

Internal Audit

Half Year Audit Report 2020-21

Torbay Council
Audit Committee

January 2021



Robert Hutchins
Head of Audit Partnership



Auditing for achievement

Introduction

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

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2020/21 was presented and approved by the Audit Committee in March 2020. The following report and appendices set out the background to audit service provision; an update to the agreed plan due to Covid-19, a review of work undertaken to date in 2020/21 and provides our current opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This progress report provides a summary of work completed in the first six months of the year that will help to inform that annual assurance opinion.

Expectations of the Audit Committee from this six-month progress report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- changes to the plan and the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- performance and customer satisfaction on audit delivery.

Opinions

Internal Audit is governed by PSIAS, and in April 2020 the CIPFA Special Interest Group (SIG) for Internal Audit considered and proposed a common practice of using four standard internal audit assurance opinions, which DAP has adopted. This replaces the previous High Standard, Good Standard, Improvements Required and Fundamental Weaknesses ratings that we have used when reporting on each audit assignment in previous years. Corresponding updated organisational assurance ratings related to the overall organisational and directorate opinions are described on the next page.

Robert Hutchins

Head of Devon Audit Partnership

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Opinion Statement

Overall, and based on work performed to date during 2020/21, our experience from previous years, and the outcome of the Annual Follow Up exercise as separately reported, the Head of Internal Audit's Opinion is one of "Reasonable Assurance" on the adequacy and effectiveness of much of the Authority's internal control framework. The exception to this is Children's Services Directorate, although we acknowledge a positive direction of travel. In the case of both the Public Health, and Adults Directorates our assurance opinion is based on work undertaken in 2019/20 and prior years. Our audit planning process is risk based and as such our report will inevitably focus upon higher risk areas.

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

The Authority's internal audit plan for 2020/21 includes specific assurance, risk, governance and value-added reviews which, together with prior years audit work, provide a framework and background within which we can assess the Authority's control environment. The audit plan has been significantly changed on the instruction of the S151 Officer in order that we could operationally support Torbay Council's Covid-19 response and undertake other requested work.

The reviews in 2020/21 to date have informed the Head of Internal Audit's Opinion. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement as part of the 2020/21 Statement of Accounts.

In carrying out reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified.

Implementation of action plans rests with management and these are reviewed during subsequent audits or as part of a specific follow-up.

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. debtors, creditors, payroll and main accounting) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework operated effectively during the year. Where internal audit work has highlighted instances of non or part compliance, none are understood to have had a material impact on the Authority's affairs.

Risk Management

We are aware that arrangements for Risk Management are in development. Until these are implemented and embedded this area remains a risk. Our ongoing involvement in Council projects/programmes, including Transformation, continues to evidence consideration of risk. There is opportunity for the Council to review its position in terms of broadening Portfolio Management. Ongoing involvement by the Council in response to the Covid-19 pandemic presents financial and service risks.

Governance Arrangements

Governance arrangements have been reviewed in Transformation projects.

The Information Governance Steering Group provides overarching governance in relation to information security, management and compliance, with local responsibility for compliance delegated to service areas, where risks have been identified.

Financial Ethical and Probity (FEP) maintain governance over issues within their remit including Health & Safety where it relates to irregularities.

Performance Management

We are aware that arrangements for Performance and Risk Management are in development; these are monitored by SLT (Senior Leadership Team) and Audit Committee. Until embedded this area remains a risk.

Irregularity and whistleblowing complaints, alongside the work of the Corporate Fraud Officer are also reported to Audit Committee. Budget performance is monitored by SLT and full Council.

Children's Services Medium Term Financial Plan (MTFP) is monitored by SLT.

Significant Assurance	A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
Reasonable Assurance	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.	No Assurance	Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can.

We believe internal audit activity can add value to the organisation and its stakeholders by:

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

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

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

Corporate Services and Financial Services

- operational support to the Council's Covid-19 response in relation to Business Grant processing;
- changes to the plan to accommodate audit examination and assurance in relation to various Covid-19 grants awarded;
- ongoing engagement in various Transformation programmes and projects, Council Redesign Programme and associated projects; We also continue to provide relevant information and practices from Local Government articles and guidance;
- change in the audit plan to support the external audit requirement for benefit subsidy audit;
- support to the ongoing GDPR project, including development of the Council's Information Asset Register (IAR);
- continued advice, guidance and challenge to the Information Governance Steering Group;
- Support to the Council's Data Protection Officer in the provision of Freedom of Information (FOI) and Subject Access Request (SAR) data; and input to the Information Commissioners Office Audit;
- Data Quality audits as required, to support the Council's Data Security and Protection Toolkit (DSPT) submission.

Place

- review of the Technology Forge system implementation;
- follow up of Port Marine Safety Code compliance audit;
- support to the TOR2/SWISCo transition.

Children's Services

- ongoing engagement in relation to the Liquid Logic implementation;
- assistance in maintaining the impetus in management action plans to address previously identified risks through an annual and robust follow up exercise;
- certification of Troubled Families grants.

Schools

- continued assurance through the routine internal audit visits that systems and controls are in place to ensure compliance with Department for Education and Council requirements are being met.
- maintained schools' visits delayed until November 2020 as a result of the Covid-19 pandemic with all planned visits to maintained schools now taking place in the second half of the year.

