

Tuesday, 16 March 2021

AUDIT COMMITTEE

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

Wednesday, 24 March 2021

commencing at **2.00 pm**

The meeting will be held remotely via Zoom (the links to the meeting are set out below)

<https://us02web.zoom.us/j/86949915947?pwd=ZzVBNIk0cmJaQ000ZIN3bnE2amxDUT09>

Meeting ID: 869 4991 5947

Passcode: 098396

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Meeting ID: 869 4991 5947

Passcode: 098396

Members of the Committee

Councillor Loxton (Chairman)

Councillor Dart

Councillor Kennedy

Councillor Hill

Councillor O'Dwyer

Councillor Howgate

Councillor Brooks

Together Torbay will thrive

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

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

AUDIT COMMITTEE AGENDA

1. Apologies

To receive any apologies for absence, including notifications of any changes to the membership of the Committee.

2. Minutes

To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 15 January, 29 July, 30 September, 23 November, 10 December 2020 and 20 January 2021.

(Pages 5 - 23)

(Note the Minutes had not previously been signed due to Covid19 and holding the meetings remotely. A copy of all the Minutes have been posted to the Chairman to sign at this meeting.)

3. Declarations of interests

- (a) To receive declarations of non pecuniary interests in respect of items on this agenda

For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

- (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda

For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(Please Note: If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)

4. Urgent Items

To consider any other items that the Chairman decides are urgent.

5. Internal Audit Charter and Strategy

To consider a report on the Internal Audit Charter and Strategy which sets out how the internal audit service will be delivered and developed and how it links to the organisational objectives and priorities.

(Pages 24 - 43)

6. Internal Audit Plan 2021-22

To consider a report on the Internal Audit Plan which sets out the proposed internal audit activity for the year and an outline scope of coverage.

7. Housing Benefit Subsidy Certification

To receive a verbal update on the above from External Audit.

8. Audit Committee Update

To receive a verbal update on the above from External Audit.

9. Adjournment

At this juncture the meeting will adjourn until 1.00 pm on 29 March 2021. The items and reports for the meeting on 29 March 2021 have been published under a separate cover.

Instructions for the Press and Public for joining the meeting

If you are using an iPad you will need to install Zoom which can be found in the App Store. You do not need to register for an account just install the software. You only need to install the software once. For other devices you should just be taken direct to the meeting.

Joining a meeting

Click on the link provided on the agenda above and follow the instructions on screen. If you are using a telephone, dial the Zoom number provided above and follow the instructions. (**Note:** if you are using a landline the call will cost up to 13p per minute and from a mobile between 3p and 55p if the number is not covered by your inclusive minutes.)

You will be placed in a waiting room, when the meeting starts the meeting Host will admit you. Please note if there are technical issues this might not be at the start time given on the agenda.

Upon entry you will be muted and your video switched off so that only the meeting participants can be seen. When you join the meeting the Host will unmute your microphone, ask you to confirm your name and update your name as either public or press. Select gallery view if you want see all the participants.

If you have joined the meeting via telephone, your telephone number will appear on screen and will be displayed for all to see until the Host has confirmed your name and then they will rename your telephone number to either public or press.

Meeting Etiquette - things to consider when attending a virtual meeting

- Background – the meeting is public and people will be able to see what is behind you therefore consider what you will have on display behind you.
- Camera angle – sit front on, upright with the device in front of you.

- Who else is in the room – make sure you are in a position where nobody will enter the camera shot who doesn't want to appear in the public meeting.
- Background noise – try where possible to minimise background noise.
- Aim to join the meeting 15 minutes before it is due to start.



Minutes of the Audit Committee

15 January 2020

-: Present :-

Councillor Loxton (Chairman)

Councillors Howgate, Kennedy, O'Dwyer and Bye

198. Apologies

An apology for absence was received from Councillor Dart.

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

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

199. Minutes

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

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

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

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

Resolved:

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

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

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

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

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

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

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

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

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

203. Annual Certification Report and Sector Update

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

204. Whistleblowing Complaints

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

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

Chairman/woman

Minutes of the Audit Committee

29 July 2020

-: Present :-

Councillor Loxton (Chairman)

Councillors Hill, Howgate, Kennedy and O'Dwyer

205. Apologies

An apology for absence was received from Councillor Ellery.

206. Appointment of Vice-Chairman

The Audit Committee made the following recommendation to Council:

That Councillor Kennedy be appointed Vice-Chairman for the remainder of the Municipal Year.

207. Review of Corporate Health & Safety

Members noted a report that provided an overview to demonstrate the progress being made to improve the delivery, management and culture of health and safety across Torbay Council. Members were aware poor working practices at Brixham Harbour came to the attention of the Health and Safety Executive (HSE) in February 2019, with fundamental weaknesses on managing the corporate health and safety risks highlighted by Internal Audit in May 2019. The HSE required the Council to develop an action and provide regular updates, this action plan also picked up the issues raised by Internal Audit.

The Environmental Health Manager advised Members that the focus of work had been entirely risk based with a light touch audit being undertaken across the whole organisation. This resulted in departments being risk rated into high, medium and low which will inform future detailed audits. To date audits for all high and many medium risk departments have been completed. A training programme for all managers and front line staff had been rolled out, however COVID-19 had significantly impacted upon this delivery and subsequently impacted on embedding a health and safety culture across the organisation.

Members were informed that a Health and Safety Management System, SHE Assure, had been purchased and the incident module had been rolled out. The system allowed for the recording of incidents (including near misses) and the management of the actions that arise from the investigations. Support training

was taking place in order to embed the system across the organisation, TDA, schools and SWISCO.

The Environmental Health Manager highlighted to Members that some of the completion dates in the original audit have had to change, due to risk prioritisation and recently COVID-19, but significant progress had been made in all areas, with some areas already completed. In response to Members questions, the Environmental Health Manager confirmed that the biggest risk was embedding a health and safety culture; he explained that poor health and safety records was an indication of people not 'buying into' the culture and that using SHE Assure had to become an automatic thought process for any incident or near miss.

208. External Audit Plan

The Audit Committee noted a report that provided an overview of the planned scope and timing of the statutory audit of the Council. Members were advised that the scope of the audit work was set in accordance with the Code and International Standards on Auditing. As such the Council's External Auditors, Grant Thornton would be responsible for forming and expressing an opinion on the following:

- The Council and group's financial statements that had been prepared by management with the oversight of those charged with governance; and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in the Council's use of resources.

Members were made aware that External Audit's approach was based on a thorough understanding of the Council's business and was risk based.

209. Overview of Investigations

Members considered an exempt report which provided details of an investigation into alleged financial irregularities. The Audit Committee requested further information and action, details of which are restricted due to these containing exempt information.

Chairman/woman

Minutes of the Audit Committee

30 September 2020

-: Present :-

Councillor Loxton (Chairman)

Councillors Hill, Howgate, Kennedy and O'Dwyer

(Also in attendance: Councillors Brooks)

210. Apologies

It was noted that since the publication of the agenda for this meeting there had been a change to the political balance of the Council resulting in a Conservative Group vacancy. Councillor David Thomas had filled the vacancy but had given his apologies for the meeting. In accordance with the wishes of the Independent Group, the membership of the Committee had been amended for this meeting by including Councillor Kennedy instead of Councillor Ellery. An apology for absence was received from Councillor Dart.

