



Internal Audit Report
2013/14
Six Month Monitoring Report
Torbay Council

October 2013

Not Protectively Marked



Auditing for achievement

Devon Audit Partnership

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 (PSIAS) and other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

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

1 Introduction

This report provides a summary of performance in the first six months against the internal audit plan for the 2013/14 financial year, highlighting the key areas of work undertaken and summarising our main findings and audit opinions.

The key objectives of the Devon Audit Partnership (DAP) are to provide assurance to the Commissioners, the Chief Executive and Audit Committee on the adequacy and security of the systems and controls operating within the Council.

The level of risk associated with each of the areas in Appendix A has been determined either from the Local Authorities Strategic / Operational Risk Register (LARR), or the Audit Needs Assessment (ANA). Where the audit was undertaken at the request of client, it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on achievement of corporate / service goals.

2 Opinion

In our opinion, and based upon our audit work in this and previous years, we consider that adequate controls are in place to control operations in the Council.

Where weaknesses have been identified management have agreed these findings and have either agreed the recommendations or accepted the associated risks. Where management actions have been agreed and as appropriate, we shall undertake follow up work to ensure that the identified risks have been mitigated.

3 Performance against the Plan

Overall, we have made adequate progress in the first six months of 2013/14, with 64% of the planned audits commenced (against expected rate of 50%) and 45% of audit fieldwork completed (against expected rate of 45%). A more detailed breakdown of performance against the plan is shown at appendix B.

It is pleasing to see that our “customer satisfaction” remains high, and hopefully provides independent assurance that our service is providing good value to the Council (please see appendix C).

Due to the fluidity of audit delivery some audits relating to the previous year (2012/13) have been brought to conclusion in 2013/14.

At this stage we remain confident that we will be able to deliver the internal audit plan as expected.

A summary of progress made against the plan, including various performance indicators for Internal Audit, is attached at Appendix B

4 Executive Summary

Overall, management continue to remain aware of strategic risks and have established mitigating controls, as demonstrated through the progress in developing and embedding the revised strategic risk management methodology. Despite reductions in resources and pressures from operational delivery and system changes, commitment remains good to ensure services are delivered and operational risks mitigated.

Previous audit follow up activity has shown positive engagement and commitment from management to improving the control environment. Further follow up work will be undertaken to confirm that this impetus is being maintained.

Based on work performed during 2013/14 to date, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.

The audit plan is progressing in line with expectations and management continue to be receptive and responsive to our work. Appendix A details the assurance opinions for individual audits so far completed in 2013/14. The definitions of the assurance opinion ratings are given in Appendix D.

Individual Executive Summaries follow to provide specific detail on directorates and identify where we have concerns that are impacting the current control environment.

Operations & Finance - we are able to report that material systems controls have been either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

A 'watching brief' has been maintained on a number of on-going projects including the new payroll system which has been subject to a recent delay.

The nature of ICT continues to be a constantly changing environment with continued emerging technologies and threats. The ICT team provide a good level of service in maintaining the ICT infrastructure within the resources available to them but risks to the service remain high. A key strategic risk in relation to ICT remains the ability to maintain the infrastructure going forward particularly in light of the continued budget pressures.

The Corporate Procurement Team provides the Council's service teams with a framework of guidance, advice, systems and templates to enable those departments to procure appropriately. However, there was evidence in 2012/13 that not all departments are making effective use of these and may be breaching statutory and Council rules. Management responses to these findings have yet to be provided, and these issues will be audited in further detail during 2013/14.

Place - based on audits previously completed and on indications from the follow up activity that we reported in August 2013, we have found that the majority of areas audited within Place are demonstrating an improvement in the control environment. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

In addition to these key areas, audits were undertaken of specific functions / elements and also a 'watching brief' was maintained, or direct advice provided, for a number of on-going projects including the SW Devon Waste Partnership PFI project.

Public Health - based on audits completed to date, we are yet to be able to report that there are adequate controls in this Directorate. However, a 'fundamental weaknesses' opinion has been given in the area of Food Safety, Health & Welfare, Licensing, and Trading Standards. This is primarily due to food safety inspection levels. Action will be taken in April to address these concerns.

Children's Services - our audit of Fostering arrangements has highlighted issues with regard to the timely completion and processing of documentation in respect of in-house foster care placements ending. Payments had continued to be made to foster carers due to the instruction to cease payment not being promptly provided. The situation has been further exacerbated by lack of recovery action to reclaim such overpayments which in certain individual cases relate to significant amounts of money.

The review of the financial and administrative processes and procedures in place at Parkfield identified significant shortcomings in a number of areas; income collection and reconciliation, inventory management and control along with issues around contracting and the compliance with and following of the requirements of financial regulations and contract standing orders.

Schools - We have made progress in the delivery of our audit plan to schools although the larger proportion of the work will, as planned, be in the second half of the year. Schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the SFVS are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

Good Standard - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. However, there are risks exposed in key areas which reduce overall assurance.

The key matters arising from the audits are the:

- understanding of financial management by governors and skills assessment as evidenced by the requirements of the Standard;
- demonstrable financing of plans for raising standards and attainment; and,
- absence of financial benchmarking.

Analysis of the results of audit and SFVS can be found at appendix A1.