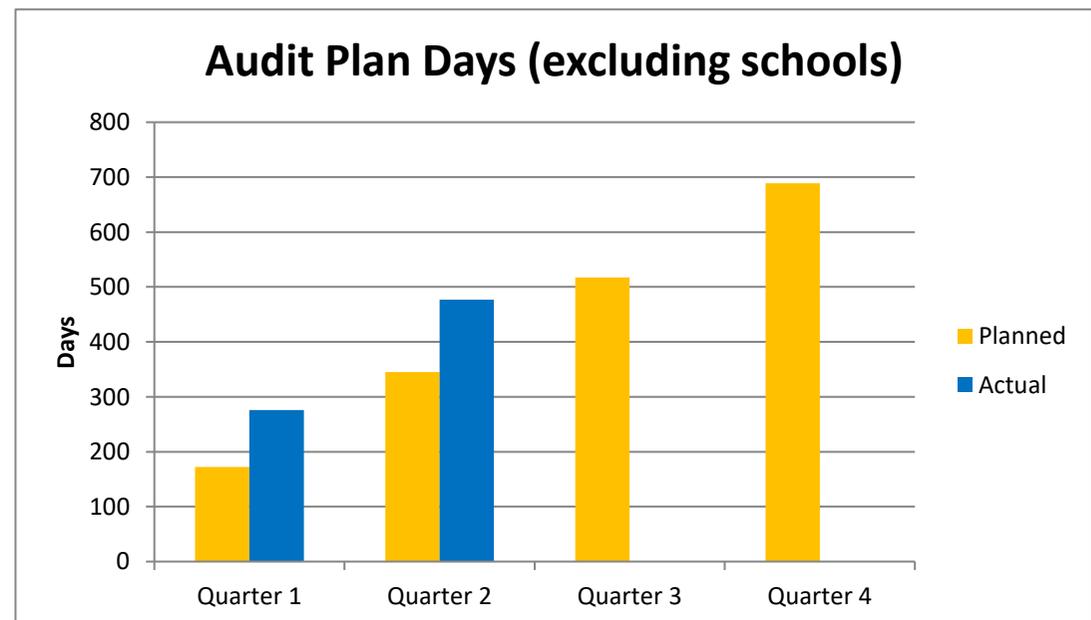
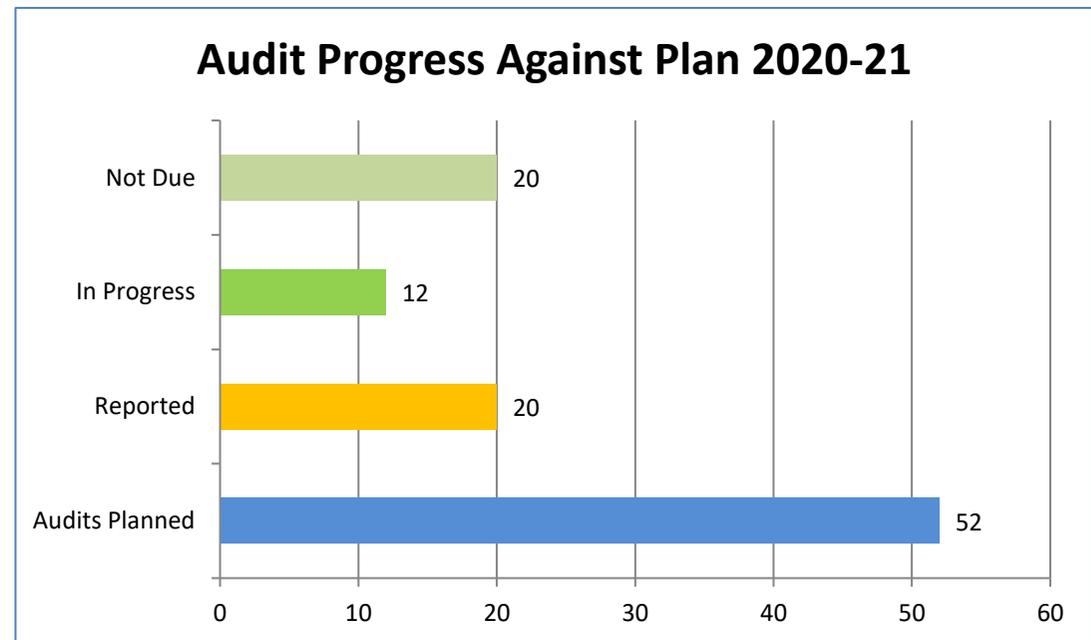
Progress Against Plan

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

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

There has been a need to change the 2020/21 agreed audit plan due to the Covid-19 pandemic; to accommodate operational involvement in business grants processing to support the Covid-19 response, benefits subsidy testing; and investigative work in relation to irregularities. Some of our work supports projects and hence completion will be in accordance with project timescales.

The bar charts right show the status of audit progress against plan and audit days delivered against target planned. The charts demonstrate that progress is largely in line with expectations, except in relation to audits reported which is due to the changes to the plan, and that the number of audit days delivered is greater than planned. The latter will even up with planned days in Quarters 3 and 4, as a result of the audit team taking their annual leave.



Summary audit results

This report reflects the Council structure prior to the November 2020 change. The annual outturn report will reflect the revised structure.

Place

Due to the impact of Covid-19, we have not been able to complete all the planned work for the first six months of the year, and as such we are unable to provide an update to our assurance opinion. Our **assurance opinion at the end of 2019/20** was one of '**Reasonable Assurance**' and we have planned work in the coming months to enable us to provide an assurance opinion at the end of the financial year.

As noted on page 2 the Place plan has been subject to change.

We have undertaken a follow up exercise of two Audits within Place, the outcomes of which are reported separately. It was pleasing to note that following this we were able to uplift our assurance opinion in relation to the Tor Bay Harbour Authority – Income audit.

Based upon audit work completed in 2020/21 and that undertaken in previous years we can comment that the framework of control remains in operation. We have certified two grants; Local Transport Capital Block Funding, and Local Growth Fund. It was pleasing to note that during finalisation of the Technology Forge Asset and FM implementation review, several recommendations made had already been addressed.

Although our report in relation to Commissioning and Performance Monitoring by the Council of the TDA currently remains in draft, we understand that an action plan will be provided imminently, however this remains a risk until changed practice is embedded.

We have noted that there continues to be irregularities in relation to the Tor Bay Harbour Authority and we remain concerned about the land-based Health and Safety practices.

Public Health

Based on areas audited in previous years, our opinion is one of '**Reasonable Assurance**' on the adequacy and effectiveness of the internal control framework.

There are no audits planned for the 2020-21 year within the Public Health directorate, due to changes to the plan made by the S151 Officer.

Corporate Services and Financial Services

As a result of our audit work completed so far during the 2020/21 year and in previous years, our opinion remains as one of '**Reasonable Assurance**'.

The plan for Corporate Services and Financial Services has been significantly changed on the instruction of the S151 Officer to include the review of business grants payments and undertake benefits subsidy testing. We followed up three audits within this Directorate, the outcomes of which are reported separately.

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

The Transformation Portfolio is critical to the organisation; it is pleasing to note that the Team resource has increased with engagement of additional project management support. Although not specific to Transformation, we are still of the opinion that there is opportunity for the Council to review its position in terms of a broader Portfolio Management perspective across the Council, particularly considering the size and complexity of key projects.