211. Corporate Performance and Corporate Risk Report

The Audit Committee considered a high level report that been designed and produced with a series of key performance indicators and high scoring risks which align to the visions of the Community and Corporate Plan, and outline how well the council is performing against these key priorities. The report enables the Senior Leadership Team, Cabinet Members and the Audit Committee to review and challenge the Council's performance on a regular basis and to identify any improvement actions that may be required.

The Strategic Support Manager informed Members that the Council was in the process of producing a new Performance and Risk Strategy and Framework and if agreed this would replace the current arrangements. The Council was also seeking to replace the IT software currently used to monitor performance.

Members sought written responses/clarification on the following performance indicators:

- 'Numbers housed through Devon Home Choice' – are we able to identify where people are bidding from, are they within Torbay or outside, are there more bids from people living in particular parts of Torbay?

- In relation to 'Numbers in temporary accommodation' – are we aware of the previous type of accommodation that those currently in temporary accommodation came from?
- 'Indicators in relation to domestic abuse' - many expected the number of people accessing the Domestic Abuse Service to increase with the additional pressure caused by lockdown and subsequent financial pressures. Do we know why the figures as shown in the performance monitoring report have not increased as predicted/expected?
- 'Implement the trauma-informed approach across services' – it is noted that the implementation was suspended due to COVID-19, is the implementation likely to resume and if so when?
- 'Successful completion of drug treatment – opiate users' – Members questioned whether the programs being delivered are the right programs? They have also noted that the data is from 2018, do we have our own local intelligence that would provide a more up to date picture? Do we know what the current demand on services are and has this demand been impacted by COVID-19?
- 'Residual household waste per household' and 'Percentage of household waste sent for reuse, recycling and composting' – members queried whether quarter 1 was affected by COVID-19 (people having time to clear out lofts etc) or was there some other reason for the increase in residual waste and reduction in recycling levels?
- What are the reasons/background for the following indicators, being 'well below target':
 - Number of Corporate Complaints – Dealt with within timescales
 - Number of FOIs/EIRs – Dealt with within statutory timescales
 - Number of subject access requests (SARs) – Dealt with within statutory timescales
 - Registration of births – Registered within statutory timescales
 - Registration of deaths – Registered within 5 days

Members also requested indicators covering the following be included within future performance reports:

- Wage growth and employment figures;
- Number of children categorised as obese;
- Average cost per Child Looked After in residential and fostering setting;
- Customer satisfaction in respect of public toilet provision;
- Number of missed refuse collections

Members welcomed the suggestion that the Strategic Support Manager informally work with Members and the Head of the Devon Audit Partnership to develop a performance and risk register that would better assist Members to gain the

reassurance that the Council's risks and performance were being adequately monitored.

212. Audit Progress Report and Sector Update

The Committee noted a report that provided a summary of emerging national issues and developments that may have been relevant to Torbay Council.

213. Appointment of Independent Person for Audit Committee

Members considered a report on the appointment of an Independent Person. Members were advised that the Council had been unsuccessful in attracting a suitably qualified person to fulfil the role, the Audit Committee's views were sought on how to proceed.

The Chief Finance Officer advised that since the publication of the report, the draft findings of the Redmond Review had been published. He advised that if the recommendations were adopted, the Council would be required to appoint an Independent Chairman for the Audit Committee and therefore it may be prudent to await the final ratification of the Redmond Review before deciding on the next course of action in relation to the appointment of Independent Person.

Resolved:

That the appointment of an Independent Person be paused pending the findings of the Redmond Review. Should the Redmond Review not provide final recommendations before the Audit Committee in January the Committee be requested to consider the future approach to the appointment of an Independent Person.

214. Overview of Investigations

The Audit Committee noted the report and exempt appendix.

Chairman/woman

Minutes of the Audit Committee

23 November 2020

-: Present :-

Councillor Loxton (Chairman)

Councillors Brooks, Hill, Howgate, Kennedy and O'Dwyer

215. Grant Thornton - The Audit Findings for Torbay Council

Members noted the Audit Findings Report prepared by the Council's External Auditors, Grant Thornton. Sarah Ironmonger, representing Grant Thornton informed the Committee that the Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice. Ms Ironmonger advised Members that the audit approach was based upon thorough understanding of the Council's business and risks and included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

The Audit Findings Report set out a number of significant audit risks such as Covid-19. Ms Ironmonger advised that their work was nearing completion and, subject to outstanding queries being resolved as set out in the submitted report, she anticipated being able to issue an unqualified audit opinion. Members sought clarification and reassurance from officers on the outstanding queries in particular the TDA pension pass through, the valuations of the Council's assets and legal advice in respect of the Council's Investment Strategy.

216. Statement of Accounts and Annual Governance Statement 2019/20

Members considered a report that set out the Council's Statement of Accounts for 2019/20 and Annual Governance Statement for 2019/20. The Chief Finance Officer informed Members that the Accounts and Audit Regulations 2015 require the audited Council's Statement of Accounts for a year ended 31 March to be published before 31 July of that year. However linked to the disruption caused by

COVID-19 this date was extended to 31 August for 2019/20 only. The requirement in respect of approval of the Statement of Accounts was also extended until 30 November. The Council's External Auditors, Grant Thornton commenced their external audit on the 5 October and were substantially complete to enable consideration and approval by the Audit Committee.

The Chief Finance Officer also advised that the same regulations, require approval of an Annual Governance Statement to inform Members of the Council's Governance and Internal Control framework and any significant control issues.

Members sought clarification in respect of the names of some of the Council's wholly owned companies and their subsidiaries as well as classifications and definitions used when considering the Council's assets.

Resolved:

- i) That Audit Committee having reviewed the accounts including the significant accounting policies and considered the External Auditor's report and opinion on the Accounts, approve the Statement of Accounts and Annual Governance Statement 2019/20 (attached at Appendix 3 to the submitted report).
- ii) That the Audit Committee delegate to the Chief Finance Officer, in consultation with the Chair of Audit Committee, the authorisation to make any changes to the 2019/20 Accounts arising between the date of this report and the finalisation of the external audit.
- iii) The Letter of Representation (attached at appendix 1 to the submitted report) is approved.

217. Treasury Management Mid-Year Review 2020/21

Members of the Audit Committee considered a report that set out a review of Treasury Management activities during the first part of 2020/21. The Treasury function aims to support the provision of all Council services through management of the Council's cash flow and debt & investment operations.

The Chief Finance Officer highlighted the following key points in the Treasury Management review:

- No new borrowing planned in 2020/21
- Bank Rate reduced to 0.1% in March 2020
- Investment rates close to zero with negative rates a risk
- Internal cash resources applied to capital funding and loan repayments; and
- Cash flow influenced by MHCLG and BEIS grant and funding changes.

Resolved:

That subject to 'million' being added to paragraph 12.2 and a footnote being added to Appendix 2 in respect of the names used to refer to the TDA, the Council be recommended to note the Treasury Management Mid-Year Review 2020/21.

