

Internal Audit

Half Year Audit Report 2021-22

Torbay Council
Audit Committee

January 2022



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 2021/22 was presented and approved by the Audit Committee in March 2021. The following report and appendices set out the background to audit service provision; an update to the agreed plan due to the continued impacts of Covid-19, a review of work undertaken to date in 2021/22 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.

Robert Hutchins

Head of Devon Audit Partnership

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Opinion Statement

Overall, and based on work performed to date during 2021/22, 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. However, due to a lack of audit work in the first half of the year, we are unable to reconsider the assurance opinions for both Place and Children's Services Directorates. As such Place remains as 'Reasonable Assurance' and Children's Services (excluding Education) as 'Limited Assurance'. 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 (attached at Appendix 8).

The Authority's internal audit plan for 2021/22 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 with the agreement of the S151 Officer due to insufficient capacity in the Council's departments as a result of the continued impact of Covid 19.

The reviews in 2021/22 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 2021/22 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 economical, effective and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council's assets and interests from losses of all kinds. Core financial and administrative systems were reviewed by Internal Audit.

The Council's overall internal control framework is considered to have operated effectively during the year. Where internal audit work has highlighted instances of non or part compliance, none are understood to have had a material impact on the Authority's affairs. However, the opinion provided must be considered in light of Covid-19 and the ongoing impact of this on the Council. Our opinion is based on internal audit work undertaken during 2021-22, as part of a revised plan.

Covid-19 measures have resulted in a significant level of challenge to the Council and put pressure on the expected control environment; the need for prompt and urgent action by officers has required changes to some procedures and control arrangements. In respect of this report, it has not been possible to fully quantify the additional risk that may have arisen from such emergency and associated measures or fully determine the overall impact on the framework of governance, risk management and control.

Risk Management

Work continues in relation to ongoing development of the Performance and Risk Management (PRM).

The audit of this area is planned for 2022-23 to allow for embedding of new practices. However, we maintain involvement in development within our Project Assurance role of the Council Redesign Programme. We are supporting ongoing development through provision of information to allow recommendation/action tracking.

PRM continues to be reported to Senior Leadership Team (SLT) and Audit Committee. Until fully embedded this area remains a risk. The ongoing Covid-19 response continues to present financial and service risks.

Governance Arrangements

Arrangements are generally reviewed within projects, including Business Improvement and Change. There is opportunity to further broaden Portfolio Management.

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. The group is now encompassing cyber risk as part of its portfolio.

An audit of Cyber Governance is planned for the second half of the year. Finance, Ethics and Probity (FEP) maintain governance over issues within their remit.

Performance Management

As detailed under Risk Management, the Performance Framework remains subject to ongoing development, with monitoring arrangements continuing, and includes outcome mapping and business planning. 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 Sufficiency Strategy and Medium-Term Financial Plan (MTFP) are monitored by SLT and were recently updated, including a 3-year forecast.

| | | | |
|-----------------------------|--|--------------------------|--|
| 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. | N& 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

- ongoing engagement in various Business Improvement and Change programmes and projects, Council Redesign Programme and associated projects; We also continue to provide relevant information and practices from Local Government articles and guidance;
- support to the Council's newly developed Performance and Risk Management framework in relation to Internal Audit recommendation and action tracking;
- continued advice, guidance and challenge to the Information Governance Steering Group including the ongoing GDPR project and development of the Council's Information Asset Register (IAR);
- support to the Council's Data Protection Officer in the provision of Freedom of Information (FOI) and Subject Access Request (SAR) data; and support to the Information Commissioners Office Audit recommendations and the Council's response;
- an addition to the plan in relation to Cyber Governance and Resilience, and an Information Governance Compliance review, Transparency Code compliance linked to Freedom of Information;
- an amendment of the plan to include a review and test of the Council's Apprenticeship Levy process.

Place

- annual Port Marine Safety Code compliance audit;
- in addition to the planned grant work, inclusion of the Local Growth Fund Grant (Claylands) certification; Home to school and college grant certification; and Travel Demand Management grant certification.

Children's Services

- ongoing engagement with the Liquid Logic project post go-live;
- quarterly certification of Troubled Families grants.

Covid-19 Response

- changes to the plan to accommodate audit examination and assurance in relation to Covid-19 Restart Grants, Household Support Fund, Vulnerable Renters and Test and Trace Grant certification.

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 have taken place despite the pandemic and it is hoped to complete as many of the remaining planned audits as possible by the end of the audit year.

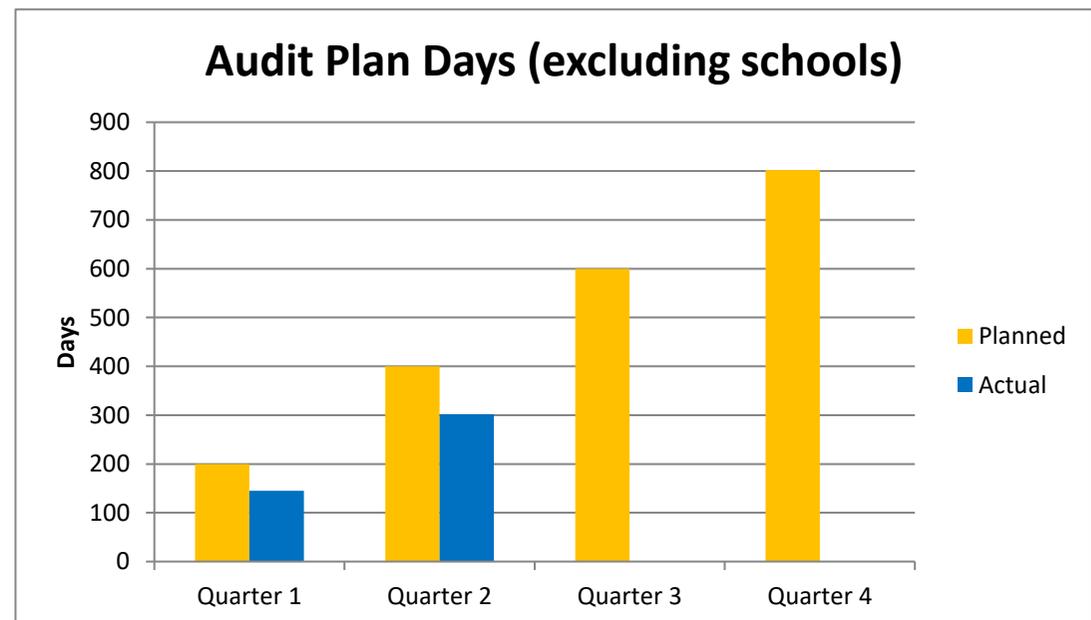
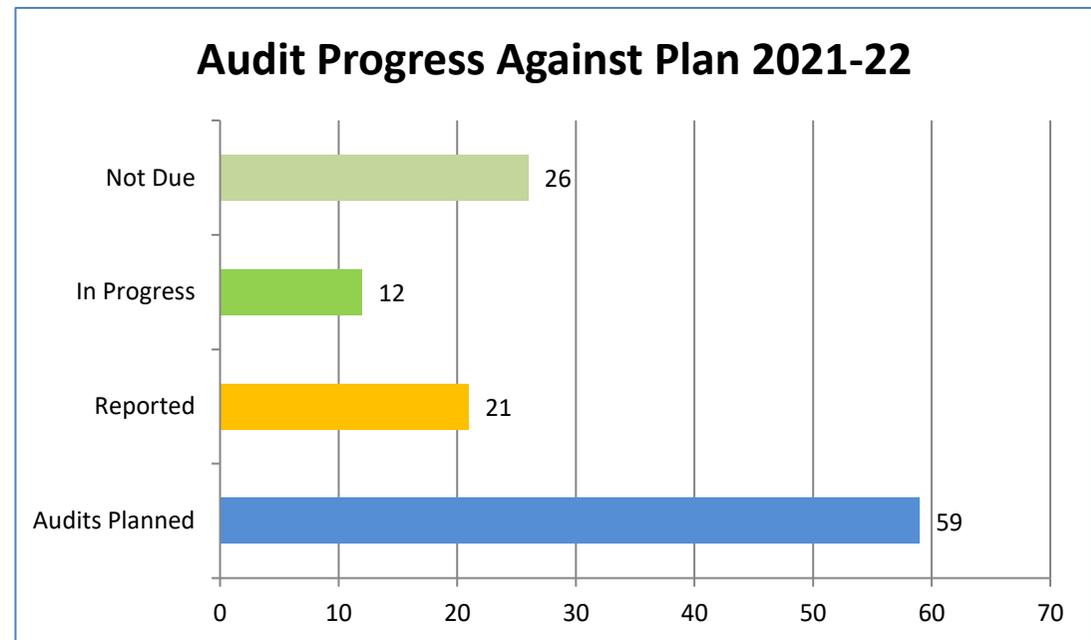
Progress Against Plan