The resource and associated capacity to support both 'business as usual' and the level of Council projects continues to present associated risks.

The Council has a Data Protection Officer and in line with GDPR requirements, continues to develop and maintain the Information Asset Register. We understand that the volume of subject access requests and reported data breaches remain high, and this continues to put significant pressure on the team and their ability to achieve statutory deadlines. We are aware that the Council is currently awaiting outcomes of a recent Information Commissioners Office Audit.

Our earlier work in relation to Information Governance and Data Quality identified areas where improvements are required. However, to date we have not received a complete management action plan

We are aware that new arrangements for Performance and Risk Management are currently in development. Until these are implemented and embedded this area remains a risk.

Children's Services

Due to the impact of Covid-19, we have not been able to complete all the planned work for the first six months of the year, and as such we are unable to provide an update to our assurance opinion. Our **assurance opinion at the end of 2019/20** was one of '**Limited Assurance**' and we aim to be able to provide an assurance opinion at the end of the financial year.

The plan for Children's Services has been changed on the instruction of the S151 Officer. We have undertaken a follow up of a number of audits within the Children's Services directorate and the outcomes are reported separately.

We understand that for the 2020/21 year, Children's Services spend remains within the budget envelope. Significant change is underway through structured change initiatives such as the new system implementation, Children's services Transformation projects, and delivery of associated strategies and plans.

We are very aware of the priorities in Children's Services and always endeavour to work around these, however, there remains opportunity for improvement in relation to audit engagement; the outcomes from which would support Children's Services on their improvement journey.

In relation to risk, we remain concerned about the resource and capacity related to the Liquid Logic implementation project, and capacity to maintain business as usual whilst supporting the significant improvement plans and the extensive inspection regime

Adult Services

The key functions and risks are audited by the NHS Trust Provider, and wider assurance is provided by via Health audit colleagues (Audit South West) who provide a separate letter of assurance.

Based on areas we audited in previous years, our opinion is one of '**Reasonable Assurance**' on the adequacy and effectiveness of the internal control framework.

We undertook a follow up of BCF/iBCF, as reported separately, and were able to improve our assurance opinion.

We recognise that there has been a structure change affecting Adult Services and Corporate Services with effect from November 2020 and our annual outturn report for 2020/21 will reflect this revised structure.

This structure change will result in there being some audits within Community and Customer Services undertaken which will be reported within the overall Adult Services Directorate. However, there are no other Adult Services audits planned for the 2020-21 year, due to changes to the plan made by the S151 Officer.

Schools

Due to the Covid-19 pandemic, no routine internal audit visits were made to the maintained schools in the first seven months of this financial year. Arrangements have been put in place to recommence these visits from November 2020.

The Schools Financial Value Standard is now an established tool for maintained schools and are required to annually submit their self-assessment to their local authority no later than 31st March.

Irregularities Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Devon Audit Partnership (DAP) liaise with the Corporate Fraud Officer as required; the key outcomes of this role are the identification and investigation of external frauds.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years. The majority of data matching for this involves the investigation of potential external fraud committed against the Authority, i.e. individuals or bodies external to the Council. NFI activity on behalf of the Council is now undertaken by the Corporate Fraud Officer.

DAP has continued to undertake daily monitoring and management the Council’s Whistleblowing Inbox. We have provision to interrogate the Council’s email archive system to support investigations, FOI’s and SAR’s. Periodic fraud bulletins are also produced and published on DAP’s website.

Irregularities – During the first six months of 2020/21, Internal Audit have carried out, or assisted in six new irregularity investigations. Analysis of the types of investigation and the number undertaken, and as compared with the total investigations for previous years shows the following:

Issue	20/21 Number Half Year	19/20 Number Whole Year	18/19 Number Whole Year	17/18 Number Whole Year
Poor Procedures	0	4	2	8
Employee / Member Conduct	4	9	9	4
Financial Irregularities	2	1	3	1
Misappropriation of Income	0	0	0	1
IT Misuse	0	0	2	0
Theft	0	0	1	0
Tenders & Contracts	0	1	0	0
Total	6*	15	17	14

**This is less than the 2019/20 year, where we had received 11 referrals at the six-month point, however investigative work continues from matters raised in previous years.*

Summary details as follows: -

Most irregularity investigations (six in number) are as a result of allegations made by whistle blowers, including in relation to Health and Safety. In addition, we have supported Information Governance with the provision of emails in relation to a Local Government and Social Care Ombudsman enquiry

Freedom of Information / Subject Access Requests and Referrals made under the Unacceptable Behaviour Policy: -

We have not been asked to assist with requests under Freedom of Information and Data Protection requirements or the Unacceptable Behaviour Policy during the first six months of 2020-21.

Appendix 1 – Summary of audit reports and findings for 2020/21

Risk Assessment Key

LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level

ANA - Audit Needs Assessment risk level as agreed with Client Senior

Management

Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Direction of Travel Assurance Key

 - action plan agreed with client for delivery over appropriate timescales & is progressing;

 - action plan agreed and is being progressed though some actions are outside of agreed timescales or have stalled

 - action plan not fully agreed, or we are aware progress has stalled or yet to start;
 * report recently issued, assurance progress is of managers feedback at debrief meeting.

CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Transformation			
Transformation Portfolio	<p>Status: Ongoing</p> <p>Added Value</p>	<p>As requested, we undertake a dual role in both Audit assurance and support to operational delivery in line with programme and project timescales.</p> <p>We continue to provide input to Transformation Programmes and associated projects, providing a Project Assurance role, reporting to respective Boards. We provide formal project assurance and year end outturn reports, and interim review/comment throughout. These provide our opinion on specific areas along with either recommendations or our suggestions on where we feel controls/aspects of the projects could be strengthened.</p> <p>In relation to specific Transformation Programmes and Projects, we have provided the following:</p> <ul style="list-style-type: none"> Children’s Services ICT – we continue to provide a Project Assurance role in relation to the Liquid Logic system implementation; Council Redesign Programme – attendance at and participation in Council Redesign Board along with engagement within associated projects as required; TOR2/SWISCO transition – provision of Project Assurance in relation to the ongoing Project, transitioning TOR2 to SWISCO. Assurance issues are highlighted to Project Board and Project Management; <p>We undertake ongoing horizon scanning through provision of information/articles from Local Government and other relevant publications identifying projects and programmes that may be of interest to Torbay Council.</p> <p>We remain of the opinion that the Council review its position in terms of a broader Portfolio Management perspective integrating other Council projects that fall outside of the Transformation remit. This would provide the organisation with greater clarity on all projects and identify interdependencies, priorities and a method for identifying peaks in resource requirement. Of key ongoing concern is the resource and associated capacity to maintain both business as usual and support the vast number of projects.</p>	N/A

CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
IT Audit			
ICT Information Governance (IG) and Data Quality (ANA - High)	Status: Draft Improvements Required <i>Draft Report Issued 15/4/2020</i> <i>Awaiting client response</i>	Assurance was reported in last year's annual report; please refer to that for details. We have received responses from the IG team but are awaiting one outstanding response from Human Resource, following which we will pursue responses to two recommendations made to Children's Services within the report.	
Mobile Device Management (ANA – High)	Status: Final Reasonable Assurance	<p>The Council now has an approved 2019-2022 IT Strategy. Mobile devices are an integral part of the strategic direction in terms of mobile and agile working. The mobile device controls have been particularly pertinent with a significant increase in mobile / homeworking in response to the Covid-19 pandemic. During this time, it is pleasing to note the ongoing level of technical support that IT continues to provide. We understand that there is an intention to increase this through video tutorials to maximise user self-help capabilities.</p> <p>It is also pleasing to note that progress has been made against the recommendations previously made in an Advice Note. Mobile device controls have been strengthened and are generally operating well. In particular, the key issue relating to the excessive charges incurred through misuse (accidental or malicious) of mobile network provider data usage is now being addressed through a 'data pool' approach. Devices are recorded, monitored and managed through both a manual inventory and an established Mobile Device Management (MDM) System (MobileIron). The level of control the MDM affords is significant and greatly reduces associated risks. However, not all device specifications are suitable for enrolment on the MDM, and these then require manual management and control. Regardless of device management method, there is significant reliance on service areas providing timely notification to IT of user changes and leavers, which remains an ongoing issue and continues to present associated risks.</p> <p>There are several opportunities to enhance device controls, in particular a review of device provisioning / baseline acceptance criteria to potentially force all devices through MDM control; and a potential for wider integration with other IT inventory systems to provide a single source. There are additional controls at device level and via the mobile device network provider that also minimise risks.</p> <p>It is disappointing to note that Corporately, recovery of costs from employees to replace peripheral items (chargers / leads etc) not returned to IT is still not being progressed by Service Areas, despite clear policy requirement and instruction from SLT. We understand that the cost of replacements is notable.</p>	

CORPORATE SERVICES and FINANCIAL SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
ICT Continuity and Disaster Recovery (ANA – High)	Status: Draft Reasonable Assurance <i>Draft Report Issued 11/11/2020</i> <i>A majority of client responses received – awaiting some technical aspects only</i>	<p>Generally, we found the IT processes supporting key financial systems to be well operated and managed, especially given the acknowledged historic resource issues and more recently the impact of Covid-19 requiring ICT solutions; the fast and effective response by IT Services enabled continued service provision. It is noted that there has been recent investment in IT Services, although the benefits have been diluted by the necessary Covid-19 ICT response. particularly given the known resource issues within ICT and more recently the impact of the prompt and effective response ICT provided to the Covid measures and required solutions. Without such a response the Council would undoubtedly have struggled to maintain consistent service provision. We do recognise the recent investment the Council has made in ICT and would fully support ongoing investment to ensure resilience and business continuity.</p> <p>Key areas for concern are in relation to resilience, in particular, ICT resource, sole reliance on key officers and the associated need for structured knowledge management. The reliance on a single data centre also presents risks to the Council in terms of business continuity, however we recognise that a fully resilient solution would be cost prohibitive. A more joined up approach to business continuity planning between departments responsible for key financial systems and the IT Services BCP could mitigate the risks associated with the current fragmented approach.</p> <p>Change control is also an area that would benefit from further strengthening. There is a need for a change governance structure and associated management and recording of change.</p> <p>Systems themselves were found to be generally well managed by ICT, both from a network perspective and at database level. Some policy and procedural documents are in place and would benefit from update to ensure they reflect required practice.</p>	
Information Governance Steering Group (including GDPR - trusted advisor) (ANA – High)	Status: Ongoing Added Value	<p>The Information Governance Steering Group (IGSG) operates within a defined term of reference, attended by an appropriate cross representation of Council service areas with the Council's Head of ICT as Senior Information Risk Owner (SIRO) and the Data Protection officer (DPO) / Information Governance Manager as Chair. The group provides a framework within which existing and emerging information security matters are reviewed, evaluated and managed. This now incorporates the ongoing management of the GDPR project.</p> <p>The focus on other responsibilities such as GDPR and Information Governance requests does impact the resource available to undertake certain IGSG tasks, however the governance process is in place, and in our opinion, operates on a risk basis, prioritising the groups work and focus.</p> <p>We continue to provide support to the GDPR project as required where we note that resources and associated capacity continues to present a risk.</p>	N/A

CORPORATE SERVICES and FINANCIAL SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
	The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> • Cyber Essentials (ANA – High) • General Data Protection Regulations (GDPR) – Information Asset Register (ANA – Client Request) • Information Governance – Data Quality and Records Management (ANA – High) 	The following audits have been deferred / cancelled due to the Covid-19 pandemic and at the agreement / request of the s151 officer: <ul style="list-style-type: none"> • ICT Project Management (ANA – High) 	

Key Financial Systems

The following audits are currently in progress: <ul style="list-style-type: none"> • General Ledger & Bank Reconciliation (ANA – Medium) • FIMS System Administrator (ANA – High) • Asset Register (ANA – Medium) • Treasury Management (ANA – Medium) • IBS Open system Administration (ANA – High) • Housing Benefits – Subsidy testing (ANA – High) 	The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> • Creditors & POP (ANA – High) • Debtors and Corporate Debt (ANA – High) • Income collection (ANA – Medium) • Payroll (ANA – High) • Benefits and Council Tax Support Scheme (ANA – High) • Council Tax and National Non – Domestic Rates (ANA – Medium)
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Covid-19 Response

Business Grants – Operational Support	Status: Complete Added Value	The Devon Audit Partnership provided operational support to the processing of business grants through the provision of one auditor to work full time for five months in the Exchequer & Benefits team in the role of a business grants processor.	N/A
Business Grants - Pre-Award Advice Note	Status: Complete Added Value	Although processes are still at the development stage, we have reviewed them as far as possible, given current distancing restrictions and the pressure on officers to ensure eligible claimants receive payments quickly at this difficult time, and are pleased to report that we have no significant concerns at this early stage of development. Procedure notes in terms of the Council’s administration of the scheme have yet to be finalised so we have been unable to obtain detailed guidance on all relevant aspects. As a result, we have made a relatively large number of recommendations, though we acknowledge that management may have already considered many of these areas and may already putting additional processes in place.	N/A
Council Tax Reduction Scheme - Post Award Assurance	Status: Final Substantial Assurance	The timescale for implementing the reduction scheme was tight, however despite this the Systems Team undertook appropriate software testing, test reconciliations and reported identified software errors to the supplier. Policies and procedures were defined and communicated by the Systems Team, which we found to be clear and concise.	

CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES			
Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>We found that reductions had been accurately applied, albeit with the Systems Team having to account for some software errors, and that the total awards were correctly reconciled.</p> <p>At the time of the audit, the Council spend on the CT Reduction Scheme remained within the grant allocation with plans in place to use the remaining allocation for ongoing automatic system application of the reduction to appropriate claims until the Scheme is ceased.</p>	
<p>The following audits are currently in progress:</p> <ul style="list-style-type: none"> • Business Grants - Post Award Assurance • Discretionary Business Grants - Post Award Assurance 		<p>The following audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> • Test & Trace Support Payments & Discretionary Fund • Local Restrictions Support Grants (Tier 2) • Local Additional Restrictions Support Grants • Local Restrictions Support Grants (Closed) • Local Restrictions Support Grants (Sector) • National Lockdown Support Grants • Wet-Led Pub Christmas Grants 	
Other			
Community Protection – Prevention (ANA – High)	Status: Final Improvements Required	Assurance was reported in last year’s annual report; please refer to that for details.	
<p>The following audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> • Performance and Risk Management (ANA – Medium) 		<p>The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic and at the agreement / request of the s151 officer:</p> <ul style="list-style-type: none"> • Democratic Services and Member Allowances (ANA - Medium) • Corporate Complaint System (ANA – Medium) • Capital Programme (including new Financial Code and IR35 - Council and Companies) (ANA – Medium, client request) • Health & Safety (ANA – High) • Elections (ANA – Medium) • Emergency Planning and Business Continuity (ANA – Medium) • Legal Services (cross Council use of Legal Advice) (ANA – Medium) 	

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Technology Forge – Asset and FM Implementation Project (ANA – Medium)	Improvements Required Status: Final	<p>It is pleasing to see that the system is now in place and operational. The Project Manager has consistently provided us with information throughout our ongoing review within the Project, demonstrating an excellent level of knowledge.</p> <p>Of key concern is the over reliance on the Project Manager, who is both the Asset Registrar and single user with input access to the Property and Estates modules, and the System Administrator. This results in a lack of contingency for those roles/system functions and creates a lack of segregation of duty.</p> <p>There are some opportunities for improvement in relation to user management, in particular the need for a formal leaver process for users that don't utilise the single-sign-on functionality of the system; and undertaking regular user reviews. It is pleasing to note that during the audit system functionality was expanded to further strengthen password controls. In addition, we have made recommendations in relation to system amendments, primarily the need for stronger pre-input authorisation controls, and greater use of system provided functionality around input validation and mandatory fields where deemed necessary.</p>	
Commissioning and Performance Monitoring by the Council of the TDA (ANA – High)	Improvements Required Status: Draft <i>Draft Report Issued 06/05/2020</i> <i>Awaiting client response</i>	<p>Assurance was reported in last year's Annual Report.</p> <p>In summary, we were pleased to report that there is now a Commissioning Agreement that provides an adequate framework for performance management and ensuring value for money for the Council. However, we found a lack of knowledge of it, and the split between Core and Additional Services at an operational level by commissioning officers.</p> <p>We found that the detailed provisions within the Agreement that are determined annually, including the apportionment of the budget across the eleven service categories and banding rates, are not mutually agreed and timely i.e. before the start of the financial year.</p> <p>We also noted that performance measures are not all being actively monitored and the monitoring that is in place is not being adequately evidenced by the Council. There was also a lack a lack of information to support compliance with the governance expectations within the Agreement, and to support compliance with Financial Regulations and Procurement Standing Orders in the Council's related transactions with the TDA.</p>	
Port Marine Safety Code – Follow up of 2019-20 (ANA-Medium)	Compliant Status: Final	<p>Due to the Covid-19 pandemic for the 2020/21 year, we have only undertaken a follow up of the previous findings and recommendations made in relation to 2019/20 without any site visit. Within the remit of the follow up we examined a restricted sample of records and compliance with the requirements of the Port Marine Safety Code in order to evidence the status of previously agreed actions.</p> <p>To the best of our knowledge and belief, having carried out appropriate checks within the remit of the follow up exercise, and considered responses provided to us by relevant Harbour staff, in our opinion the Tor Bay Harbour Authority remains compliant with the Port Marine Safety Code. We continue to have significant concerns in relation to land-based Health and Safety (H&S), however these are outside of the scope of the Code.</p>	

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Grants x 2 <ul style="list-style-type: none"> Local Transport Capital Block Funding Local Growth Fund 	Status: Complete	No issues identified	N/A
The following audits are currently in progress: <ul style="list-style-type: none"> Events (ANA – High) Grant - Bus Subsidy 		The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> Governance of the Safety Camera Partnership (ANA – Low, client request) 	
The following audits have been deferred / cancelled due to the Covid-19 pandemic and at the agreement / request of the s151 officer: <ul style="list-style-type: none"> Housing Companies (client role / management) (ANA – Medium) Housing (including joint working of fragmented service) (ANA – Medium) Public Toilets (contract monitoring) (ANA – Low, client request) Beach Services (ANA - Low, client request) Spatial Planning – s106 and CIL (ANA – Medium) 		<ul style="list-style-type: none"> Tor Bay Harbour Authority (ANA – Medium) Tor Bay Harbour Authority – Mooring system (contract management) (ANA - Medium) Asset Management Strategy / Plan (ANA – High) Technology Forge system review (ANA – Medium) 	

CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Use of Agency staff and control of Safeguarding employee costs (follow up) (ANA – Medium)	Status: Final Good Standard	Assurance was reported in last year's Annual Report. Our report found that the majority of the recommendations made in the previous audit have now been implemented.	
Special Education needs (SEN) / Higher Needs (ANA – Medium)	Status: Final Improvements Required	Assurance was reported in last year's Annual Report. In summary, we found that procedures were in place for SEN officers and clear information published, and that Education and Health Care Needs Assessments were generally being undertaken effectively. Measures put in place since the previous audit regarding the timeliness of additional information received from Health and Social Care are proving effective. However, we found that Educational and Health Care Plans were not always timely (i.e. within 20 weeks) albeit that delays are not significant. Similarly, the annual reviews were not found to be timely due to capacity issues. We understand that measures put in place since September 2019 have significantly improved the situation since our audit.	
Adoption (Client monitoring of the Regional Adoption Agency) (ANA - Medium)	Status: Final Improvements required	Assurance was reported in last year's Annual Report. . Actions have either been addressed or planned dates for completion agreed. In summary, we noted that the Regional Adoption Agency (RAA) Partnership Agreement includes details of service delivery expectations, and annual performance monitoring arrangements, however Procurement were not involved in its production. We understand from work on behalf of Devon County Council that these were not being used to drive performance improvement. Clear governance arrangements are in place, and there is a robust protocol for the sharing of information between partners, however other aspects of data protection would benefit from clarification, although we understand that this may be covered by standard legal regulations for all adoption cases with legislation being clear that the retention of files is the responsibility of the child's resident Local Authority. There was no clear guidance for officers in terms of the adoption process, though we understand that an instruction manual was being drafted at the time of the audit. Assessment of adopters was found to be effective and timely, however, we are unable to verify this due to the legal requirements relating to access to adoption case files.	
Early Help – Prevention (linked to the Future Model – Improved Outcomes) (ANA - High)	Status: Draft Good Standard <i>Draft Report Issued 06/05/2020</i>	Assurance was reported in last year's Annual Report. In summary, we noted that Children's Services are engaged in a complex and significant scale of service review and change including the Sufficiency Strategy. Within this, prevention processes / initiatives are being developed and progressed, and we understand that a large proportion of these are statutory.	

CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>In relation to the statutory Multi-Agency Service Hub (MASH) and the signposting initiative, we recommended engagement with the Council's Redesign Programme, albeit that MASH is statutory.</p> <p>Our wider work on Prevention identified the significant work being undertaken to understand drivers for services, with, in many cases drivers being very closely linked and have recommended considering whether integrated working in relation to prevention would be beneficial.</p>	
Early Education / Nursery Funding (ANA – High)	Status: Final Substantial Assurance	<p>We are pleased to report that the control environment in relation to funding of early years childcare is robust. Information in place for officers, providers and parents is clear and complies with statutory guidance. Sample testing found that payments are made in line with the guidance, and only where eligibility has been properly confirmed and provision is deemed to be of sufficiently high quality.</p> <p>We have only made a small number of minor recommendations for management consideration.</p>	
Admissions and Place Planning (ANA – High)	Status: Final Substantial Assurance	<p>We are pleased to report that the control environment in relation to ensuring the school admissions process is fair, and that places are allocated in line with statutory guidance, is robust. Information available to officers and parents is clear, including the application and appeals process, and arrangements formally agreed with schools after appropriate consultation. Sample testing confirmed that the admissions Code is being adhered to in practice, and an annual report has been produced as required.</p> <p>The approach to school place planning is also robust, and there is a clear and appropriate forecasting methodology in place. Suitable planning areas have been determined, and the accuracy of previous forecasts used to improve the precision of estimates going forwards.</p> <p>We have not made any recommendations for either of the areas covered.</p>	
Troubled Families Grant Claims x 2	Status: complete	1 claim removed from one of the submissions; otherwise, no issues identified	N/A
<p>The following audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> • Sufficiency Strategy Progress (ANA – High) • Special Guardianship Orders – Follow up (ANA – Medium) • Troubled Families Grant Claims x2 (January and March) 		<p>The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic and at the agreement / request of the s151 officer:</p> <ul style="list-style-type: none"> • Fostering and connected care (ANA – Medium) 	

CHILDREN'S SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Schools Financial Value Standards (SFVS)	No opinion given	Due to the Covid-19 pandemic, the 2019/20 Schools Financial Value Standard Chief Finance Officer Statement was not required by the Department of Education.	N/A
Maintained Schools audit programme	No opinion given	Due to the Covid-19 pandemic, no routine school audits have been carried in the period April to October 2020. The routine visits recommenced in November, albeit remotely, i.e. by not visiting schools.	N/A
Maintained Schools Summary Data			Assurance Opinion
The key matters arising from the audits are: <ul style="list-style-type: none"> • None • With the recommencement of audits, key issues will be commented upon in the next report. 			No opinion given

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

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

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

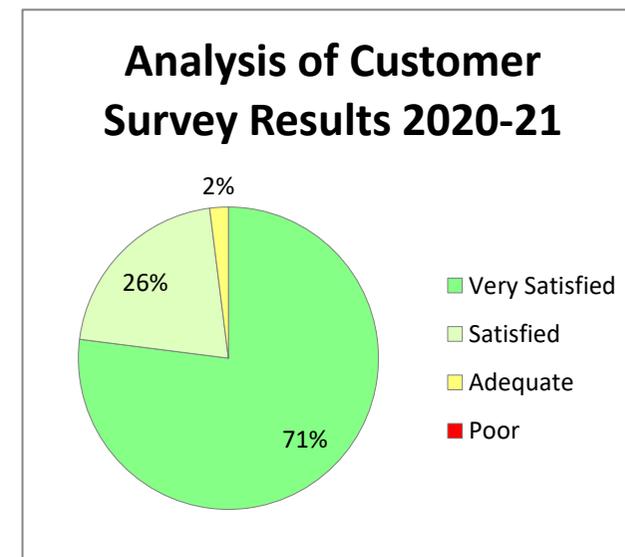
Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report was reported to the Management Board and Partnership Committee in October 2020.

Performance Indicators

Overall, performance against the indicators has been good with some improvements made on the previous year (see Appendix 6). To note that certain areas of the audit plan relate to project work and will not be complete until the end of the year. As already mentioned on page 4, the plan has changed significantly due to the need to accommodate operational involvement in business grants processing to support the Covid-19 response, benefits subsidy testing and investigative work in relation to irregularities.