5 Irregularities

There have been a number of issues reported to us for investigation and resolution. Some of the key issues reviewed are as follows

Operations & Finance we have assisted in two new irregularity investigations. These related to a concern from management that there may be abuse of internet access during working hours within one department, and assistance provided to the Corporate Debt team in pursuing (via the police) a debtor who had attempted to pervert the recovery of debt via perjury.

Place - we reviewed two issues; one related to suspected internet abuse by staff at one of the libraries, and another being alleged abuse of a Blue Badge. Both cases have now been reported to management, investigated and now closed.

Public Health - we are pleased to report that there have been no significant irregularities brought to our attention for the 2013/14 year so far.

Children's Services - we have been involved in two irregularity investigations. These related to; incorrect payments to school escorts and invoice payments not appropriately authorised.

All of the cases have now been closed, with either no evidence to support further action, or otherwise reported to management for appropriate action.

Schools - There have been no notable irregularities to report upon although we received a whistleblowing allegation at a primary school which was not founded.

NFI - As part of the 2012/13 NFI Data Matching Exercise, data matching reports were provided to relevant Council departments for further investigation. These include data from housing benefits, creditor payments, salaries, insurance, blue badges, care homes and various licences administered by the Authority.

Torbay Council has received a total of 5,392 matches, of which 1,824 are recommended for review. The exercise, which is run every two years by the Audit Commission, requires all councils to provide data for cross-matching with information supplied by other organisations, such as the Department for Works and Pensions and the NHS, to identify potential cases of fraud and error. Progress through 2013/14 has been monitored by Internal Audit in addition to its own review and investigation work on payroll and creditor payment matches, with completion of the exercise to be managed by January 2014, in accordance with Audit Commission timescales. To date 932 matches have been reviewed - 51% of those recommended, and £23,868 identified in savings from detected errors / frauds. Work will continue until January 2014 towards completion of the exercise.

6 Customer Satisfaction

During the period we issued client survey forms with our final reports. 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 near 98% being "satisfied" or better across our services, see appendix C. 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.

7 Inherent Limitations

The opinions contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

8 Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of the audits in the first six months of 2013/14.

Robert Hutchins
Head of Audit Partnership

Assurance Opinion and extract Executive Summaries - First Six Months of 2013-14

Risk Assessment Key

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

Directorate: Operations and Finance			
Material Systems			
Audit Area	Status	Assurance Opinion	Executive Summary
Creditors <i>(ANA – Medium)</i>	Final	Improvements Required	<p>The processing procedures and practices are robust and a high degree of accuracy continues to be achieved leading to data quality, correct payments and the achievement of performance targets.</p> <p>Weaknesses exist in the control environment in relation to the operation of payment authorisation controls. Whilst the associated risks have previously been accepted by management, it is acknowledged that progress has been made in the project to automate manual processing that combines effective authorisation controls.</p>
Treasury Management <i>(ANA – Low)</i>	Final	Good Standard	<p>As in the previous three years the fiscal climate remains challenging. Interest rates are still at historically low levels and lending opportunities restricted. Whilst the banking system, at least in the UK, is deemed more stable, a prudent approach to counterparty activity is taken.</p> <p>As in previous years, high operational standards continue to be maintained, with only a small number of issues being identified.</p>
Debtors <i>(ANA – Medium)</i>	Final	Good Standard	<p>Since the establishment of the dedicated Debtors Administration role, there has been on-going improvement in the operation of the Debtors function. The system is well managed centrally and users are effectively supported by comprehensive procedural and training provision.</p> <p>The need for increased reporting and monitoring at senior management / member level in the current economic climate continues to be reported and is highlighted in the findings.</p>

Bank Reconciliation <i>(ANA – Medium)</i>	Final	Good Standard	<p>Bank reconciliation processes for Torbay accounts are robust and effective; only minor issues have been identified in relation to timeliness and evidencing of their independent review, and recording of statement receipt date for performance monitoring purposes. Reconciliation practices are supported by effective system controls and comprehensive procedure documents.</p> <p>Risks remain in relation to the lack of segregation of duties within the FIMS Sys Admin team, but these have previously been acknowledged and accepted by management as unavoidable, due to the operational need and small size of the team.</p> <p>A continuing issue was identified in relation to the reconciliation of school bank account information in SIMS to FIMS GL.</p>
General Ledger <i>(ANA – Medium)</i>	Final	Good Standard	<p>A well established and robust control framework for the maintenance of the Main Accounting System ensures that budgetary and transactional data is accurately recorded. This enables reporting of accurate financial information for the majority of service areas.</p> <p>The standard of data quality would be further improved through periodic review of virements and journals by senior managers.</p>
Benefits <i>(ANA – Medium)</i>	Final	Good Standard	<p>The benefits department is generally performing effectively, and the majority of performance indicators show that the department is performing well, with the only main area of concern being levels and recovery of overpayments. We understand that measures have been put in place to improve performance in this area, however there could be transferable good practice in place at other authorities that the Council is not currently identifying.</p>
POP <i>(ANA – Medium)</i>	Final	Good Standard	<p>The ordering functionality within POP is effective and provides the majority of the expected controls of an electronic ordering system including robust authorisation controls. It provides for accurate recording of all the key information and the automated transfer (and reversal) of commitment data to the general ledger. Weaknesses continue to exist in the goods receipting functionality, however steps have been taken and continue to be developed to establish mitigating processes and the residual associated risks continue to be accepted by management.</p>