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 remained an ongoing need for fluidity in the 2021/22 agreed audit plan in response to the ongoing impact of Covid-19 resulting in reduced departmental capacity to support Audit activity; 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 the number of audit days delivered are fewer than planned. It is anticipated that the latter will even up with planned days in Quarters 3 and 4, as a result of recruitment activity.



Summary audit results

Place

Due to the impact of Covid-19, the plan has been reduced as detailed in Appendix 1. Our **assurance opinion at the end of 2020/21** was one of **'Reasonable Assurance'** and we have planned work in the coming months, and this along with the limited work we have undertaken to date will enable us to provide an updated assurance opinion at the end of the financial year.

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 Technology Forge – Asset and FM Implementation Project audit.

We have certified two grants; Local Transport Capital Block Funding, and Local Growth Fund and completed the annual Port Marine Safety Code audit.

It is pleasing to note that following a number of ongoing Health and Safety issues within Tor Bay Harbours a dedicated Health and Safety has now been appointed.

The Director of Place has overall responsibility for commissioning SWISCo services on behalf of Torbay Council. Key SWISCo Services functions and risks are audited by the Devon Audit Partnership, who provide an annual assurance report to the SWISCo Board.

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.

Planned audit activity for this Directorate has been deferred in relation to the 2021-22 year. As there was only one audit planned for the 2021-22 year and the 2020-21 audit deferred, our assurance opinion remains based on 2019-20 and prior year audit activity.

Corporate Services and Financial Services

As a result of our audit work completed so far during the 2021/22 year and in previous years, our opinion remains as one of **'Reasonable Assurance'**.

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.

Business Improvement and Change incorporates significant projects, in particular those within the Council Redesign Programme. Each service area will be subject to service and business process reviews. Given the scale and complexity of the projects and associated workstreams, in our opinion 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. Due to the high level of Freedom of Information and Subject Access requests, and ongoing data breaches, we remain concerned regarding the Council's capacity to comply with the statutory deadlines. We are aware that work continues to address the recommendations made within the Information Commissioners Office Audit.

As noted in the ICT Key Financial Systems (KFS) Audit, a key area of concern is the significant risks faced by public sector in relation to malicious / cyber-attack events compounded by the disparity between resources available to cyber criminals and those of Local Authorities. We have audit work planned in the second half of the year in relation to Cyber Governance and Cyber Essentials.

We are aware that new arrangements for Performance and Risk Management remain in development. A specific audit of this area is planned for 2022-23 once fully embedded.

Children's Services

Due to the impact of Covid-19, the plan has been reduced as detailed in Appendix 1 and as such we are unable to provide an update to our assurance opinion. Our **assurance opinion at the end of 2020/21 for Education** was one of '**Reasonable Assurance**' with the remainder of Children's Services given '**Limited Assurance**', acknowledging a positive direction of travel. We have planned work in the coming months to enable us to provide an assurance opinion at the end of the financial year.

We have undertaken a follow up exercise of an Audit within Children's Services, the outcome of which is reported separately.

We have certified two troubled families claims and have undertaken a follow up audit of Special Guardianship Orders.

Children's Services transitioned to a new system during 2021-22 and the project remains live to address some post implementation issues. Significant change remains underway through structured change initiatives.

Covid-19

The plan has been expanded to include the review of Restart Grants, Vulnerable Renters, Household Support Fund, and the certification of the Test and Trace grant.

As detailed in Appendix 1 we have undertaken numerous audits covering the various types of Covid-19 business grants and the test and trace scheme.

Individual assurance opinions were mainly 'Limited Assurance' and we have provided recommendations to support improvement and strengthening of the associated control frameworks going forward.

Adult Services including Community and Customer Services

The key Adult Services functions and risks are audited by the NHS Trust Provider, and wider assurance is provided by 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.

Within Community and Customer Services we undertook follow ups of Health and Safety, and Community Protection - Prevention, as reported separately, and were able to improve our assurance opinions.

All audits for this Directorate area have been deferred in relation to the 2021-22 year, as was the case for 2020-21 year. As such our assurance opinion is based on 2019-20, prior years, and prior and current year follow up activity.

Schools

Following the relaxation of pandemic restrictions, internal audit visits were made to the maintained schools, either on-site or "remotely", in the first seven months of this financial year. Arrangements will be put in place to carry out the remaining visits in this year's plan over the coming months.

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 2021/22, Internal Audit have carried out, or assisted in 12 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 | 21/22 Number Half Year | 20/21 Number Whole Year | 19/20 Number Whole Year | 18/19 Number Whole Year |
|-------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Poor Procedures | 2 | 0 | 4 | 2 |
| Employee / Member Conduct | 6 | 9 | 9 | 9 |
| Financial Irregularities | 0 | 4 | 1 | 3 |
| Misappropriation of Income | 0 | 0 | 0 | 0 |
| IT Misuse | 1 | 0 | 0 | 2 |
| Theft | 0 | 0 | 0 | 1 |
| Tenders & Contracts | 0 | 2 | 1 | 0 |
| Support to IG and HR Investigations | 3 | N/A | N/A | N/A |
| Total | 12 | 15 | 15 | 17 |

Summary details as follows: -

Some irregularity investigations are as a result of allegations made by whistle blowers, including in relation to Health and Safety. In addition, we have supported Information Governance and Human Resources with the provision of emails in relation to their investigations.

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

We have been asked to assist with four requests under Freedom of Information and Data Protection requirements or the Unacceptable Behaviour Policy during the first six months of 2021-22.