218. Treasury Management Strategy 2021/22

Members considered a report that set out The Treasury Management Strategy, the strategy aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2021/22 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

The Chief Finance Officer informed Members that The Treasury Management Strategy is considered under a requirement of the CIPFA Code of Practice on Treasury Management which was adopted by the Council on 25 March 2010. The approval of an Annual Investment Strategy by Council is also a requirement of MHCLG Guidance on Local Government Investments issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. This Strategy sets out the Council's policies for managing its investments under the priorities of security first, liquidity second and then returns.

In addition, the Treasury Management Strategy gives regard to the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

Members referred to social conscious pension investments and queried whether such social conscious investments should be considered in the Treasury Management Strategy.

Resolved:

That Council be recommended to approve:

- the Treasury Management Strategy for 2021/22;
- the Prudential Indicators 2021/22; and
- the Annual Minimum Revenue Provision Policy Statement for 2021/22

as set out in the Appendix to the submitted report.

219. Performance and Risk Strategy and Framework

Members considered a report that proposed a new performance and risk strategy and framework for Torbay Council that relied on robust business planning and reporting across the organisation.

Through the Council's Council Re-Design Programme it had been identified that the council and its wholly owned companies (SWISCo and TDA) needed to review its approach to managing its performance and risks. Torbay Council and its wholly

owned companies are faced with a range of challenges and opportunities in continuing to provide frontline and statutory services and this strategy and framework ensures that all staff, elected members and partners are clear on how they contribute to the delivery of the outcomes in the council's Community and Corporate Plan and other key priorities.

Resolved:

That the Audit Committee recommends to Cabinet:

That Cabinet agree the adoption and implementation of the new Performance and Risk Management Strategy as set out in Appendix One of this Report.

220. Corporate Performance and Corporate Risk Report

Consideration of this item was deferred to an adjourned meeting of the Audit Committee on Thursday, 10 December at 1 pm.

Chairman/woman

Minutes of the Audit Committee

10 December 2020

-: Present :-

Councillor Loxton (Chairman)

Councillors Atiya-Alla, Brooks, Dart, Hill, Kennedy and O'Dwyer

221. Apologies

It was reported that, in accordance with the wishes of the Liberal Democrat Group, the membership of the Committee had been amended for this meeting by including Councillor Atiya-Alla instead of Councillor Howgate.

222. Corporate Performance and Corporate Risk Report

At the meeting of the Audit Committee held on 23 November 2020 Members agreed to defer consideration of the Corporate Performance and Risk Report for Quarter 2 to enable them to speak directly to senior officers. Members received and noted the submitted report and undertook a deep dive in respect of four key areas with a summary of their questioning set out below.

Corporate Services – Matt Fairclough-Kay Interim Director of Corporate Services responded to questions in relation to:

- General Data Protection Regulation (GDPR), our compliance, safety of data, associated risks and implications after 31 December 2020 when the UK leaves the EU;
- Freedom of Information (FOI) and Subject Access Requests (SARs) and implications of not meeting statutory deadlines and the action being taken to address poor performance in this area, which included additional staff and increased staff training; and
- complaints and requests for information and how this was measured and how this could be used to help inform the Community Engagement and Empowerment Strategy to get an understanding of the issues that matter to our residents.

Place – Kevin Mowat Director of Place responded to questions in relation to:

- lack of actions for the last quarter to promote opportunities for investment through the Torbay Economic Growth Fund with the aim of regenerating our town centres and diversifying our economy and the adverse impact on new housing and employment growth. Members were informed that the priority

for employment space was to bring forward developments at Edginswell (funded by the Local Enterprise Partnership) and Lymington Road which would be coming to Cabinet soon as it required some match funding via a loan from the Economic Growth Fund, new housing would be delivered as part of the Town Deal for Torquay and the Future High Streets Fund for Paignton, if the Council was successful in obtaining this Government funding;

- issues in connection with land supply numbers, the Local Plan and Neighbourhood Plans and the associated planning, employment and regeneration risks;
- the lack of ambitious targets for climate change and how this could be addressed by the new Climate Change Officer and working with Devon and other regional and national authorities to develop meaningful Key Performance Indicators (KPIs) that can be easily benchmarked and monitored. Ideas for potential future KPIs included a carbon assessment of all assets, increasing recycling, improving energy efficiency and use of sustainable energy such as solar farms for Council buildings and working to improve the energy efficiency of all housing in Torbay working with partners to access grant funding to retrofit existing housing stock and educating and incentivising our communities to be more energy efficient;
- SWISCo and impact of missed collections, how these were managed and the action taken by staff and effect on other services such as grass cutting and street cleaning if staff were required to cover the waste and recycling collection. Members also discussed the rationale behind the structure of SWISCo and the benefits of the transfer services such as highways and natural environment;
- the impact of the number of planning applications not considered within the agreed national timescales, use of extensions and backlog of enforcements and the action being taken to address this such as reviewing the resources for Planning;
- risks associated with flooding and the impact of sea level rises, poor coastal infrastructure and increase in rainfall, and the reliance on the Environment Agency to fund flooding and drainage solutions. Members also discussed the need to improve our communication with our communities so that they were aware of the implications and what action was being taken such as the flood defence scheme for Paignton and Preston, which was being communicated through the Neighbourhood Forums and community groups;
- risk of failing coastal infrastructure and backlog of repairs and maintenance of assets and highways infrastructure and lack of funding to address this; and
- risks associated with Covid-19 including the impact on tourism and the economy.

Public Health – Bruce Bell, Public Health responded to questions in relation to:

- the impact and action being taken to address child and adult obesity, which was recognised as a national issue, but did not form part of the mandatory elements for the public health ring-fenced grant. Members noted that this was being explored further through a lifestyles service review;

- the key priority for public health was to tackle inequalities and there was a need to use proxy indicators such as data on deprived communities, healthy lifestyle behaviours, poor housing conditions, unemployment to monitor this;
- the lack of up to date data comparisons for public health and how meaningful or outcome related targets was a significant issue due to the time lag for publication of much of the national data in the Public Health Outcomes Framework. The impact of Covid-19 not being seen in this data for some time;
- risks and implications of successfully delivering flu and Covid-19 vaccines to all who need them and the actions being taken working with the NHS to deliver this; and
- reduction in the number of people undertaking drugs treatment and the link to Covid-19.