<p>Asset Register (ANA – Medium)</p>	<p>Final</p>	<p>Good Standard</p>	<p>The Council's non-current assets are managed in accordance with legislation, policies and procedures and related financial data is accurately recorded in the General Ledger. New assets are identified and classified correctly and accurately recorded on the Asset register, and existence of assets could be substantiated. Revaluations are timely, are undertaken in line with the rolling asset revaluation programme, and are accurately reflected in TOAD. It was noted that updating TOAD with revaluation data was delayed due to a system issue. Asset disposals were found to be authorised in line with Financial Regulations, correctly accounted for and promptly removed from the asset register.</p> <p>The Asset register functionality is substantially compliant with IFRS and its reporting requirements. To ensure full on-going compliance with IFRS requirements, the Council is currently engaged in a project to replace the current TOAD valuation module. Some previously reported issues remain unresolved, but will be addressed through the ongoing project or the related financial risk is trivial and therefore accepted by management.</p>
<p>Risk Management & Risk Register (ANA – High)</p>	<p>Draft</p>	<p>Improvements required</p>	<p>The Risk Management (RM) process has been subject to considerable change over the past months. As the new Risk Management process is in its infancy we are unable to provide an audit opinion of a fully established process; our opinion is therefore based upon theoretical practices and initial operation. The assurance opinion reflects the current status and it is evident that there is still work being done to ensure that the Council is operating a fully robust Risk Management methodology. Our initial review suggests that this could be a more integrated dynamic approach to Risk Management.</p> <p>The strategic risk management process appears to follow a robust methodology, but issues have been identified with the effectiveness of the initial identification of risks, and a lack of integration throughout the organisation in terms of linkage between operational risks, strategic risks, business continuity and disaster recovery.</p>

Income Collection <i>(ANA – Medium)</i>	In progress		The audit work is complete and it is anticipated that the report will be issued and agreed in the third quarter of 2013/14.
UK PMS System <i>(ANA – Medium)</i>	In progress		We understand from the client that the toolkit used to produce the related figures was updated during the course of the audit, rendering a significant amount of our findings obsolete. We will liaise with the client to determine an appropriate way forward.
Payroll System Procurement and Implementation <i>(ANA – Critical)</i>	In progress	Assurance opinions have been provided throughout the project and have been dependent on project progress and stage.	A QA consultancy and advice role has been provided to this project, including advice and guidance on expected system controls and where necessary data migration / testing activity. We have attended project team and board meetings, and provided advice on areas such as system controls and testing expectations. This will not only provide the organisation with the relevant assurances regarding the project, but also allow the 'critical friend' role to be undertaken to ultimately support the project in achieving its intended outcomes. Our involvement will also provide some assurance to external audit in relation to the implementation. To date we have provided advice on various aspects of the project. We have raised concerns to the Project Team and Project Board where areas require consideration / action to support the project. We have been advised that the client has valued our input and we have ensured that DAP resource is available to continue to support the project as required throughout.
Treasury Management - compliance <i>(ANA – Low)</i>	In progress		The audit work is substantially complete and it is anticipated that the report will be issued and agreed in the third quarter of 2013/14.
FIMS System Administration <i>(ANA – Medium)</i>	In progress		The audit work is substantially complete and it is anticipated that the report will be issued and agreed in the third quarter of 2013/14.

Council Tax Support Scheme <i>(ANA – High)</i>	In progress		The audit work is substantially complete and it is anticipated that the report will be issued and agreed in the third quarter of 2013/14.
Discretionary Social Fund (Crisis Support) <i>(ANA – High)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 4. Management have been kept informed of progress.
Corporate Debt Team <i>(ANA – High)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 4. Management have been kept informed of progress.
IBS Open System Administration <i>(ANA – High)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 4. Management have been kept informed of progress.
Main Accounting System - compliance <i>(ANA – Medium)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 4. Management have been kept informed of progress.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Purchase Ordering Processing (POP) - compliance - <i>(ANA – Medium)</i> • Payroll - <i>(ANA – Critical)</i> • Business Change (Disposal of assets) - <i>(ANA – High)</i> • Performance & Partnerships (Fair Decision Making process) - <i>(ANA – High)</i> • Income Collection - compliance - <i>(ANA – Medium)</i> • Benefits Compliance - <i>(ANA – Medium)</i> • Council Tax and Non Domestic Rates - <i>(ANA – Medium)</i> • Creditors - compliance - <i>(ANA – High)</i> 			

- Debtors - compliance - *(ANA – Medium)*
- Bank Reconciliation - compliance - *(ANA – Medium)*
- Asset Register - compliance - *(ANA – Medium)*
- Secure Data Transfer Project - *(Client request)*