Appendix 1 – Summary of audit reports and findings for 2021/22

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 | | | |
|--|---|---|-------------------------------|
| Audit Report | | | |
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| Transformation | | | |
| Transformation Portfolio (Business Improvement and Change) | <p>Status: Ongoing</p> <p>Added Value</p> | <p>Where required by the programmes/projects we undertake either a Project Assurance role reporting into respective Project Boards, and/or a Project Audit role which reviews the control framework. These are undertaken in line with programme and project timescales.</p> <p>The project assurance role relates to assurance around project delivery and compliance with project management methodologies. The role would provide assurance that the Board are considering the right factors to keep the project on track and in budget and ensuring it delivers intended benefits.</p> <p>The Project Audit role is where Internal Audit provide a role within a project, but the assurance provided relates to any associated processes that the project is intended to change in any way, so the Internal Audit advice would be around associated changes to the control framework</p> <p>In both cases we have provided advice and feedback throughout programme and project timescales, culminating in project and year end outturn reports.</p> <p>In relation to specific Business Improvement and Change Programmes and Projects, we have provided the following:</p> <ul style="list-style-type: none"> Liquid Logic System Implementation – we continue to provide a Project Assurance role in relation to the Liquid Logic system implementation which is now post go-live; Council Redesign Programme – attendance at and participation in Council Redesign Board along with the ongoing overview of sub-projects such as Customer Relationship Management system; Performance and Risk; Office 365 etc. <p>Our key concern continues to be one of project capacity in relation to the ability of project teams to deliver outcomes in addition to maintaining business as usual in what continues to be challenging times.</p> <p>We continue to review information/articles from Local Government and other relevant publications identifying projects and programmes that may be of interest to Torbay Council.</p> | N/A |

CORPORATE SERVICES and FINANCIAL SERVICES

| CORPORATE SERVICES and FINANCIAL SERVICES | | | |
|---|---------------------------------------|--|--|
| Audit Report | | | |
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| IT Audit | | | |
| ICT Information Governance (IG) and Data Quality (ANA - High) | Status: Final Limited Assurance | Assurance was reported in last year's annual report; please refer to that for details. |  |
| Information Risk Management Procedure | Status: Final Added Value | Assurance was reported in last year's annual report; please refer to that for details. |  |
| ICT Key Financial Systems Continuity and Disaster Recovery (ANA – High) | Status: Final Reasonable Assurance | <p>Generally, we found the IT processes supporting key financial systems to be well operated and managed, especially given the acknowledged historic resource issues, significant ICT project work, such as the roll out of MS365, and the ongoing impact of Covid-19 requiring ICT solutions and provision of support to a more mobile / remote workforce; the fast and effective response by IT Services enables continued service provision. It is noted that there has been recent investment in IT Services.</p> <p>Key areas of concern are the significant risks faced by the public sector in relation to malicious / cyber-attack events. There is huge disparity between resources available to cyber criminals and those of Local Authorities. Whilst we recognise that Local Authorities would be unable to match the resource there is potential to strengthen ICT infrastructure supported by the development of an Information Security Board, and an Information Security ring-fenced element of the ICT budget. Failure to sufficiently invest in Information Security could result in a cyber event critically disrupting Council operation. In addition, resilience, in particular, ICT resource (both financial and physical), sole reliance on key officers and the associated need for structured knowledge management remain key concerns. 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 has shown improvement since the last Audit, however, would still 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, although database support is dependent on key individuals, further compounding the resilience issues. It was pleasing to see a number of technical documents having been produced. The policy and procedural documents within the Information Security Framework are in place and the review of these documents to maintain currency remains ongoing.</p> |  |

CORPORATE SERVICES and FINANCIAL SERVICES

| Audit Report | | | |
|--|---|---|---|
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| ICT Project Management (ANA – High) | Status: Draft Reasonable Assurance | <p>We reviewed two Council projects, one IT-led (MS365 roll out) and one Corporate project requiring IT support/involvement (Liquid Logic System Implementation). In both cases we could see some practical application of the project management methodology, however there were some inconsistencies and we have made recommendations to address these.</p> <p>It was pleasing to see implementation of the intranet-based IT work proposal application, which provides a good framework within which IT capacity can be allocated and managed.</p> <p>Of concern and risk to project completion is the advised ongoing resource issues within IT, including difficulty in attracting new staff to Council employment, associated knowledge management/succession planning and over reliance on key individuals for technical skills and knowledge.</p> <p>We understand that engagement of IT in some technical aspects of projects can be inconsistent, which can result in technical/specification issues being identified as the project progresses and the potential risk of project and budget creep associated with resolving those issues. Project and budget creep can also be a result of lessons learnt not being integrated into project practices and we have made an associated recommendation.</p> <p>Although not specific to IT, we continue to recommend a Corporate approach to Projects, supported by a Programme / Portfolio office.</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 Executive Director of Corporate Services as Senior Information Risk Owner (SIRO) and Chair. The group provides a framework within which existing and emerging information security matters are reviewed, evaluated and managed. Internal Audit are active participants in the group.</p> <p>We have concerns regarding the Information Governance Team's capacity to comply with statutory timescales of Freedom of information requests and Subject Access Requests. We provided support to the recent ICO Audit and are pleased to note the progress that has been made against the ICO audit recommendations.</p> | N/A |
| <p>The following audits are currently in progress:</p> <ul style="list-style-type: none"> Cyber Governance (ANA – Client Request) | | <p>The following audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> Information Governance and Data Quality 2021-22 (ANA - High) Cyber Essentials (ANA - High) | |

CORPORATE SERVICES and FINANCIAL SERVICES

| Risk Area / Audit Entity | Audit Report | | Direction of Travel Assurance |
|---|---|---|---|
| | Assurance opinion | Residual Risk / Audit Comment | |
| Key Financial Systems | | | |
| Asset Register (follow up) (ANA – Medium) | Status: Final Substantial Assurance | It is pleasing to report that of the two recommendations made last year, one has been fully implemented and the other is partially implemented. In regards the latter, we have provided further advice to support the service in its full implementation. We understand that there have been no changes to the system or working practices since last year's audit. |  |
| FIMS System Admin (ANA – High) | Status: Final Reasonable Assurance | The control environment remains robust. Comprehensive procedures and processes are maintained, and system training is in place, with the team now providing more tailored online training for individual users in response to the pandemic with plans to further develop an i-learn type provision. We identified two users where timing of training against provision of access was not in line with expected practice and one where specific access had been provided without appropriate training having been given. Generally, access to the system is appropriately controlled and managed. However, we identified a weakness in the leaver notification process, which may be a wider HR/Payroll system issue rather than that of the FIMS team. In addition, given the associated risks, we continue to report the lack of full segregation of duty between the system administration and finance roles which is a risk accepted by management. Inappropriate or inaccurate amendments to the system are effectively controlled with routine verification processes undertaken, ensuring correct system operation and accurate reconciliation of the FIMS modules with the Council's General Ledger. |  |
| The following audits are currently in progress: | | 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) • Payroll (ANA – High) • Treasury Management (ANA – Medium) • Housing Benefits – Subsidy testing (ANA – High) | | <ul style="list-style-type: none"> • Debtors and Corporate Debt (ANA – High) • Income collection (ANA – Medium) • Benefits and Council Tax Support Scheme (ANA – High) • Council Tax and National Non – Domestic Rates (ANA – Medium) • General Ledger & Bank Reconciliation (ANA – Medium) • IBS Open system Administration (ANA – High) | |
| Other | | | |
| The following audits are not due to commence until the second half of the year: | | The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic with the agreement of the s151 officer: | |
| <ul style="list-style-type: none"> • Elections (ANA – Medium) • Democratic Services and Member Allowances (ANA - Medium) • Corporate Complaint System (ANA – Medium) • Legal Services (cross Council use of Legal Advice) (ANA – Medium) • Coroner (agreement monitoring) (ANA-Medium) | | <ul style="list-style-type: none"> • Capital Programme (including new Financial Code and IR35 - Council and Companies) (ANA – Medium, client request) | |