Children's Services – Nancy Meehan Director of Children's Services responded to questions in relation to:

- increased costs of Children's Services this year compared to the outturn last year but with a substantially lower number of looked after children with an increase in child protection plans. It was noted that this was as a result of investment in the Service but that there was a significant underspend projected by the end of the financial year as a result of the implementation of the invest to save proposals;
- impact on Children's Services as a result of cuts to other services such as drug and alcohol and mental health services, particularly in respect of pre-proceedings;
- high risks of not meeting some statutory timescales and the implications and actions being taken to reduce these risks, which included ensuring continued face to face contact with social workers and looked after children where ever they were based;
- impact of children living in poverty and links to potential criminal and sexual exploitation and the action being taken to address this;
- the different support options available to help families and levels of intervention to ensure a proportionate response in the best interest of the family and the child;
- impact of Covid-19 expectations and actual outcomes and additional support provided to families;
- the biggest risk related to practice and safeguarding children and if the Council was deemed to be inadequate at its next Ofsted Inspection it was unlikely that the Government Minister would allow Children's Services to continue to discharge the service;
- how the overall underspend in Children's Services had been used to provide additional support to children and families especially those impacted by Covid-19;
- what action was being taken to working with Pause.org.uk and other agencies to work with mothers and fathers who repeatedly had their babies taken into care. Members noted that a multi-agency task and finish group was being put together to work with mothers and fathers to help consider

- the emotional impact on the children as well as the impact on the parents;
and
- the delay in the implementation of Liquid Logic which was replacing the Paris system.

The Committee felt it would be beneficial to measure the average cost for looked after children in the different types of care settings and the related outcomes e.g. educational achievements, employment etc. Members noted that this was being explored through the next Sufficiency Strategy and the Director of Children's Services agreed to explore this further for future performance reports. Members also suggested the merit of monitoring how many families Children's Services work with pre-proceedings and the cost and impact of this to explore if there was an invest to save or value for money opportunity.

The Committee also felt that future performance reports should capture the following performance information:

- (i) complaints;
- (ii) 3/5 year land supply and progress against delivery of this; and
- (iii) street cleaning programme to see if there has been a knock on impact of supporting other services such as waste collection.

Members requested a separate meeting to be arranged to consider the Quarter 3 Corporate Performance and Risk Report with the focus being on the following areas:

- (i) transformation and strategic direction of the Council – Interim Chief Executive;
- (ii) finance – Chief Finance Officer;
- (iii) community services – Assistant Director of Community and Customer Services;
- (iv) adult services – Director of Adult Services; and
- (v) education – Assistant Director of Education, Learning and Skills.

Chairman/woman

Minutes of the Audit Committee

20 January 2021

-: Present :-

Councillor Loxton (Chairman)

Councillors Dart, Hill, Kennedy and O'Dwyer

223. Apologies

An apology for absence was received from Councillor Howgate.

224. Follow Up Report on Areas Requiring Improvement - Internal Audit Report

Members considered a report that provided updated assurance to members on areas that Internal Audit had previously identified as 'improvements required'. The Head of the Devon Audit Partnership informed Members that the Annual Internal Audit Report was presented to the Audit Committee in May 2020, the report provided a summary of the audits undertaken and an assurance opinion. Members were advised that areas which were identified as 'improvements required' had action plans in place and the progress against these action plans had been reviewed; the majority of the assurance opinions remain as reported in the Annual Audit Report 2019/20.

The Head of the Devon Audit Partnership advised Members that progress had been limited in most areas, primarily due to either capacity, ongoing implementation or the process changes to address the actions, or the impact of higher priority activities such as strategic projects and response to the Covid-19 pandemic.

Members referred to the need for ongoing monitoring of those areas that remained 'improvements required' following the Internal Audit Follow Up Report and were advised that monitoring of internal audit recommendations was being developed in order to complete the overall picture in respect of the Council's Corporate Performance.

Resolved:

That the Audit Committee receive monitoring reports on the implementation of Internal Audit recommendations, beyond the monitoring undertaken and reported by Internal Audit.

225. Internal Audit - Half Year Audit Report 2020-21

Members considered the Internal Audit – Half Year Audit Report 2020-21. The Head of the Devon Audit Partnership informed Members that the Internal Audit plan for 2020/21 was presented and approved in March 2020. The Half year Audit Report provides an update to the agreed plan due to Covid-19, a review of work undertaken to date in 2020/21 and provides Internal Audits current opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Overall, and based on work performed to date during 2020/21, and Internal Audits experience from previous years, and the outcome of the Annual Follow Up exercise, the Head of Internal Audit's Opinion was one of "Reasonable Assurance" on the adequacy and effectiveness of much of the Authority's internal control framework. The exception to this was Children's Services Directorate, although Internal Audit acknowledge a positive direction of travel. In the case of both the Public Health, and Adults Directorates the assurance opinion was based on work undertaken in 2019/20 and prior years.

Members referred to the audits undertaken in the Place Directorate and questioned whether the services audited were reflective of the significant risks to the authority. Members were advised that the Audit Plan tries and focus on areas where the authority recognises there are key risks, the plan will not cover everything and is reactive in line with the changing challenges faced by the Council.

Members noted that a draft report on 'Commissioning and Performance Monitoring by the Council of the TDA' issued on 5 May 2020 was awaiting client response and that the results of the Information Commissioner Office audit was due imminently. Members requested that once these reports were available that they be circulated to Members of the Audit Committee.

226. The Annual Audit Letter for Torbay Council

Members noted the Annual Audit Letter for Torbay Council which summarised the key findings arising from the work the Council's External Auditors (Grant Thornton) had carried out at Torbay Council and its subsidiaries, joint ventures and associates for the year ended 31 March 2020.

Members referred to 'Significant Audit Risk – Valuation of Land and Buildings' and the impact Covid-19 would have on such valuations. Ms Chen (Grant Thornton) advised Members that the assessment of land and buildings in early 2020 was difficult due to the uncertainty of the impact of Covid-19, Ms Chen expected to see more of an impact on the value of land and buildings in March 2021.

227. Oversight of Investigations

Members noted the report and exempt appendix and requested the Head of HR provide yearly comparison figures in future reports.

(Note: prior to consideration of the item in Minute 227, the press and public were formally excluded from the meeting on the grounds that exempt information (as

defined in paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) was likely to be disclosed.)

Chairman/woman

INTERNAL AUDIT CHARTER AND STRATEGY

TORBAY COUNCIL

(March 2021)

MISSION

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

TERMS OF REFERENCE

This document details the **Internal Audit Charter** and **Internal Audit Strategy** for the Council as required by the Public Sector Internal Audit Standards (PSIAS). The Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the [Devon Audit Partnership \(DAP\)](#), and the scope of Internal Audit work. This Charter complies with the mandatory requirements of the PSIAS. The accompanying Audit Strategy is designed to deliver the requirements outlined in the Charter.

DEFINITIONS

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

The PSIAS set out the requirements of a 'Board' and of 'Senior Management'. For the purposes of the internal audit activity within The Council the role of the Board within the Standards is taken by the Council's Audit Committee and Senior Management is the Council's Senior Leadership Team. They also make reference to the role of “Chief Audit Executive”. For The Council this role is fulfilled by the Head of Devon Audit Partnership (HoDAP).