Customer Service Excellence (CSE)

In June 2019, DAP was successful in re-accreditation by G4S Assessment Services of the CSE. We continue to issue client survey forms with our final reports and the results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with 98% being “satisfied” or better across our services, see appendix 7. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.



Appendix 3 - Audit Authority



Appendix 4 - Annual Governance Framework Assurance

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

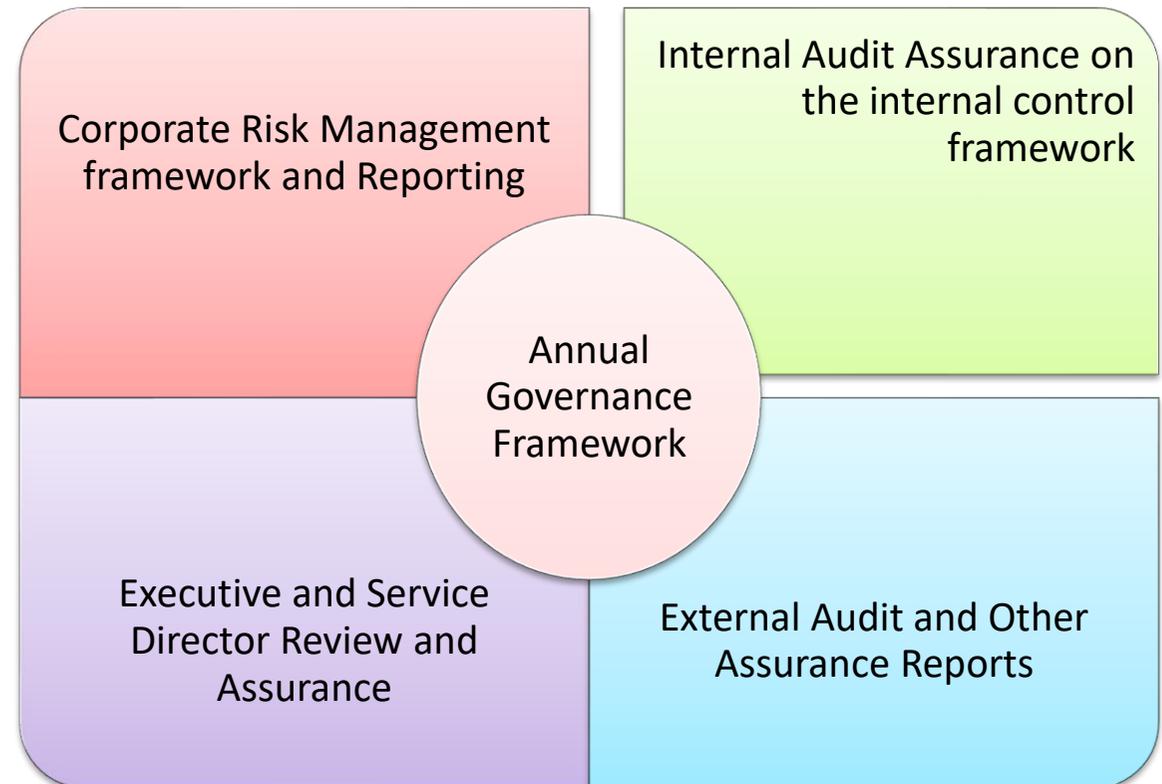
The Annual Governance Statement (AGS) provides assurance that

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

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

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

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



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

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

Appendix 5 - Basis for Opinion

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

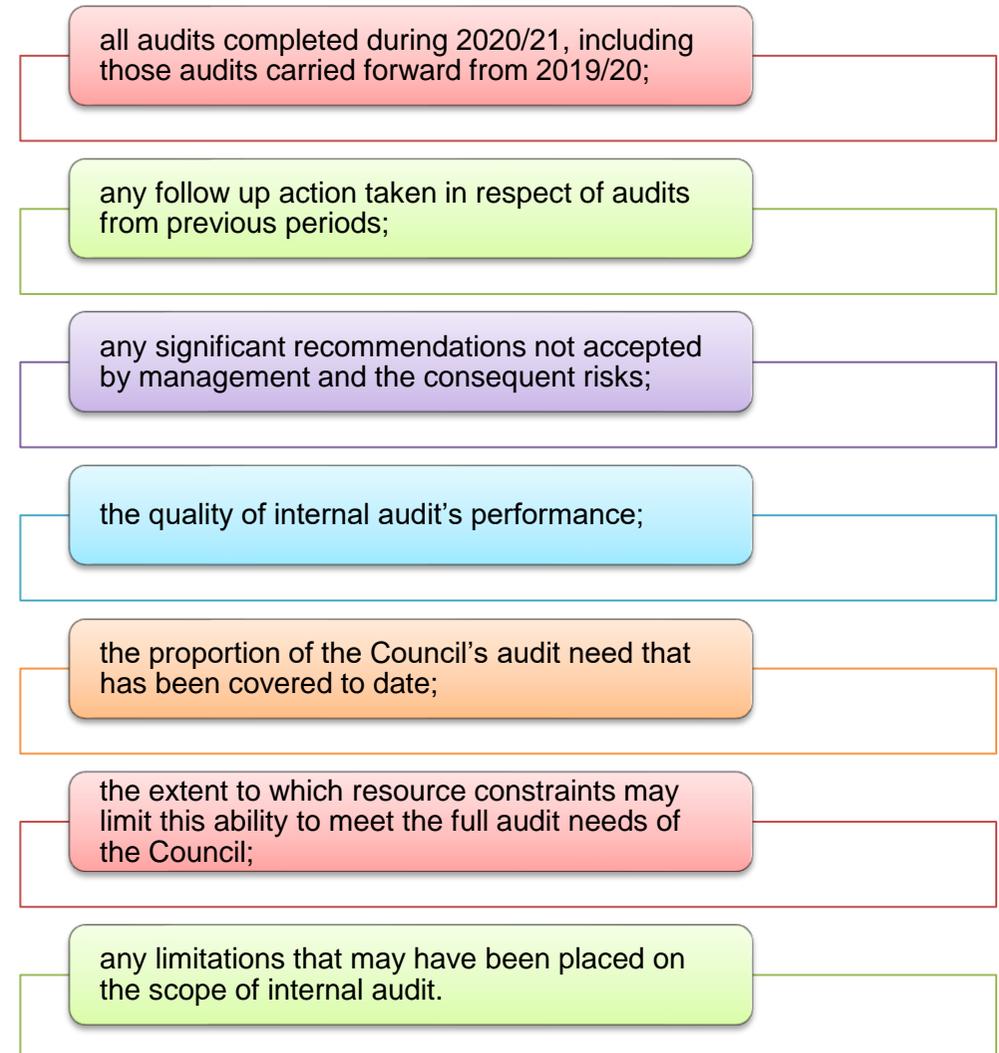
This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit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

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

The extent to which our work has been affected by changes to audit plans has been notable and any changes are shown in Appendix 1.