COVID-19 RESPONSE

| Risk Area / Audit Entity | Audit Report | | Direction of Travel Assurance |
|---|---|--|---|
| | Assurance opinion | Residual Risk / Audit Comment | |
| Test & Trace Support Payments & Discretionary Fund (ANA – Client Request) | Status: Final Reasonable Assurance | The design of the Council's scheme and the related application process is robust and in line with Government guidance, as is its supplementary discretionary scheme. Clear guidance is available to officers in terms of checking eligibility and verified information received, and independent checks are undertaken on applications processed. Although a requirement of Government guidance, a system for post-payment checking has yet to be put in place due to a lack of resources, so there's a risk that some claimants may have received payments whilst still receiving income from their employers. Sample testing of payments found that, in practice, the guidance was being adhered to in terms of properly assessing eligibility |  |
| Business Grants - Post Award Assurance (ANA – Client Request) | Status: Draft Limited Assurance | Guidance was in place with local processing requirements established, albeit that local process requirements were subject to change as required practices evolved. Sample testing found that although some accounts were compliant with guidance and expected practice, there were a number where this was not the case. Issues ranged from a lack of supporting evidence regarding eligibility and for checks undertaken, through to potential duplicate accounts, accounts with no applications, and incorrect payments to ineligible accounts in a very small number of cases. Although checking for a duplicate payment was not part of the normal assessment and verification process, we undertook a bulk exercise which identified some potential duplicates, some of which were valid duplicates and some of which have been passed to the Council's Fraud Manager for further investigation. |  |
| Discretionary Business Grants - Post Award Assurance (ANA – Client Request) | Status: Draft Limited Assurance | Guidance was in place with local processing requirements established. Sample testing found that most process requirements and expected practices were complied with however there were a number where this was not the case. Issues ranged from a lack of appropriate supporting evidence regarding eligibility and approval and for checks undertaken, through to potential duplicate awards. Although checking for a duplicate payment was not part of the normal assessment and verification process, we undertook a bulk exercise which identified some potential duplicates, some of which were valid duplicates and some of which have been passed to the Council's Fraud Manager for further investigation. We are unable to provide assurance in relation to the total level of Discretionary Grants awarded against Torbay Council's allocation, and in relation to both weekly and monthly Government reporting. This is due in part to a lack of evidence being provided and system limitations in central government reporting. |  |

COVID-19 RESPONSE

| Risk Area / Audit Entity | Audit Report | | |
|---|--|---|---|
| | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| Local Additional Restrictions Support Grants (ANA – Client Request) | Status: Draft Limited Assurance | <p>A review of the publicised information regarding this scheme found that it was in line with both Government, and other local guidance.</p> <p>Sample testing found that there was no prioritisation of applications undertaken in line with published scheme information, as the design of the application form itself was such that the information required to do this was not requested, and there was no guidance available to assessors in terms of how claims should be prioritised.</p> <p>In terms of verification of eligibility, reliance has been placed on previous checks undertaken for payments awarded under different grant schemes, however there's a risk that a claimant may have become ineligible since those checks were undertaken, and evidence supporting these checks having previously taken place was often lacking. In addition, sample testing identified a number of businesses to whom payments had been made who either did not seem to be trading at the time when restrictions were put in place or were able to operate effectively remotely. We therefore cannot provide assurance that payments made under this scheme were appropriate.</p> <p>In the majority of cases, payments made when tier 2/3 restrictions were in place were automatically and incorrectly coded to LRSG (Open). There were also instances where an insufficient number of payments had been made to some claimants.</p> <p>Although checking for a duplicate payment was not part of the normal assessment and verification process, bulk duplicate testing is now in place and our own testing confirms that this seems to be effective.</p> <p>At the time of the audit, the required Pre- and Post-Payment Assurance Plan, informed by a Fraud Risk Assessment had yet to be undertaken, as we understand the template for this has only recently been received.</p> |  |
| Local Restrictions Support Grants (Closed) and Closed Business Lockdown Payments (ANA – Client Request) | Status: Draft Limited Assurance | <p>A review of the publicised information regarding these schemes found that there are some omissions in relation to the scheme's eligibility requirements.</p> <p>In terms of verification of eligibility, reliance has been placed on previous checks undertaken for payments awarded under different grant schemes, however there's a risk that a claimant may have become ineligible since those checks were undertaken, and evidence supporting these checks having previously taken place was often lacking. In addition, sample testing identified a number of businesses to whom payments had been made who did not seem to be trading at the time when restrictions were put in place. We therefore cannot provide assurance that payments made under this scheme were appropriate.</p> <p>There were also instances where an insufficient number of payments had been made to some claimants.</p> |  |

COVID-19 RESPONSE

| Risk Area / Audit Entity | Audit Report | | |
|--|--|---|---|
| | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| | | <p>Although checking for a duplicate payment was not part of the normal assessment and verification process, bulk duplicate testing is now in place and our own testing confirms that this seems to be effective.</p> <p>At the time of the audit, the required Pre- and Post-Payment Assurance Plan, informed by a Fraud Risk Assessment had yet to be undertaken, as we understand the template for this has only recently been received.</p> | |
| Local Restrictions Support Grants (Open) (ANA – Client Request) | Status: Draft Limited Assurance | <p>A review of the publicised information regarding this scheme found that the scheme’s eligibility requirements had been made far wider than those set out within Government guidance, and as a result, we understand that funds allocated to this scheme have been overspent.</p> <p>Sample testing found that there was no prioritisation of applications undertaken in line with published scheme information, as the design of the application form itself was such that the information required to do this was not requested, and there was no guidance available to assessors in terms of how claims should be prioritised.</p> <p>In terms of verification of eligibility, reliance has been placed on previous checks undertaken for payments awarded under different grant schemes, however there’s a risk that a claimant may have become ineligible since those checks were undertaken, and evidence supporting these checks having previously taken place was often lacking. In addition, sample testing identified a number of businesses to whom payments had been made who did not seem to be trading at the time when restrictions were put in place. We therefore cannot provide assurance that payments made under this scheme were appropriate.</p> <p>There were also instances where an insufficient number of payments had been made to some claimants.</p> <p>Although checking for a duplicate payment was not part of the normal assessment and verification process, bulk duplicate testing is now in place and our own testing confirms that this seems to be effective.</p> <p>At the time of the audit, the required Pre- and Post-Payment Assurance Plan, informed by a Fraud Risk Assessment had yet to be undertaken, as we understand the template for this has only recently been received.</p> |  |
| Local Restrictions Support Grants (Sector) (ANA – Client Request) | Status: Draft Limited Assurance | <p>As the scheme had ended at the time of the Audit, we were unable to confirm that the publicised information was in line with the Government and local guidance. However, our sample testing found that the applications and payments were in line with Government guidance. Processing was supported by local guidance / process notes, training, and a system workflow, however this required updating due to a software update mid scheme.</p> |  |