INDEX TO SECTIONS OF THE CHARTER AND STRATEGY

Charter

3. Statutory Requirements and Purpose of Internal Audit
4. Professionalism, Ethics and Independence
6. Authority
7. Accountability
8. Responsibilities
9. Management
10. Internal Audit Plan and Resources
11. Internal Audit Reporting
12. Relationship with the Audit Committee and Non Conformance to the Charter
13. Quality Assurance and Improvement Programme

Strategy

14. Audit Strategy - Purpose
15. Annual Audit Opinion
16. Audit Planning & Delivery
17. Performance Management and Quality Assurance
19. Resources and skills
20. Staff Development and use of MKI

CHARTER - STATUTORY REQUIREMENTS AND PURPOSE OF INTERNAL AUDIT

Statutory Requirements

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

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

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

The Purpose and Aim of Internal Audit

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

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

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

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

CHARTER - PROFESSIONALISM, ETHICS AND INDEPENDENCE

Being Professional

Devon Audit Partnership will adhere to the relevant codes and guidance. In particular, we adhere to the Institute of Internal Auditors' (IIA's) mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for evaluating the effectiveness of Internal Audit's performance. The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to The Council's relevant policies and procedures and the internal audit manual. Internal Auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not, however, imply infallibility.

Our Ethics

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

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

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

The Code of Ethics provides guidance to internal auditors serving others, and applies to both individuals and entities that provide internal auditing services. The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace Codes of Ethics of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

CHARTER - PROFESSIONALISM, ETHICS AND INDEPENDENCE

Being Independent

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

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

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

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

Auditors should be mindful of being independent, and must:

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



CHARTER - AUTHORITY

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

All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2015 section 5(2-3) that state that: Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit:

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

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

- The Chief Executive
- Members
- individual Heads of Service
- Section 151 Officer
- Monitoring Officer
- All authority employees
- All authority premises.

CHARTER - ACCOUNTABILITY

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

- Unrestricted access to senior management and members;
- Reporting in its own name;
- and Separation from line operations

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

The HoDAP fulfils the role of Chief Audit Executive at the Authority and will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity. The Director of Finance 'Section 151 Officer' will liaise with the HoDAP and is therefore responsible for monitoring performance and ensuring independence.

The HoDAP reports functionally to the Audit Committee on items such as:

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

The HoDAP has direct access to the Audit Committee, and has the opportunity to meet privately with the Audit Committee.

CHARTER - RESPONSIBILITIES

The Chief Executive, Directors, Heads of Service and other senior officers are responsible for ensuring internal control arrangements are sufficient to address the risks facing their services. The HoDAP will provide assurance to the Director of Finance 'Section 151 Officer' regarding the adequacy and effectiveness of the Council's financial framework, helping meet obligations under the LGA 1972 Section 151.

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

Internal Audit responsibilities include:

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

CHARTER - MANAGEMENT

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

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

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

The HoDAP is required to give an annual audit opinion on the governance, risk and control framework based on the audit work done.

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

CHARTER - INTERNAL AUDIT PLAN AND RESOURCES

At least annually, the HoDAP will submit to the Audit Committee a risk-based internal audit plan for review and approval.

The HoDAP will:

- Develop the annual plan through discussions with Leadership and Heads of Service based on an understanding of the significant risks of the organisation;
- Submit the plan to the Audit Committee for review and agreement;
- Implement the agreed audit plan;
- Maintain a professional audit staff with sufficient knowledge, skills and experience to carry out the plan and carry out continuous review of the development and training needs;
- Maintain a programme of quality assurance and a culture of continuous improvement;

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

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

A requirement of the Council's Anti-Fraud and Corruption Strategy is that the HoDAP be notified of all suspected or detected fraud, corruption or impropriety. All reported irregularities will be investigated in line with established strategies and policies. The audit plan will include sufficient resource to undertake proactive anti-fraud work. Internal audit activities will be conducted in accordance with Council strategic objectives and established policies / procedures.

Monitoring of internal audit's processes is carried out on a continuous basis by internal audit management. Council's members and management may rely on the professional expertise of the HoDAP to provide assurance. Periodically, independent review may be carried out: for example, through peer reviews; ensuring compliance with the PSIAS is an essential approach to such a review.

CHARTER - INTERNAL AUDIT REPORTING

The primary purpose of Internal Audit reporting is to provide to management an independent and objective opinion on governance, the control environment and risk exposure and to prompt management to implement agreed actions. Internal Audit should have direct access and freedom to report in their own name and without fear or favour to, all officers and members, particularly to those charged with governance (the Audit Committee).

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

The aim of every Internal Audit report should be to:

- Give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment; and
- Recommend and agree actions for change leading to improvement in governance, risk management, the control environment and performance.

The Manager will be asked to respond to the report within 30 days, although this period can be extended by agreement.

The response must show what actions have been taken or are planned in relation to each risk or control weakness identified. If action is not to be taken, this must also be stated. The HoDAP is responsible for assessing whether the manager's response is adequate.

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

The HoDAP will:

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



CHARTER - RELATIONSHIP WITH THE AUDIT COMMITTEE, AND NON CONFORMANCE TO THE CHARTER

The Council's Audit Committee will act as "the Board" as defined in the Public Sector Internal Audit Standards (PSIAS), The Specific Functions of the Audit Committee are set out in the Council's Constitution (Part 2 Article 9 – Audit Committee).

The HoDAP will assist the Committee in being effective and in meeting its obligations. To facilitate this, the HoDAP will:

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

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

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

CHARTER - QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

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

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

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

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

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

AUDIT STRATEGY - PURPOSE

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

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

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



AUDIT STRATEGY - OPINION ON THE GOVERNANCE, RISK AND CONTROL FRAMEWORK

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

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

The HoDAP will report progress against the annual audit plan and any emerging issues and risks to the Audit Committee. The HoDAP will also provide a written annual report to the Audit Committee, timed to support their recommendation to approve the Annual Governance Statement, to the Council.

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

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

AUDIT STRATEGY - PLANNING & AUDIT DELIVERY

INCLUDING LOCAL AND NATIONAL ISSUES AND RISKS

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

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

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

Assignment Planning & Delivery

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

The primary objective of the audit is to provide management with an independent opinion on the risk and control framework through individual audits in the audit plan. Individual audits will be completed using our methodology in our Audit Manual to the standards set by PSIAS, to independently evaluate the effectiveness of internal controls. Our audit assignment report will communicate our opinion and include agreed management action, where required, to improve the effectiveness of risk management, control and governance processes.

AUDIT STRATEGY - PERFORMANCE MANAGEMENT AND QUALITY ASSURANCE

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

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

The PSIAS and the Internal Audit Manual state that internal audit performance, quality and effectiveness should be assessed for each individual audit; and for the Internal Audit Service as a whole. The HoDAP will closely monitor the performance of the team to ensure agreed targets are achieved. A series of performance indicators have been developed for this purpose (please see the following pages).

Customer feedback is also used to define and refine the audit approach. Devon Audit Partnership will seek feedback from: auditees; senior leadership; and executive management. The results from our feedback will be reported to Senior Management and the Audit Committee in the half year and annual reports.

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

AUDIT STRATEGY - PERFORMANCE MANAGEMENT AND QUALITY ASSURANCE

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

Internal Audit
Performance
Monitoring
Targets

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

Other indicators measured as part of the audit process that will be captured and reported to senior management

AUDIT STRATEGY - RESOURCES AND SKILLS

The PSIAS and the Audit Manual states that:

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

DAP currently has c.40 staff who operate from any one of our three main locations (Plymouth, Torquay and Exeter), we also operate from offices at Torridge DC (Bideford), Mid Devon DC (Tiverton) and South Hams/West Devon Councils (Totnes). The Partnership employs a number of specialists in areas such as Computer Audit, Contracts Audit and Counter Fraud Investigators as well as a mix of experienced, professionally qualified and non-qualified staff.