IT Audit			
Data Security, BCP, Disaster Recovery <i>(ANA – High)</i>	Final	Improvements Required	<p>Business Continuity Planning (BCP) can often be seen as a predominantly ICT issue. However, it should be recognised that a single event can result in numerous after effects that have consequences across the organisational infrastructure, not just within ICT. ICT Continuity fits within and has clear linkages to the overall Business Continuity.</p> <p>A project is currently in progress to update and/or implement both departmental and overall organisational Business Continuity Plans (BCPs). This is being co-ordinated by the Business Continuity function within Community Safety.</p> <p>Critically, neither ICT BCPs nor Disaster Recovery Plans have been subject to any testing either at department or organisational level. In order to ensure that the plans would provide an effective control and provide sufficient business resilience, it is critical that these are fully tested periodically.</p>
Information Governance, Data Protection, Records Management & Security <i>(ANA – Critical)</i>	Final	Good Standard	<p>A good level of overall control is in place across all the areas we examined in respect of the corporate framework for data protection. We also found strong controls over the security of personal data and in the procedures for handling subject access requests.</p> <p>We make recommendations to improve the overall governance framework for data protection to ensure that the development of new business processes considers data protection issues adequately. We also suggest a number of steps that could be taken to improve records management and the sharing of data outside of the European Economic Area (EEA).</p>

Hosted Services (ANA – Critical)	Draft	Good Standard	The evidence obtained during the course of this review confirms that the arrangements in place for acquiring new ICT applications, including externally hosted services, are generally sound and well governed.
IT Asset Management (ANA – Critical)	Draft	Good Standard	Control over the end to end IT asset management process is the responsibility of a number of different agencies including IT, HR, and line management who play a key part in the authorisation for starters, and IT equipment retrieval process for changes of function and leavers. The system for controlling the return of IT equipment is under the control of local direct line managers, and as a result the accuracy and completeness of this process depends directly upon the personal application and diligence of the manager concerned. Consequently, we have made recommendations to ensure that this part of the leaver process is further strengthened by reinforcing manager awareness of the importance of thorough and timely completion of this task.
Internet & Email Software (Client request)	On-going as required	Not Applicable	This has reduced in 2013/14 since passing the management of the Internet and Email software over to IG in conjunction with ICT support, and as a result of changes to the Surfcontrol licence. Where required, we continue to provide support in monitoring the rule base and producing activity reports for customers as requested / required depending on organisational need. In some instances these may lead to further formal investigations.
Security Policy Review (Client request)	On-going	Not Applicable	Support continues to be provided in the form of attendance and active participation in the Information Security Group. This has primarily involved monthly meetings, and initial activity has been supporting the significant project of developing and launching the DISP policy framework. Work continues at the request of the client in terms of meeting attendance, and of late, specifically includes support directly to the Exec Head of ICT and IG officer in relation to development and launch of an End User Computing policy. It is expected support will continue as required by the client.

PCI Compliance Project (ANA – High)	On-going	Improvements Required	On-going monitoring work has continued on this project. As a result of a delay in finalising contractual details with Civica to outsource card processing, the Council remains at present non-compliant with the requirements of the PCI data security standard, although best endeavours are in place to remediate outstanding issues.
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<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • File Storage - (ANA – Critical) • Mobile Device Management - (ANA – Critical) • Partnership Working - (ANA – High) • Service Strategy - (ANA – High) • Thin Client Planning & Roll out - (ANA – High) • N3 Health Transfer - (ANA – High) • Telephony & Voice - (ANA – Medium) • Website Content Management - (ANA – Low) • Social Networking & Media - (ANA – Low) • ITRA (IT Risk Assessment) - (ANA – Client Request) 			
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Other			
Legal Services (Litigation & Licensing) (ANA – High)	Final	Good Standard	<p>Practices and processes are clearly documented and effectively operated and were found to be generally robust although improvement opportunity would be identified through implementing performance monitoring.</p> <p>A legal Service Quality Manual has been written in accordance with Lexcel standards with a view to seeking Lexcel standard accreditation but requires review.</p> <p>A Licensing & Litigation works areas directory and risk profile has been established, however a Business Plan / Strategy remains outstanding, along with the roll out of SLA's to all client departments.</p> <p>Operational changes have occurred within the service and there are a number of cases that now need to be passed to the Corporate Debt Team for recovery.</p>

Democratic Representation and Management (ANA – Medium)	In progress		The audit work is substantially complete and it is anticipated that the report will be issued and agreed in the fourth quarter of 2013/14.
Procurement (Contract Compliance) (ANA – High)	Not yet started		
TCT New SCCR database implementation (ANA – Critical)	Deferred	Not applicable	It is understood that this project has been put ‘on hold’ by the TCT, so no further audit input has been allocated at this point to this area..
Elections (ANA – Medium)	Deferred	Not applicable	Deferred to 2014/15 at the request of the client.

Directorate: Place			
Area	Status	Assurance Opinion	Executive Summary
TOR2 Contract Monitoring (ANA risk – High)	Final	Improvements Required	The overall audit opinion states ‘Improvements Required’ – as last year, however, the direction of travel has been one of ‘improvements made’. Corporate Governance represents the over-riding audit concern. A few on-going issues regarding IT interfacing also affect the assurance levels, but on the whole, contract monitoring arrangements at the operational level can be considered to have reached a ‘Good Standard’, and if the direction of travel is maintained this should hope to be achieved by the next audit review – notwithstanding any new / emerging risks coming to light.