COVID-19 RESPONSE

| Audit Report | | | |
|---|--|--|--|
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| | | <p>We have identified a number of process stages where the control framework can be further strengthened and have made appropriate recommendations. Our level of assurance awarded has been largely impacted by a lack of supporting evidence provided throughout the Audit, and as such, although we have been advised that processes were in place, we are not able to provide any assurance regarding the process effectiveness.</p> <p>At the time of the audit, the required Pre- and Post-Payment Assurance Plan, informed by a Fraud Risk Assessment had yet to be undertaken, as we understand the template for this had only recently been received.</p> <p>We did not identify any duplicate payments and understand that there were no cases that were being investigated in relation to potential fraudulent applications. We did however identify one sample where the validation process of information between the application and the IBS Open Revenues System had not been effective, which may either result in the claim being ineligible or require a system amendment to reflect the correct business sector.</p> | |
| Christmas Support Payments for Wet led Pubs (ANA – Client Request) | Status: Draft Limited Assurance | <p>Although we were unable to establish whether published guidance for applicants covers all of the scheme's eligibility requirements, the application form itself has some omissions.</p> <p>In terms of verification of eligibility, reliance has been placed on previous checks undertaken for payments awarded under different grant schemes, however there's a risk that a claimant may have become ineligible since those checks were undertaken. In addition, where further evidence was requested from the claimant, it was requested for the wrong period. We therefore cannot provide assurance that payments made under this scheme were appropriate.</p> <p>Three potential duplicate payments were identified as a result of our testing, however after investigation by the Authority, only one remains. We note that checking for a duplicate payment was not part of the normal assessment and verification process, possibly due to there being no specific guidance or verification checklist prepared for assessors to use.</p> <p>At the time of the audit, the required Pre- and Post-Payment Assurance Plan, informed by a Fraud Risk Assessment had yet to be undertaken, as we understand the template for this has only recently been received.</p> |  |
| Grants x1 <ul style="list-style-type: none"> Covid 19 Test and Trace | Status: Complete | No issues identified | N/A |
| The following audits are currently in progress: <ul style="list-style-type: none"> Business Restart Grants | | The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> Household Support Fund Vulnerable Renters | |

| PLACE | | | |
|--|-------------------------------|---|---|
| Risk Area / Audit Entity | Audit Report | | |
| | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| Port Marine Safety Code (ANA-Medium) | Compliant Status: Final | <p>We have undertaken a follow up of the previous findings and recommendations made in relation to 2020/21 and undertaken a current assessment of Tor Bay Harbour Authority against the requirements of the Port Marine Safety Code. We have examined a restricted sample of records relating to both previous recommendations made and current practices in relation to the Tor Bay Harbour Authority and its compliance with the requirements of the Code and obtained such explanations and carried out such tests as we consider necessary to confirm Management have actioned previous recommendations and remain compliant with the Code.</p> <p>To the best of our knowledge and belief, having carried out appropriate checks within the remit of both the follow up and annual compliance exercise and considered responses provided to us by relevant Harbour staff, in our opinion Tor Bay Harbour Authority remains compliant with the Port Marine Safety Code. We continue to have concerns in relation to land-based Health and Safety (H&S), however these are outside of the scope of the Code and we understand are now being addressed following the appointment of a designated H&S Officer within the harbour team.</p> |  |
| 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 grant certification audits are currently in progress: <ul style="list-style-type: none"> Grant - Bus Subsidy Grant – Home to School and College Grant – Travel Demand Management Grant – Local Growth Fund (Claylands) | | The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> Spatial Planning - s106 and CIL (ANA- Medium) Parking (ANA-Medium) Tor Bay Harbour Authority – Mooring system (contract management) (ANA - Medium) Public Toilets (contract monitoring) (ANA – Low, client request) Asset Management Strategy / Plan (ANA – High) Technology Forge system review (ANA – Medium) | |
| The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic with the agreement of the s151 officer: <ul style="list-style-type: none"> Housing Companies (client role / management) (ANA – Medium) Beach Services (ANA - Low, client request) Tor Bay Harbour Authority (ANA – Medium) | | | |

CHILDREN'S SERVICES

| Audit Report | | | |
|--|--|--|---|
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| Special Guardianship Orders – Follow up (ANA – Medium) | Status: Final Limited Assurance | <p>There has been significant improvement in relation to the guidance available to officers in the form of a new SGO Policy, plus accompanying flowchart. In addition, we understand that all SGO assessments are now progressed by social workers within the Fostering Assessment team; and this is supported by the new SGO Policy, which makes is clear who should take the lead in terms of assessment and support planning.</p> <p>There is also a new proforma to be used when preparing SG Support Plans, which, when properly completed should help address some of the weaknesses previously reported.</p> <p>That said, the Policy was approved relatively recently, and only a small number of Plans have prepared since then. Sample testing of a small number of Plans found that the new proforma was not being used in all instances. Where it was being used, not all the required sign offs were being obtained, and there was no evidence of Plans having been agreed by or communicated to the Special Guardian. Review dates are, however, much clearer, and we understand a new tracker will be brought in soon to ensure these are adhered to.</p> <p>In terms of financial assessments, we are pleased to report that these are now being retained, though we note that Torbay are in the process of reviewing how these assessments will be monitored and reviewed.</p> <p>Until the use of the new proforma and tracker become embedded, and a decision is made on how financial assessments will be reviewed, we are unable to provide assurance that support plans, including financial support, are being effectively completed, properly monitored and subject to timely and appropriate review; however, the Council is in a better position to enable this to happen, going forwards.</p> |  |
| Troubled Families Grant Claims x 2 | Status: complete | No issues identified | N/A |
| The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> • Troubled Families Grant Claims x2 (December and March) • Child Protection Processes and Planning Conference (ANA – High) • Virtual School (ANA – Medium) | | The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic with the agreement of the s151 officer: <ul style="list-style-type: none"> • Fostering and connected carers (ANA – Medium) • Sufficiency Strategy Progress (ANA – High) • Recruitment, Retention and Learning Academy (ANA – Medium) • Quality Assurance and Audit Frameworks (ANA – High) | |

CHILDREN'S SERVICES

| CHILDREN'S SERVICES | | | |
|--|--------------------------|---|--------------------------------------|
| Audit Report | | | |
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| Schools Financial Value Standards (SFVS) | Reasonable Assurance | SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2020/21 submitted to the Department for Education. | N/A |
| Maintained Schools audit programme | Reasonable Assurance | The routine visits have taken place, albeit remotely, i.e., by not visiting schools. To date, six out of ten planned visits were completed with arrangement being made to complete the remaining visits by the end of the audit year. The overall opinion for the routine school audit visits has been maintained as 'reasonable assurance' (refer to summary data below). | N/A |
| Maintained Schools Summary Data | | | |
| The key matters arising from the audits are: | | | |
| <ul style="list-style-type: none"> • Financial links from the School Development Plan to the budget. • The approval of the budget and the review of the budget monitoring report at least six times a year by the Full Governing Body. • Completion and / or update of the recommended skills matrices for Governors and staff. • Establishment of a contracts register. | | | |