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

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



Appendix 6 – Performance Indicators

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

Local Performance Indicator (LPI)	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	<i>Target</i>	<i>Actual</i>	<i>Target</i>	<i>Actual</i>	Full Year Target	Six Month Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%	100%	61.2%
Percentage of Audit plan Completed (Inc. Schools)	93%	91%	93%	97%	93%	31.3%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	94%	95%	104%	95%	66.7%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	On target
Percentage of chargeable time	65%	66%	65%	67%	65%	65.1%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	97%	90%	99%	90%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	81%	90%	83%	90%	100%
Final reports produced within target number of days (currently 10 days)	90%	100%	90%	99%	90%	100%
Average level of sickness absence (DAP as a whole)	2%	3%	2%	3%	2%	4.9%
Percentage of staff turnover (DAP as a whole)	5%	4%	5%	4%	5%	20%*
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes

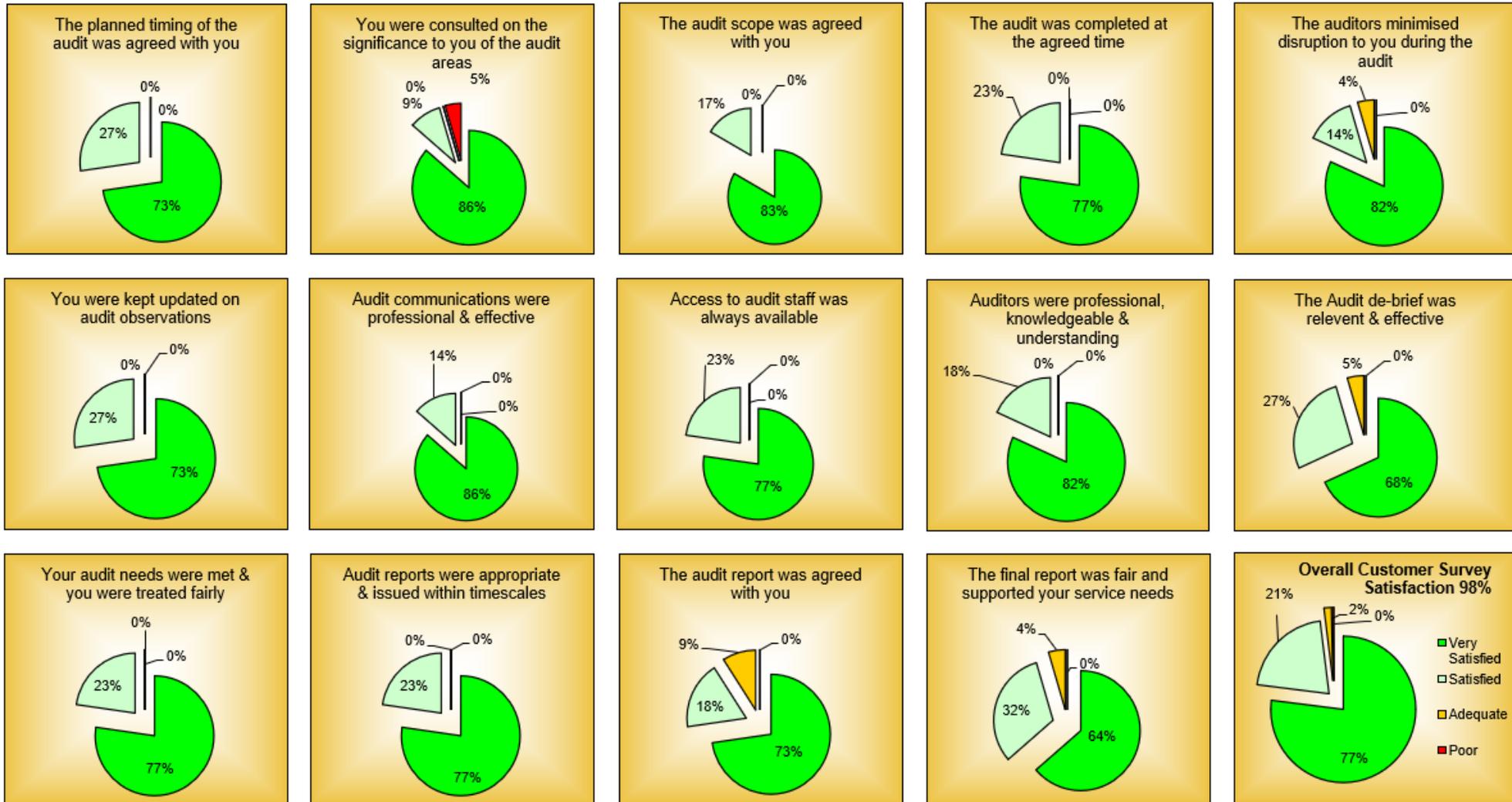
* Turnover – 3 leavers and 3 starters (+ apprentice).

Overall, performance against the indicators has primarily been maintained, the exception to this being 'Percentage of Audit plan completed'; certain areas of the audit plan relate to project work and will not be complete until the end of the year in line with project timescales. It should also be noted that the level of resource required to undertake irregularity investigations has been greater than anticipated which has had an adverse impact on the overall completion of the plan. In addition, operational support in relation to business grants processing, and work in relation to benefits subsidy testing has also adversely impacted completion of the plan. It should also be acknowledged that the figures above include maintained Schools for which audit activity has been delayed until November 2020 due to Covid-19, which therefore also impacts the percentage of the plan completed.

Appendix 7 - Customer Service Excellence

Customer Survey Results April 2020 - October 2020

The charts below show a summary of 22 responses received.



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Devon Audit Partnership	Confidentiality and Disclosure Clause
<p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</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>This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</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>