			Going forward the relationship between TOR2 and Torbay Council management / Members is evolving, and Audit will be seeking assurance in 2013/14 that this continues to be appropriate to client / provider needs, and compliant with the contracts. The acquisition of May Gurney by the Kier Group adds further uncertainty.
English Riviera Tourism Company (ANA risk – High)	Final	Good Standard	In our opinion, the Company's accounting procedures and administration remain of a high standard, with budgetary variances being closely monitored, and reported to the Finance Sub-Committee of the Board. The main Board of Directors the Company also remains well constituted, including senior representatives from the local business community. We have not made any specific recommendations arising from our review.
Grant 1 - Bus Operators Grant (Client request)	Completed	Not applicable	Records were found to be of a good standard and the claim was approved without amendment by the deadline.
Climate Change (CRC Scheme) (ANA risk – Medium)	Completed	Not applicable	Records were found to be of a good standard and the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme certificate was issued by the deadline of 31 st July.
Business Improvement Districts (ANA – Medium)	Draft	Improvements Required	The Business Improvement Districts (England) Regulations 2004 sets out the requirements for the application and administration of each BID area. The audit has identified instances of non-compliance with the regulations in terms of both parties (i.e. the authority and the Torbay Town Centre Company). The levy is accurately calculated and recorded within the systems of the authority and fully paid over to the Torbay Town Centres Company. Recommendations have been made to enhance the mainly reliable procedures in relation to administration of the levy. The lack of agreement between the authority and the Torbay Town Centre Company in relation to the later stages of debt recovery needs to be addressed.

TOR2 Contract Monitoring – Follow Up & Future State Mapping Project (ANA risk – High)	In progress		Work in this area has been commenced and will be concluded in quarter 4. Management have been kept informed of progress.
Parking Services (ANA risk – High)	In progress		The audit work is complete and it is anticipated that the report will be issued and agreed in the third quarter of 2013/14.
Torbay Harbour Authority (ANA risk – Medium)	In progress		The audit work is on-going, and it is anticipated that the report will be issued and agreed in the fourth quarter of 2013/14.
Transport - Strategic and Operational (ANA risk – High)	In progress		The audit work is on-going, and it is anticipated that the report will be issued and agreed in the fourth quarter of 2013/14.
English Riviera Tourism Company (ANA risk – Medium)	In progress		On-going work following announcement of Budget Cuts
South Devon Link Road (ANA risk – Critical)	In progress		Watching brief being maintained as the project continues through its construction phase.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Section 106 - (ANA risk – Medium) • Economic Development Company - (ANA risk – High) 			

Directorate: Public Health			
Audit Area	Status	Assurance Opinion	Executive Summary
Housing Standards (incl. disabled facilities and grants) <i>risk – High)</i>	Draft	Good Standard	<p>The setting up and review of licensed Houses in Multiple Occupation (HMO) was found to be of a good standard. Thorough inspections of properties were undertaken and regular reviews carried out. There was also good evidence of proactive liaison with other Authorities such as the Fire Service. This ensures that visits to HMO's cover all aspects of current legislation.</p> <p>Torbay can improve customer focus within the service by publishing and monitoring service specific standards and having a robust method to capture customer feedback. Issues have arisen over the definition of the Performance Indicator (PI) for response time for complaints. Since July 2013 all calls are received through the Call Centre and the response times are now clearly defined. Generally there was good documentation and details found on each case tested. However improvements could be made in ensuring that all relevant documents are scanned into Comino. Departmental procedures have been put in place since July 2013 to ensure that all cases are reviewed within 4 months and appropriate action taken on closure.</p> <p>A method of prioritising cases has been in place since June 2012. There should also be a clear distinction between high and low risk service requests. Since July 2013 these questions have been mandatory for the Call Centre to ask and a process map put in place to ensure that EHO's and Technical Officers consider risk as well as vulnerability.</p> <p>A review of workloads is considered by the Performance Board. This showed that there were at date of audit 170 Housing disrepair and HMO complaints outstanding from 2008/09 to 2011/12. Steps have been taken since July 2013 to ensure that backlogs are dealt with promptly.</p> <p>The Housing Standards web page could be improved by allowing online complaint forms to be used. This has been instigated July 2013.</p> <p>Checks on whether a landlord is a "fit and proper" person will be improved by having an annual process in place to ensure all relevant documentation is received.</p>