ADULT SERVICES INCLUDING COMMUNITY AND CUSTOMER SERVICES

| ADULT SERVICES INCLUDING COMMUNITY AND CUSTOMER SERVICES | | | |
|--|-------------------|---|-------------------------------|
| Risk Area / Audit Entity | | Audit Report | |
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| <p>The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic with the agreement of the s151 officer:</p> <p>Adult Services</p> <ul style="list-style-type: none"> Commissioning and Performance Management (Direct Contract Management – Young Devon Contract) (ANA – Medium) Joint Equipment Store (Contract Management) (ANA – Medium) Adult Social Care Precept Use (Control of Procurement and Spend) (ANA – High) Commissioning and Performance Management (ICO) – Mental Health (ANA – High) Adult Social Care Client Debt (Monitoring of commissioned function) (ANA – High) | | <p>Community and Customer Services</p> <ul style="list-style-type: none"> Health & Safety (ANA – High) Emergency Planning and Business Continuity (ANA – Medium) Housing (including joint working of fragmented service) (ANA – Medium) Housing Options (ANA – High) | |

PUBLIC HEALTH

| PUBIC HEALTH | | | |
|--|-------------------|-------------------------------|-------------------------------|
| Risk Area / Audit Entity | | Audit Report | |
| Risk Area / Audit Entity | Assurance opinion | Residual Risk / Audit Comment | Direction of Travel Assurance |
| <p>The following audits have been deferred / cancelled due to the impact of the Covid-19 pandemic with the agreement of the s151 officer:</p> <ul style="list-style-type: none"> 0-19 Service Commissioning and Performance Management (ANA – High) | | | |

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 2021. This is supported through external assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note in November 2021.

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.

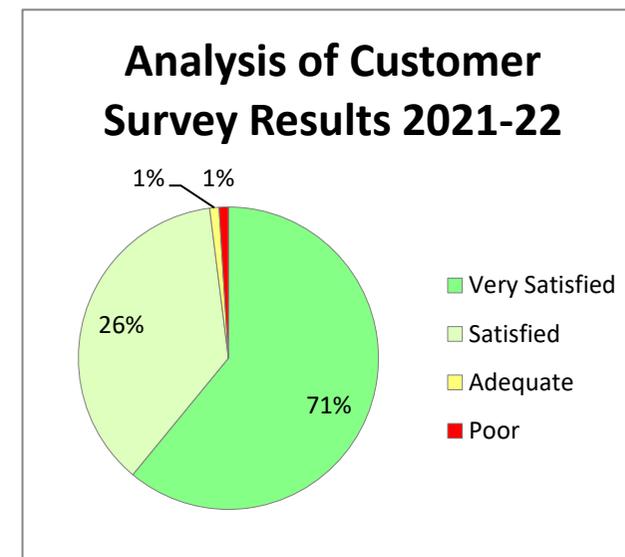
Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our 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 November 2021.

Performance Indicators

Overall, performance against the majority of indicators has been maintained with some exceptions (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, there has remained an ongoing need for fluidity in the 2021/22 agreed audit plan.

Customer Service Excellence (CSE)

In November 2021, 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 97% 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.

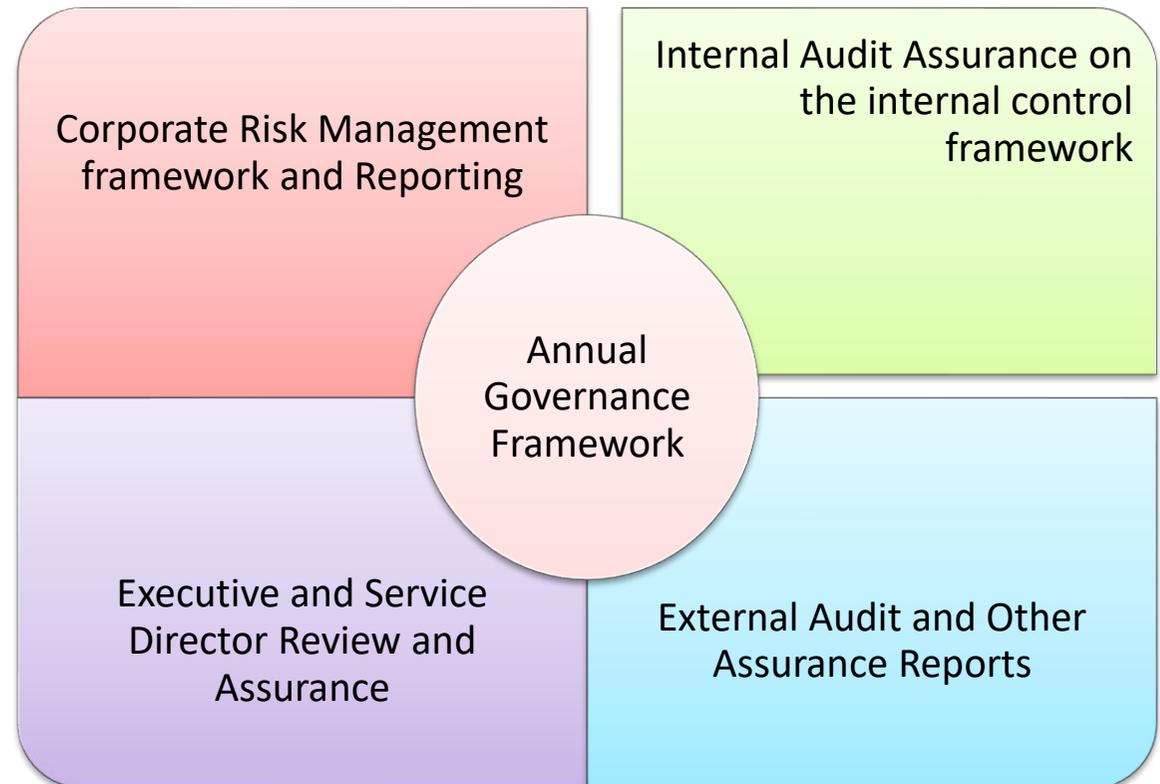
The Annual Governance Statement (AGS) provides assurance that

- 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.