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

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

AUDIT STRATEGY - STAFF DEVELOPMENT AND TRAINING AND USE OF MK AUDIT

Staff Skills and Development

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

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

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

Internal Audit Software System

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

Internal Audit

Internal Audit Plan 2021-22

Torbay Council
Audit Committee

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March 2021

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

Agenda Item 6

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

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

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

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

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

Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements,
- the basis of assessment of the audit work in the proposed plan,
- the resources allocated to meet the plan,
- proposed areas of internal audit coverage in 2021/22.

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

Robert Hutchins
Head of Audit Partnership

High Level Audit Plan

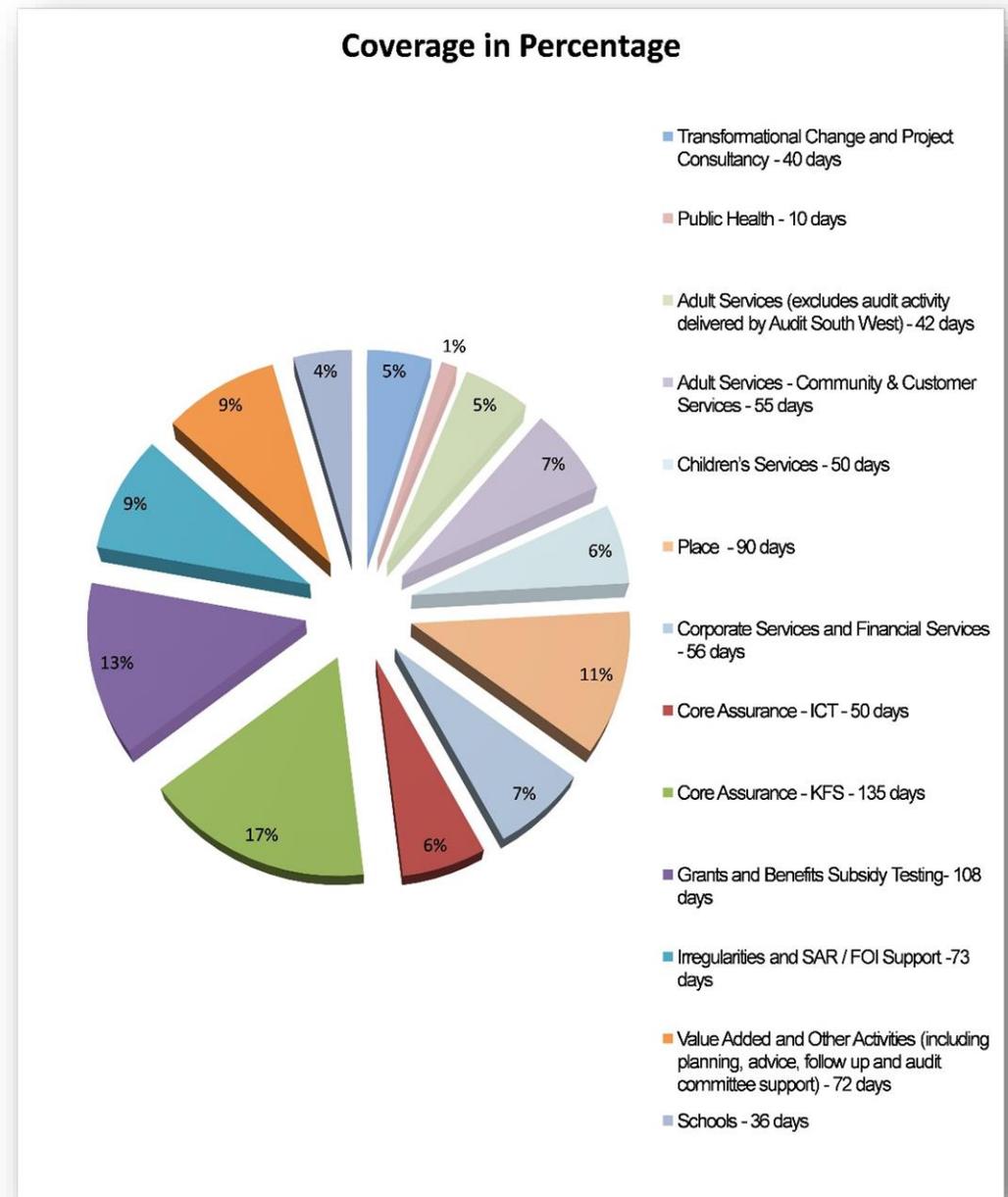
This chart shows a summary of planned audit coverage for the year totalling 781 direct days (817 including 36 days for Schools) which is increased from previous years to enable inclusion, as appropriate, of audits deferred in 2020/21 due to the pandemic. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Council and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more agile and responsive to changing risks. Current circumstances with the pandemic have highlighted the needs and benefits of this approach, with a significant number of in-year changes having been made to the 2020/21 audit plan; this principle looks set to continue.

As outlined in Appendix 3 to this report, the Audit Plan is drawn up considering various factors including risks to the Council and the views of Directors and Senior Officers. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key and current risks to the operation or function are considered during our review.

As we progress through the year, any changes to the audit plan will be agreed by the s151 officer and are notified to the Audit Committee via our six-monthly monitoring reports.

A brief overview of proposed audits is provided in the following schedule.



Service Area Overview of Audit Coverage

Service Area Overview of Audit Coverage							Business Projects & Value Added
Thematic Overview Audit Coverage	Adult Services	Adult Services Community & Customer Services	Public Health	Children's Services	Corporate Services & Financial Services	Place	
Page 48 Thematic Overview Audit Coverage	Commissioning / Performance Management – Young Devon	Housing Options	0 – 19 Service Commissioning and Performance Management	Fostering and Connected Carers	Capital Programme	Housing Companies	Transformational Change and Project
	Joint Equipment Store (contract management)	Housing (including joint working of fragmented service)		Child Protection Processes and Planning Conference	Elections	Section 106 and CIL	Information Security Group including GDPR
	Adult Social Care Precept Use	Health & Safety		Virtual School	Democratic Services and Member Allowances	Beach Services	Irregularity Prevention and Investigation
	Commissioning and Performance Management (ICO) - Mental Health			Quality Assurance and Audit Frameworks	Legal Services (cross Council use of Legal Advice)	Parking	Tor Bay Harbour Authority
	Adult Social Care Client Debt			Recruitment, Retention and Learning Academy	Corporate Complaint System	Mooring system	Subject access and freedom of information requests
					Coroner	Asset Management Strategy / Plan	Advice
						Technology Forge system	Audit Follow Up
					Public Toilets	Schools incl. Financial Value Standard	
Core Assurance	Business Processes & Governance – Emergency Planning and Business Continuity, Commissioning and Performance Monitoring, Contract Monitoring, Grant Certification, and Audit Assurance Planning and Reporting						
Core Assurance	Key Financial Systems – Payroll, IBS Sys Admin, Creditors & Electronic Ordering, FIMS Sys Admin, Debtors & Corporate Debt, Benefits & Council Tax Support Scheme, Income Collection, Asset Register, Council Tax & Non-Domestic Rates, General Ledger & Bank Reconciliation, Treasury Management						
Core Assurance	ICT – Cyber Essentials, ICT Project Management, Information Governance – Data Quality and Records Management, ICT Continuity and Disaster Recovery (arrangements for key systems)						

The diagram shows the thematic approach to the elements proposed for audit coverage in the coming year as identified through risk assessment and discussion with Senior Management. This overview is supported by the detailed plans, by theme, from page 4.