<p>Food Safety, Health & Welfare, Licensing, & Trading Standards</p> <p><i>(ANA risk – Medium)</i></p>	<p>Draft</p>	<p>Fundamental Weaknesses</p>	<p>The department is required to comply with the FSA code of practice which details the nature and frequency of premises visits i.e. the need for full inspections; interventions etc. (Category A premises require visits every 6 months; category B require annual visits; and category C, require visits every 18 months). Based upon resource and what is realistic for the department whilst attempting to minimise public health risk, internal targets are set which are currently set at 100% inspections for risk categories A and B, and 50% for risk category C. For the purposes of this review IA has focussed on these categories as they are the highest risk premises.</p> <p>We understand that the FSA code can be applied differently in that interventions can be undertaken rather than full inspections on Category C premises as the risk is reduced compared to A's and B's. However, as category C FSA inspection levels have not been and will not be achieved, they are unable to apply the intervention option, and full inspections are required.</p> <p>It is understood that categories will be dropping down within the rating scheme; in addition the Code of Practice will be subject to a revision as of July 2014 – this is understood to potentially aid the department in terms of properties dropping down to lower risk levels and therefore the nature of frequency of inspections reducing accordingly.</p> <p>An additional Full Time EHO permanent post has yet to be filled. A second member of staff is currently on Maternity leave and is being covered by an EHO internally.</p> <p>In conclusion, despite some additional resource which will be provided shortly, the department is unable to achieve the FSA inspection frequencies for properties of category C and below thus still posing a risk to public health.</p> <p>Management continue to be aware of the rating and are in agreement with this. It is anticipated that the opinion will remain until April 2014 when the new post is anticipated to be filled.</p>
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<p>Transfer of Public Health service (ANA risk – Critical)</p>	<p>Draft</p>	<p>Good standard</p>	<p>Our review provided sufficient evidence that the Public Health Transition Project was well managed and delivered against the required milestones. Members of the Torbay Public Health Transition Steering Group successfully delivered their part of the project with no identifiable impact on the day to day running of the public health service or to the respective services within the Council.</p> <p>Robust governance arrangements were in place with a detailed project plan and risk register that was monitored and updated regularly by the Steering Group. Communication and engagement was planned and delivered throughout the project ensuring that key stakeholders and the public were sufficiently informed of the process.</p> <p>Good collaborative working between Devon, Torbay and Plymouth was demonstrated within the Information Management and Intelligence work stream ensuring business continuity during the transition and post transfer. Concerns around the areas of possible non-compliance regarding information governance were considered during the transition stage and we recommend that this risk be reviewed post transfer as part of a Council wide review of Information governance arrangements, taking into account any findings from Devon Audit Partnership’s recent review on Information Governance.</p>
<p>Health & Safety (internal) (ANA risk – Low)</p>	<p>Draft report</p>	<p>Improvements required</p>	<p>The provision of H&S policy and guidance and the training opportunities were found to be comprehensive with the services offered corporately sufficient to enable the responsible Managers to effectively identify and manage H&S risks. Greater organisational direction would be achieved through establishing and disseminating a strategy document. The Audit Opinion of ‘Improvements Required’ reflects the lack of enforcement and monitoring in relation to departmental compliance with the H&S policy generally and completion of training courses.</p>
<p>Safer Communities (ANA risk – High)</p>	<p>In progress</p>		<p>The audit work is on-going, and it is anticipated that the report will be issued and agreed in the fourth quarter of 2013/14. Completion of the audit was delayed at the client’s request.</p>

Health & Well Being Board (ANA risk – High)	In progress		The audit work is complete and it is anticipated that the report will be issued and agreed in the fourth quarter of 2013/14.
The following audit will be commenced in the second half of 13/14:			
<ul style="list-style-type: none"> Bereavement Services - (ANA risk – Low) 			

Directorate: Children's Services			
Audit Area	Status	Assurance Opinion	Executive Summary
Parkfield (My Place) (ANA - High Risk)	Final	Fundamental Weakness	<p>Parkfield has seen a number of changes since it opened in October 2011 with several reorganisations of staff which have led to redundancies. Staffing reductions have led to pressures in a number of areas, in particular in the area of finance and income which is covered by the Business Support Officer.</p> <p>Concerns over income collection were identified:-</p> <ul style="list-style-type: none"> On occasions cash has been collected and stored over Parkfield's safe limit of £1,000; Poor recording methods of bookings taken and paid showed that activities could be completed without payment; <p>Parkfield has a large amount of portable equipment. An inventory review showed very poor control over these items and non-compliance with Torbay's Financial Regulations with regard to inventories.</p> <p>Parkfield use a Chip & PIN machine to take card payments; however no PCI DSS Compliance Certificate is held for this machine. The lack of such a certificate ensuring customer data is protected is serious and could result in penalties or the card machine facility being withdrawn.</p>

Fostering	Final	Improvements Required	<p>The costs of the Fostering Service for 2012/13 were budgeted to be £4.48m however against an actual costs outturned at £6.010m; an overspend on budget of £1.527m. This was due to an increase in numbers of looked after children and increased Independent Service Providers (ISP) costs.</p> <p>Torbay has taken steps to encourage more in house foster carers. This includes consideration of lump sum payments which should give some savings in administration costs.</p> <p>In addition a Permanency Panel has been set up to investigate Foster Care Placements greater than 16 weeks and to consider alternative solutions to fostering. There is a backlog of reviews at the present.</p>
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Business Systems & Processes - (ANA – High Risk) • Children’s Centres – Contracts - (ANA - Medium Risk) • Delegated Powers & Responsibilities - (ANA - Low Risk) • Section 17 Payments - (ANA - Medium Risk) • 3 - 5 Budget Strategy - (ANA - High Risk) • Markets - Internal & External - (ANA - High Risk) • Local Integrated Service Trust (LIST) - (ANA – High Risk) 			