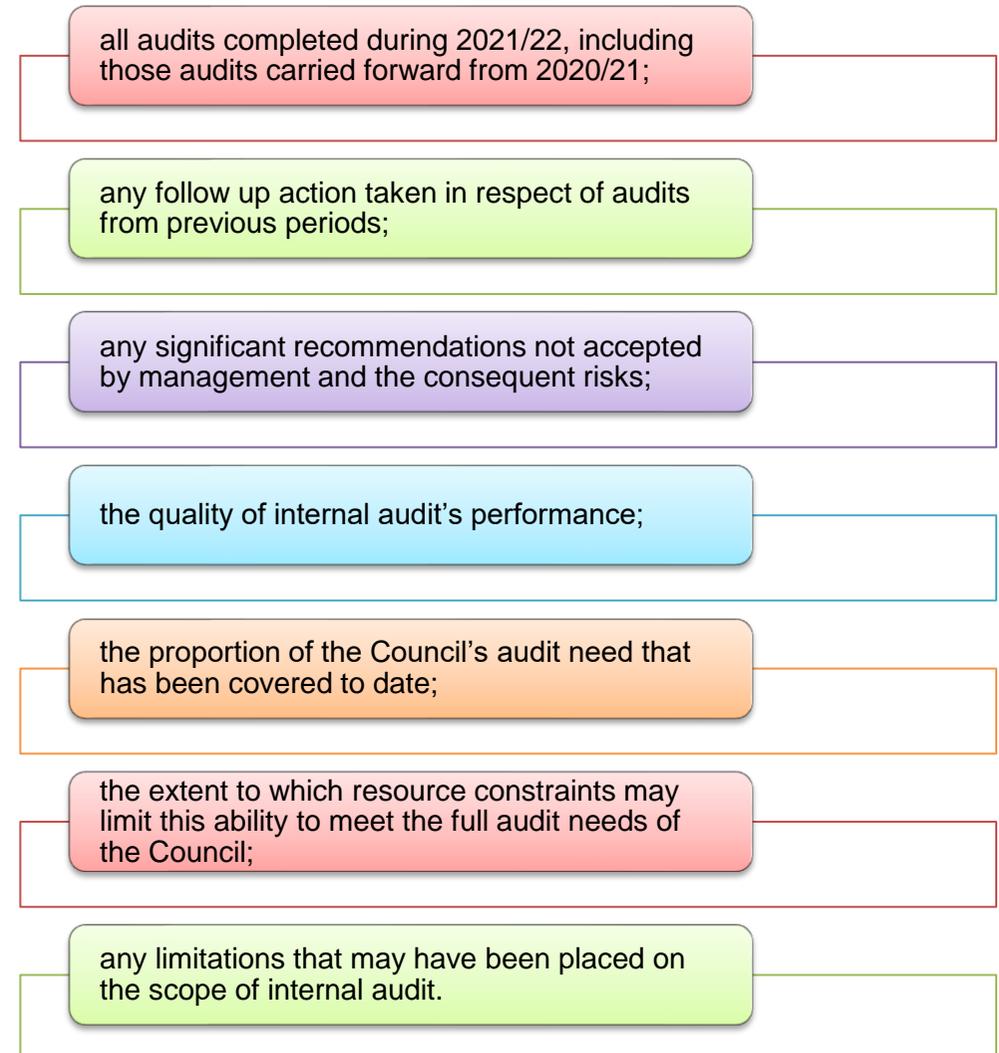
This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit 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) | 2019/20 | 2019/20 | 2020/21 | 2020/21 | 2021/22 | 2021/22 |
|---|----------------|----------------|----------------|----------------|-------------------------|-------------------------|
| | <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% | 52% |
| Percentage of Audit plan Completed (Inc. Schools) | 93% | 97% | 93% | 95% | 93% | 31% |
| Actual Audit Days as percentage of planned (Inc. Schools) | 95% | 104% | 95% | 108% | 95% | 37% |
| Percentage of fundamental / material systems reviewed annually | 100% | 100% | 100% | 100% | 100% | On target |
| Percentage of chargeable time | 65% | 67% | 65% | 67% | 65% | 62% |
| Customer Satisfaction - % satisfied or very satisfied as per feedback forms | 90% | 99% | 90% | 96% | 90% | 97% |
| Draft Reports produced within target number of days (currently 15 days) | 90% | 83% | 90% | 90% | 90% | 90% |
| Final reports produced within target number of days (currently 10 days) | 90% | 99% | 90% | 100% | 90% | 92% |
| Average level of sickness absence (DAP as a whole) | 2% | 3% | 2% | 4.65% | 2% | 2.6% |
| Percentage of staff turnover (DAP as a whole) | 5% | 4% | 5% | 20% | 5% | 12.5%* |
| Out-turn within budget | Yes | Yes | Yes | Yes | Yes | Yes |

* Turnover – 3 leavers (including 1 part-time) and 2 starters.

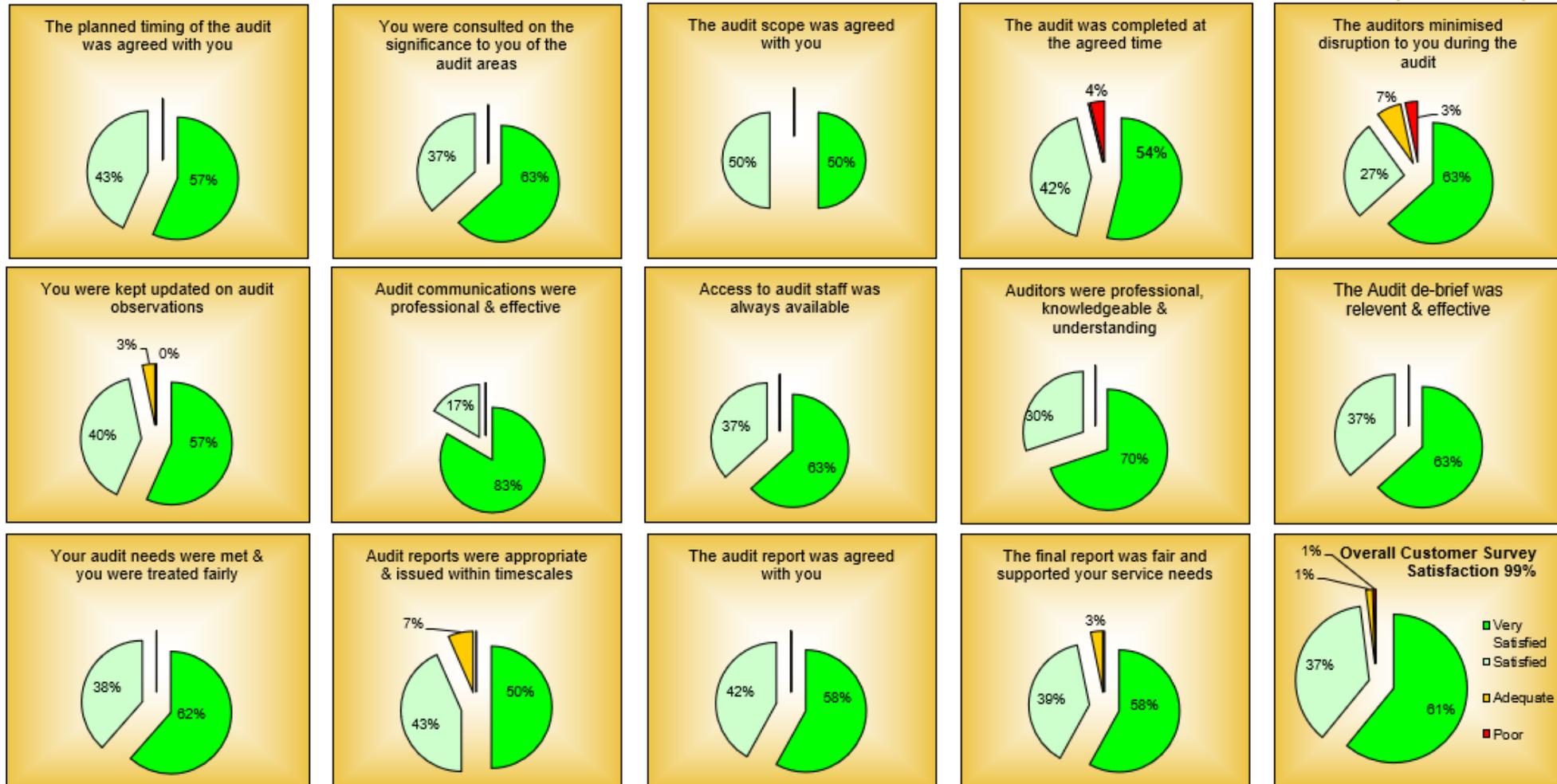
Overall, performance against the majority of indicators has been maintained, the exception to this being 'Percentage of Audit plan completed' and 'Actual Audit Days as percentage of planned'. Departments have generally requested that Audits be undertaken later in the year to allow them to recover from the impacts of Covid-19, and in addition DAP itself has needed to undertake significant recruitment to replace leavers. 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.

