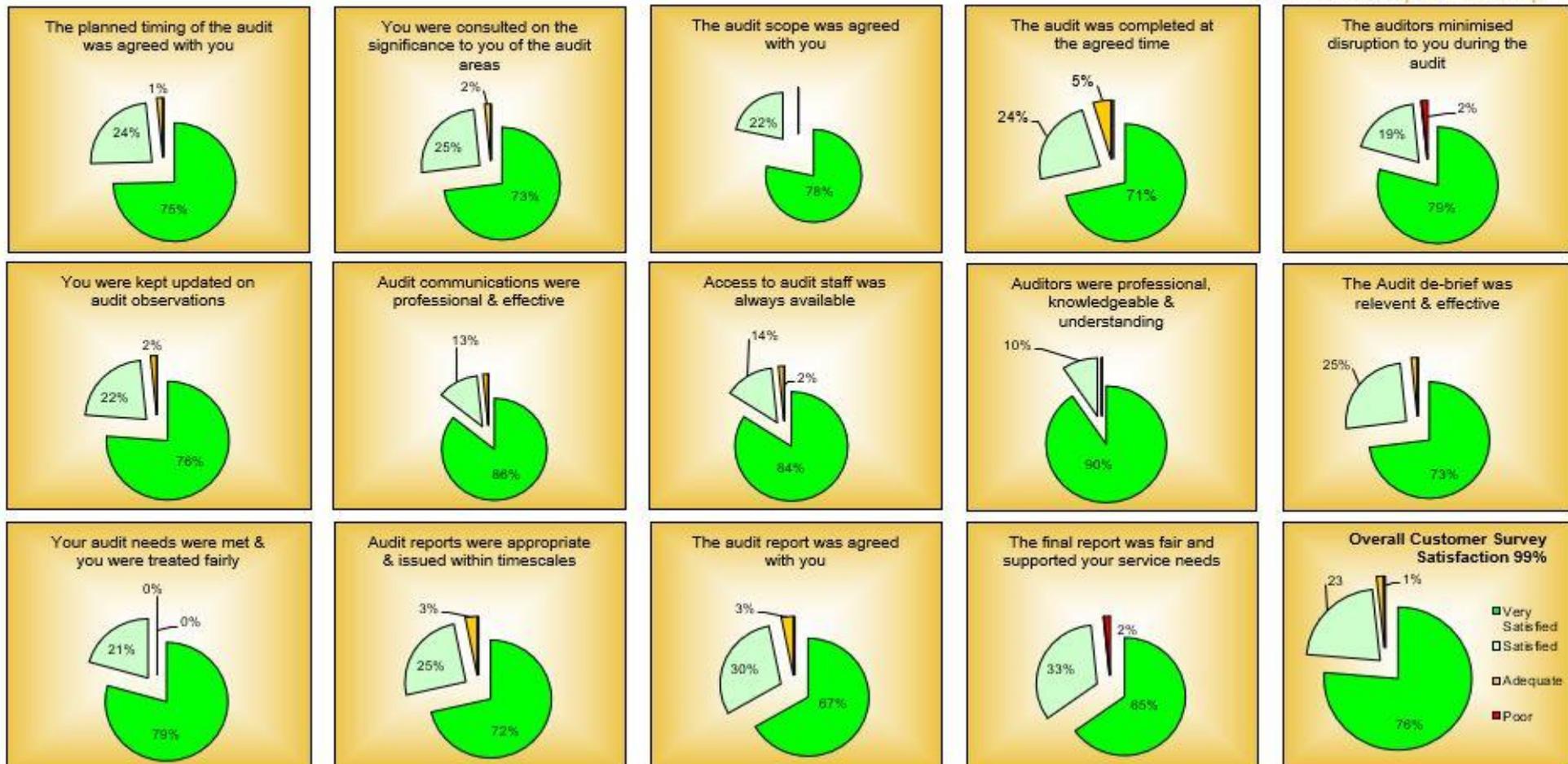
<i>Local Performance Indicator (LPI)</i>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2019/19</b>	<b>2019/20</b>
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%	100%	100%
Percentage of Audit plan Completed (Inc. Schools)	93%	87%	93%	91%	93%	97%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	96%	95%	94%	95%	104%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%
Percentage of chargeable time	65%	71%	65%	66%	65%	67%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	97%	90%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	91%	90%	81%	90%	83%
Final reports produced within target number of days (currently 10 days)	90%	97%	90%	100%	90%	99%
Average level of sickness absence (DAP as a whole)	2%	4%	2%	3%	2%	3% *
Percentage of staff turnover (DAP as a whole)	5%	11%	5%	4%	5%	4%
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes

\* Sickness relates to DAP overall and varies at different DAP locations

# Appendix 7 - Customer Service Excellence

## Customer Survey Results April 2019 - March 2020

The charts below show a summary of 63 responses received



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### **Devon Audit Partnership**

The Devon Audit Partnership has been formed under a joint committee arrangement. 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.

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](mailto:robert.hutchins@devonaudit.gov.uk).

### **Confidentiality and Disclosure Clause**

This report is protectively marked in accordance with the National Protective Marking Scheme. 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.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.