Torbay Council - Schools Financial Value Standard Position at : Jul-2013

DfE IN	School Name	SFVS Expectations Met	LLC	Met		In Part		Not Met		No SFVS Return received
				Confirmed Assessment	Unconfirmed Self-assessment	Expectations met - In Part		Expectations not Met (from Self-Assessment & or Audit)		
						Overall	of which "n" are under 85% complete	Overall	of which "n" are under 65% complete	
3615	All Saints, Babbacombe Church of England Primary School	In Part	Torquay			Y				
3103	Brixham Church of England Primary School and Nursery	Yes	Brixham	Y						
3619	Collaton St Mary Church of England (Aided) Primary School	In Part	Paignton			Y				
2407	Furzeham Primary and Nursery School	Yes	Brixham	Y						
3600	Galmpton Church of England Primary School	In Part	Brixham			Y				
2455	Homelands Primary School	Yes	Torquay	Y						
2438	Oldway Primary School	In Part	Paignton			Y				
2464	Preston Primary School	Yes	Paignton	Y						
3617	Priory Roman Catholic Primary School	Yes	Torquay	Y						
3614	Queensway Catholic Primary School	In Part	Torquay			Y				
2473	Roselands Primary School	Yes	Paignton	Y						
3613	Sacred Heart Catholic Primary School	In Part	Paignton			Y				
2469	Sherwell Valley Primary School	Yes	Torquay	Y						
3601	St Margaret Clitherow Catholic Primary School	In Part	Brixham			Y				
3616	St Marychurch Church of England Voluntary Aided Primary & Nu	In Part	Torquay			Y				
3120	Upton St James Church of England Primary School	Yes	Torquay	Y						
3121	Warberry Church of England Primary School	Yes	Torquay	Y						
2460	Watcombe Primary School	Yes	Torquay	Y						
2439	White Rock Primary School	In Part	Paignton			Y				
	Primary			10	0	9	0	0	0	0
19				53%	0%	47%	0%	0%	0%	0%
				10		9		0		
4601	St Cuthbert Mayne Joint Catholic and Church of England School	Yes	Torquay	Y						
	Westlands					Y				
	Secondary			1	0	1	0	0	0	0
2				50%	0%	50%	0%	0%	0%	0%
				1		1		0		
7042		Yes	Torquay	Y						
7046	Mayfield School	In Part	Paignton			Y				
	Torbay School			1	0	1	0	0	0	0
	Special			50%	0%	50%	0%	0%	0%	0%
2				1		1		0		
	Grand Total All Schools			12		11		0		

Torbay Council - Internal Audit Plan 2013-14 and Progress to date as at 30th September 2013

Appendix B

					Status						
Area	Number of Audit Entities	Planned days	Actual days	Audit started	Audit fieldwork completed	Draft report issued	Responses Rec'd	Final Report issued	Draft report issued in target days	Final report issued in target days	
CHILDRENS SERVICES AND PUBLIC HEA	26	175	97.66	17	14	10	3	3	10	3	
ADULT SERVICES AND RESOURCES	25	120	50.26	13	10	9	5	5	9	5	
PLACE AND RESOURCES	50	508	210.71	37	25	19	12	11	19	11	
SCHOOLS	17	49	12.59	3	3	3	3	3	3	3	
ANTI-FRAUD AND IRREGULARITIES	15	125	53.44	15	10	10	10	10	10	10	
PROCUREMENT / CONTRACT AUDIT	0	20	0.00	0	0	0	0	0	0	0	
CORPORATE INITIATIVES	1	20	2.83	1	1	1	1	1	1	1	
GRANT CLAIMS	1	10	1.39	1	1	1	1	1	1	1	
OTHER CHARGEABLE ACTIVITIES	0	145	47.80	0	0	0	0	0	0	0	
ADVICE / CONSULTANCY	7	55	16.19	4	0	0	0	0	0	0	
Follow up for Audit Committee	0	25	13.20	0	0	0	0	0	0	0	
Carry forward	0	50	0.00	0	0	0	0	0	0	0	
TOTAL	142	1302	506.07	91	64	53	35	34	53	34	
Contingency		68									
Cancelled Audits		0									
Total Requested by Customer during 2013/14		1370									