Additionally, for DAP as a whole, the 'Percentage of chargeable time' is a little lower than expected, with 'Average Level of sickness' and 'Percentage of Staff turnover' being higher than the target indicator. The variance to these indicators links to the need for recruitment and increased charging of non-productive activities including training and development of new starters and apprentices.

Appendix 7 - Customer Service Excellence

Customer Survey Results April 2021 - September 2021

The charts below show a summary of 30 responses received.



APPENDIX 8 – Adult Social Care Letter of Assurance



ASW Assurance
Newcourt House
Newcourt Drive
Old Rydon Lane
Exeter, EX2 7JQ

Mr M Phillips, Chief Finance Officer
Torbay Council
Town Hall
Castle Circus
Torquay, TQ1 3DS

Sent via email to martin.phillips@torbay.gov.uk

6 July 2021

Our ref: JM

Dear Mr Phillips,

Introduction

The following statement of assurance is provided by the Director of Audit and Assurance Services at ASW Assurance; the provider of internal audit, counter fraud and consultancy services to Torbay and South Devon NHS Foundation Trust; in relation to services provided to the Trust for 2020/2021.

This assurance statement consists of the following elements:

-  Internal Audit Assurance Statement.
-  Counter Fraud Service Assurance Statement.

Internal Audit Assurance Statement

In conformance with the ASW Assurance Internal Audit Charter, Public Sector Internal Audit Standards and the Core Principles for the Professional Practice of Internal Auditing, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of an organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). ASW Assurance is externally assessed as compliant with Public Sector Internal Audit Standards.

The opinion provided to Torbay and South Devon NHS Foundation Trust is substantially derived from the risk-based plan generated from the Trust-led Assurance Framework that takes into consideration the strategies, objectives and risks of the organisation, the expectations of senior management, the Trust Board and other stakeholders, that has been agreed by management and approved by the Audit Committee.

The **basis** for forming my opinion, is as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes.
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within the internal audit risk-based plan that have been reported throughout the year. This assessment has taken account of the relative scope and materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances.

My overall opinion for 2020/2021 is that:

Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. Some weaknesses in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. Weaknesses in the design and/or inconsistent application of controls, which put the achievement of particular objectives at risk, are appropriately managed.

Our work has considered the impact of any changes to relevant systems, processes and/or procedures in response to COVID-19, any limitations in scope of work on account of the pandemic and/or any subsequent restoration and transformation changes.

The assurances provided from the work undertaken, which together support this opinion, are set out below.

The Trust took the opportunity through the Audit and Assurance Plan for 2020/2021 to focus resource on areas where internal audit could add the most value to the Trust during the COVID-19 period. The robustness of the actions to be taken to address risks identified from our work and to make sustainable improvements to policies and practice are considered by the Risk Group. We identified no areas of limited assurance from the work undertaken to support this opinion.

The table below details the audit and assurance work completed relating to the Trust's Risk Management, Assurance Framework and Corporate Governance arrangements.

| Audit | Assurance Rating |
|--|------------------|
| COVID Governance Review | Not applicable |
| Board Assurance Framework | Significant |
| CQC Compliance - governance arrangements | Significant |
| Risk Management | Satisfactory |

The table below details the audit and assurance work completed on the Trust's Financial Management Systems.

| Audit | Assurance Rating |
|-----------------------------------|------------------|
| COVID Governance Review - Finance | Not applicable |
| Combined Finance Review | Significant |
| Debtors | Significant |
| Capital Programme 2020/2021 | Satisfactory |
| Payroll | Satisfactory |
| Bank and Cash Management | Satisfactory |

The table below details the audit and assurance work completed on the Trust's Corporate Assurance areas.

| Audit | Assurance Rating |
|---|------------------|
| Transformation & CIP Plans and Associated Governance Arrangements | Satisfactory |
| Workforce Arrangements – Recruitment | Satisfactory |
| Safeguarding Adults – referral of safeguarding adult concerns | Satisfactory |
| Cyber Security - governance | Satisfactory |

Third Party Assurance

ISAE3000 Third Party Assurance report in respect of IT General Controls in respect of the Electronic Staff Record (ESR)

In common with all NHS bodies, the Trust utilises the Electronic Staff Record (ESR) for its HR and payroll functions. This third-party assurance report covers the IT general controls operated by IBM UK in relation to the ESR. Additionally, there are certain controls related to the NHS General Ledger Interface which are the responsibility of the NHS Systems Integration Team.

The 2020/2021 Independent Service Auditor's report provided by PWC, dated 30th April 2021, provides qualified assurance in respect of the IT general controls in relation to the national Electronic Staff Record and the NHS General Ledger Interface.

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

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

The key messages in the overall audit opinion of the Report of the Independent Service Auditor leading to the qualified opinion are, for the period from 1 April 2020 to 31 March 2021, as follows:

1. Exceptions were identified in relation to the controls intended to enforce segregation of duties for changes to the NHS Hub and ensure that any unusual or unauthorised changes to the NHS Hub are detected and investigated. As a result, controls were not suitably designed to achieve Control Objective 1 ("Controls provide reasonable assurance that changes to the system software, hardware and network components are documented and approved.") during this period.
2. Exceptions were identified in relation to the suitability of the design of controls intended to ensure that access to the development and production areas of the NHS Hub is controlled and appropriately restricted. There were no logical access controls in place (starters, leavers and access review controls) to control access to the development and production area of the NHS Hub. As a result, controls were not suitably designed to achieve Control Objective 2 ("Controls provide reasonable assurance that security configurations are created, implemented and maintained to prevent inappropriate access") during this period.

The report appendices identify a number of exceptions where in the auditor's opinion controls had been poorly designed or had not been followed. Management responses outline changes to controls or procedures to be made or added further information to explain why despite the exceptions being identified the risk remained minimal.

Except for the matters referred to in the paragraph above, the controls were suitably designed and operating effectively throughout the period 1 April 2020 to 31 March 2021.

Internal Audit Recommendations

In respect of the audits undertaken during the year, recommendations have been agreed with management to address gaps in control and assurance. We have monitored the status of these recommendations throughout the year, reporting directly to the Risk Group and the Audit Committee on recommendations which remain outstanding.

No significant matters were reported to the Audit Committee in the year, in respect of the follow-up of recommendations.

Counter Fraud Assurance Statement

The NHS Counter Fraud Authority (NHSCFA) requires the Trust to have sound counter fraud arrangements in place that meet NHSCFA standards.

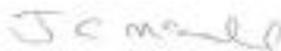
The Counter Fraud function of Torbay and South Devon NHS Foundation Trust is overseen by the NHSCFA as well as the Chief Finance Officer. An annual work plan is prepared, approved and reported to the Audit Committee at each of its meetings. As part of the Strategic Governance of the Counter fraud function, the Audit Committee are able to question all submissions made by the LCFS and challenge the progress of investigations or any element of their work plan to ensure delivery.

The annual Counter Fraud work plan covered the four standards set out by the NHSCFA:

-  Strategic Governance.
-  Inform and Involve.
-  Prevent and Deter.
-  Hold to Account.

The Trust's counter fraud arrangements are assessed annually through the submission of an annual report covering the standards and a Counter Fraud Functional Standard Return (CFFSR) which is approved by both the Chief Finance Officer and the Chair of the Audit Committee before submission to the NHSCFA.

The Trust scored an overall Green rating in the CFFSR.



Jenny McCall
Director of Audit and Assurance Services
ASW Assurance

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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> |