Proposed audit reviews

* Whilst audit area titles are detailed below, our practice is to agree detailed scopes closer to the actual timing of the audits.

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Transformational Change and Project Consultancy		
Transformation Programme - project 'trusted advisor' including review of <ul style="list-style-type: none"> o Children's Services including New System Implementation o Digitalisation o SWISCo o S106 & CIL System Implementation o Major Projects incl. ICT Projects e.g. CRM, O365 o Performance & Risk Management project o Commercialism o Future Model – Improved Outcomes / Council Redesign 	ANA – critical	1-4
Other Directorate Areas (excluding transformational change and project consultancy)		
Public Health		
0 – 19 Service Commissioning and Performance Management	ANA – high, client request (Service Area)	1
Adult Services		
Commissioning and Performance Management (direct contract management – Young Devon Contract)	ANA – medium, client request (Service Area)	1
Joint Equipment Store (contract management)	ANA – medium, client request (Service Area)	1
Adult Social Care Precept Use (control of procurement and spend)	ANA – high, client request (s151)	2
Commissioning and Performance Management (ICO) - Mental Health	ANA – high, client request (s151)	4
Adult Social Care Client Debt (monitoring of commissioned function)	ANA – high, client request (s151)	3
The Director of Adult Services is working with colleagues at Audit South West to devise an audit plan that meets key risks / challenges.	Audit areas to be notified and agreed by the Director by the Director of Adult Services Audit Plan to be approved at TSDFT's Audit Committee	
Adult Services – Community and Customer Services		
Housing Options	ANA – high, client request (s151)	3
Housing (including joint working of fragmented service)	ANA - medium	4

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Emergency Planning and Business Continuity	ANA - medium	3
Health & Safety	ANA - high	4
Children's Services		
Fostering and Connected Carers	ANA – medium	1
Child Protection Processes and Planning Conference	ANA – high, client request (Service Area)	2
Virtual School	ANA – medium, client request (Service Area)	3
Quality Assurance and Audit Frameworks	ANA – high, Client request (s151)	2
Recruitment, Retention and Learning Academy	ANA – medium, client request (s151)	4
School Financial Value Standard (SFVS)	n/a	1
Schools	Service bought by Schools – summary of findings provided in relation to Authority Controlled Schools	n/a
Place		
Housing Companies (client role / management)	ANA – high, client request (s151)	1
Spatial Planning – Section 106 and CIL	ANA – medium, client request (s151)	1
Beach Services	ANA – low, client request (s151)	2
Parking	ANA – medium, client request (s151)	4
Tor Bay Harbour Authority	ANA - medium	2
Tor Bay Harbour Authority – Mooring system (contract management)	ANA – low, client request (s151)	1
Asset Management Strategy / Plan	ANA – high	4
Technology Forge system (review with audit of Asset Management Strategy / Plan)	ANA – medium	4
Public Toilets (contract monitoring)	ANA – low, client request (s151)	1
Corporate Services and Finance		
Capital Programme (including new Financial Code and IR35 - Council and Companies)	ANA – medium, client request (s151)	4
Elections	ANA - medium	2/3

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Democratic Services and Member Allowances	ANA - medium	2/3
Legal Services (cross Council use of Legal Advice)	ANA - medium	1
Corporate Complaint System	ANA - medium	1
Coroner (agreement monitoring)	ANA – medium, client request (s151)	1
Core Assurance – ICT		
ICT Project Management	ANA - high	1
Cyber Essentials	ANA – high	3
ICT Continuity and Disaster Recovery (arrangements for key systems)	ANA - high	4
Information Governance – Data Quality and Records Management	ANA – high, client request (Service Area)	2
Information Security Group including GDPR – ‘trusted advisor’	ANA – high, client request (Service Area)	1-4
Core Assurance – Key Financial Systems and Grant Certification		
General Ledger (Main Accounting System) and Bank Reconciliation (follow up audit)	ANA – medium	3
Creditors & Electronic Ordering (POP)	ANA – high	3
Debtors and Corporate Debt	ANA – high	4
FIMS Sys Admin	ANA – high	1
Asset Register (follow up audit)	ANA – medium	1
Treasury Management	ANA – medium	1
Income Collection	ANA – medium	2
Payroll	ANA – high	4
Benefits and CTAX Support Scheme	ANA – high	2
Council Tax and Non-Domestic Rates	ANA – medium	3
IBS Open Sys Admin (follow up audit)	ANA – high	1
A rolling programme of audits is adopted for material systems whereby although the overall planned days is likely to remain stable each year, the work programmes may differ, with each audit having varying amounts of system review, testing or a combination of the two, or follow up of the previous year’s audit findings. This approach enables us to deliver a more cost-effective service, whilst providing enough assurance as to the adequacy of the Authority’s material system control environment.		
Grant Certification		n/a
Benefits Subsidy	ANA – client request (Service Area)	2-3

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Value Added and Other Activities		
Irregularity Prevention and Investigation **	business driven requirement, client request (Service Area, Financial Ethics and Probity Group)	n/a
Subject access and freedom of information requests		n/a
Advice		n/a
Audit Follow Up ***		3
Other activities (including audit planning and annual plan report; support for audit committee; 6 month and annual monitoring reports; support for the preparation of the AGS; attendance at corporate meetings; external audit liaison etc.)		n/a

Risk Assessment Key

SRR / ORR – Local Authority Strategic or Operational Risk Register reference
 ANA - Audit Needs Assessment risk level

**To note, the time spent on irregularities in 2020-21 was more than originally allocated. Should this be the case during 2021-22 then there will be a need to either revisit the audit plan and redirect resources or commission further internal audit days. In such instances in previous years, the s151 Officer and Director of Corporate Services have made these decisions.

***To note, this activity is currently being evolved to link with the Council's new Performance and Risk Management arrangements.

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

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

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

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. The matches from the main 2020/21 exercise were released on 28th January 2021 to those participating in the exercise. The separate Council Tax Single Persons Discount exercise matches were released on 29th January 2021. At Torbay Council, this work is led by the Council’s Corporate Fraud Officer and team.

Internal Audit Governance

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

- Preparing the internal audit plan and monitoring implementation,
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee,
- Assistance with the Annual Governance Statement,
- Liaison with other inspection bodies (e.g. Grant Thornton),
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during 2021/22
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

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

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

Appendix 1 - Audit Framework

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

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

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

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



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

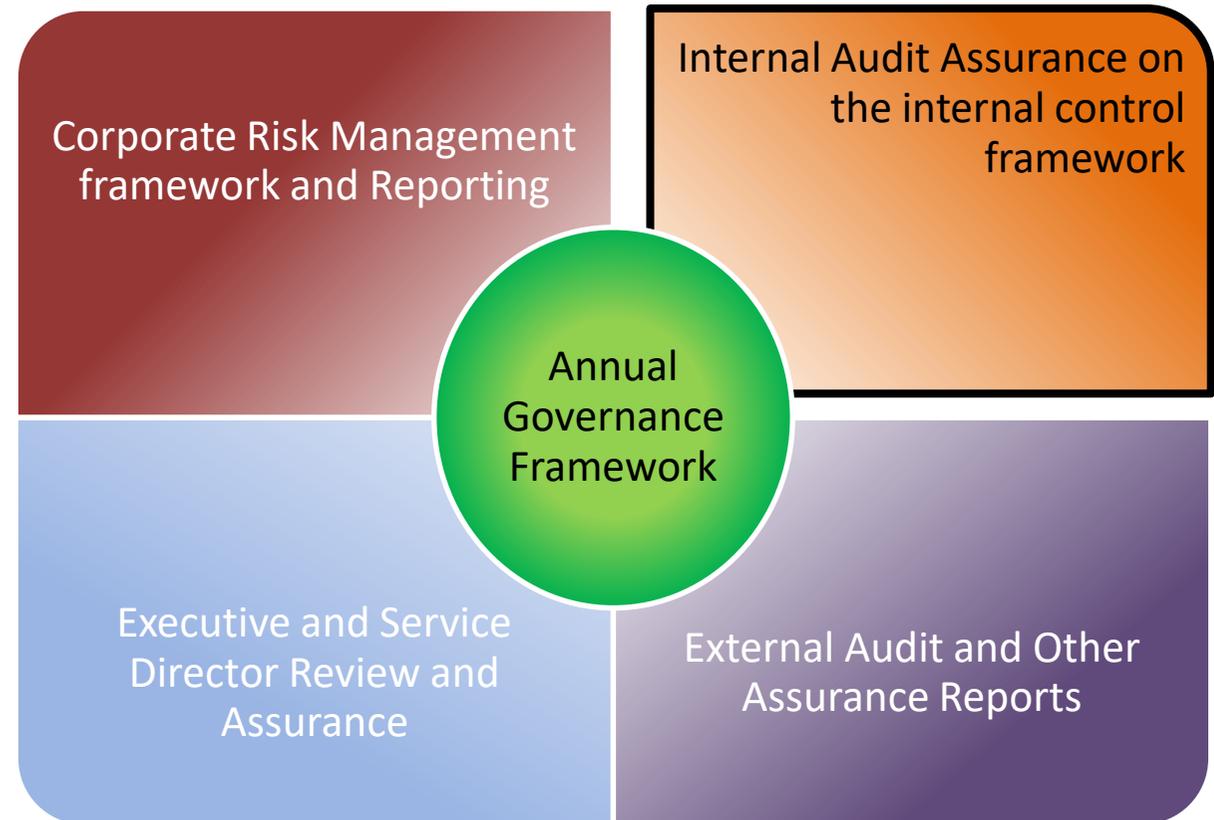
Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

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

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

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



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

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

Appendix 3 - Audit Needs Assessment

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

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

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

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

Review and update of the audit universe

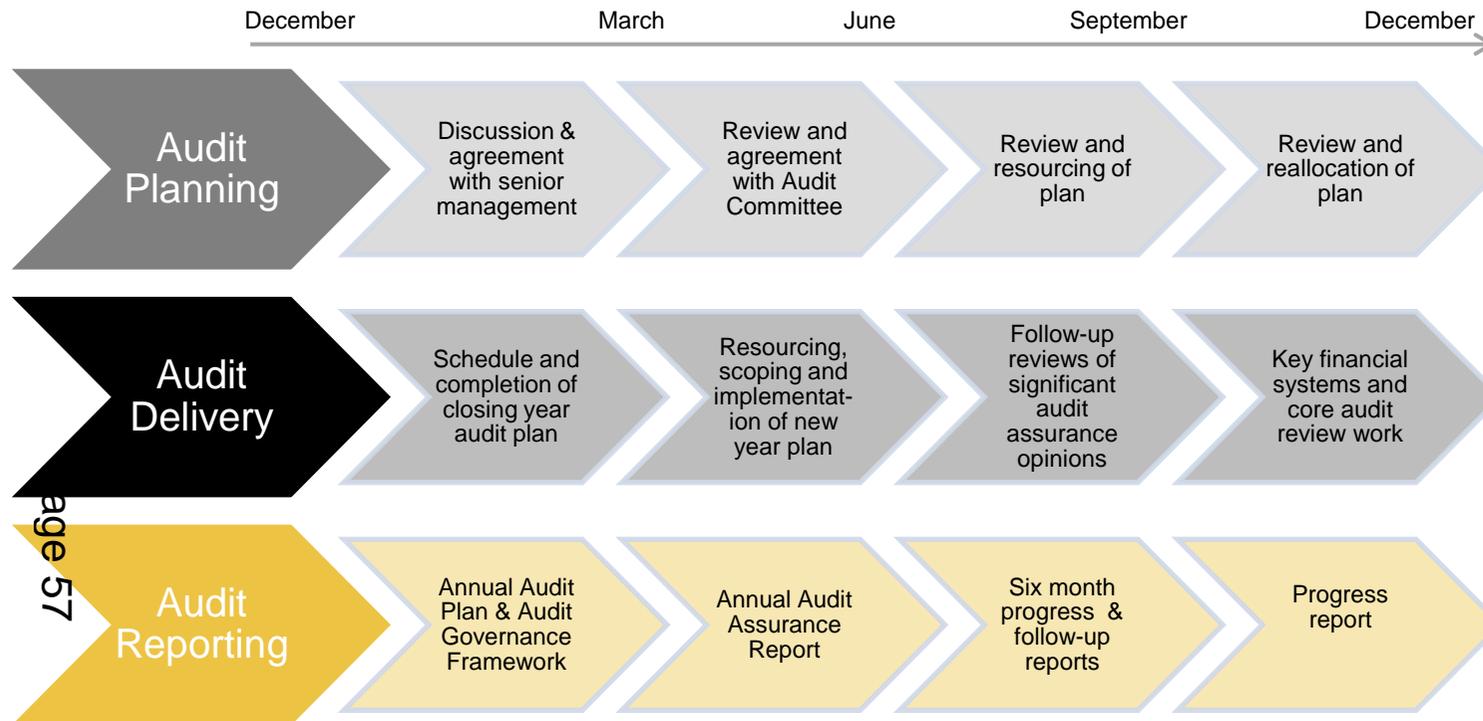
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

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

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

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec to Feb 2021	Directorate planning meetings
March 2021	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year-end field work completed
Apr / May 2021	Annual Performance reports written
May 2021	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
January 2022	Follow-up and progress reports presented to Audit Committee
January 2022	Six-month progress reports presented to Audit Committee
	2022/23 Internal Audit Plan preparation commences

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