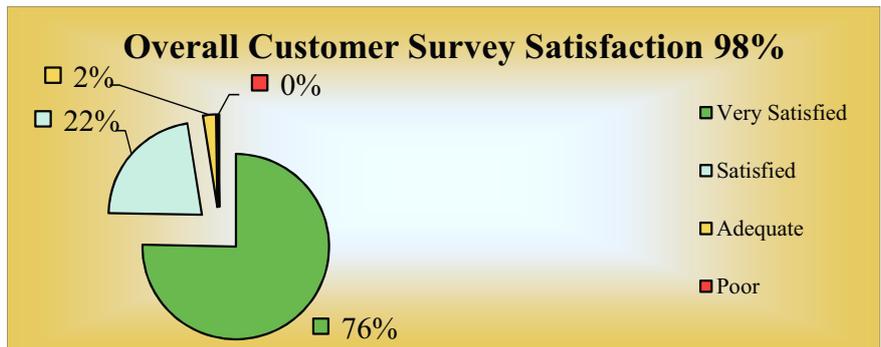
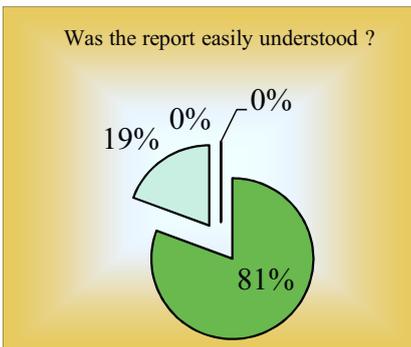
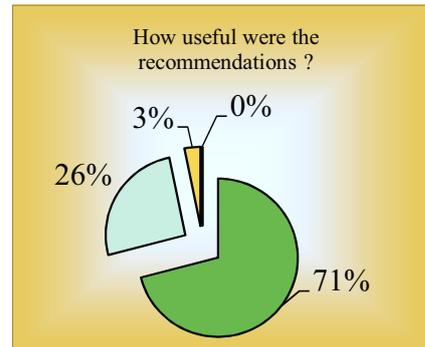
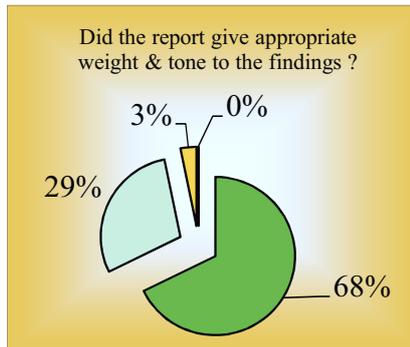
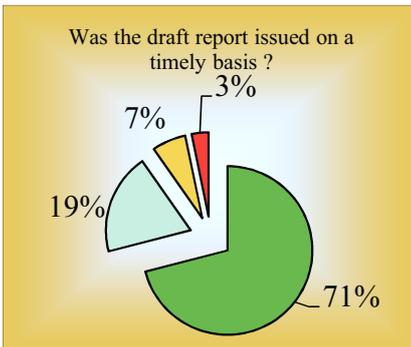
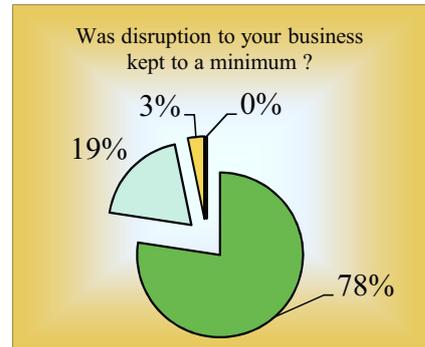
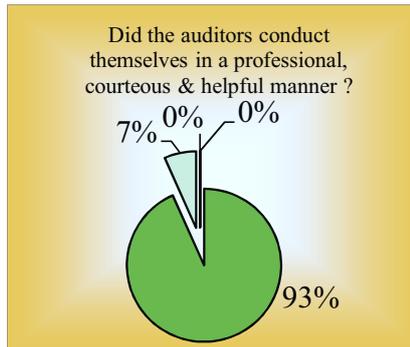
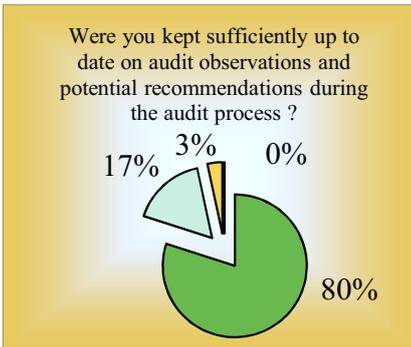
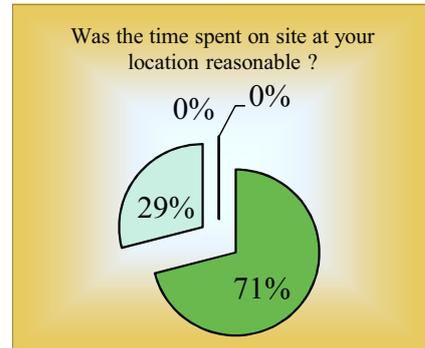
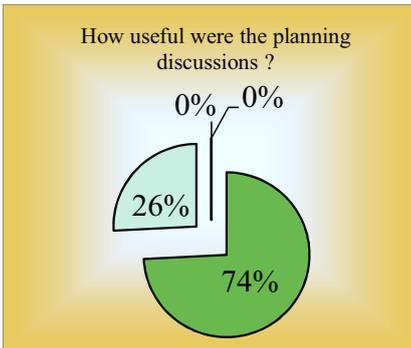
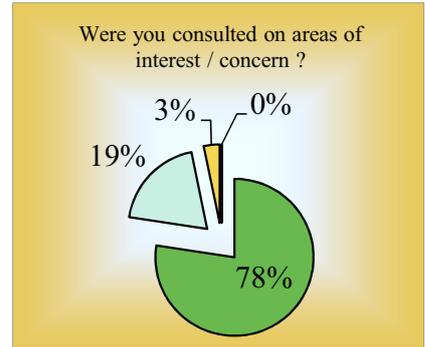
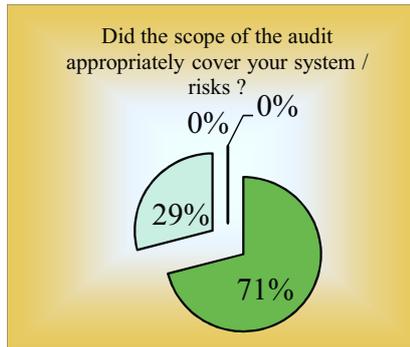
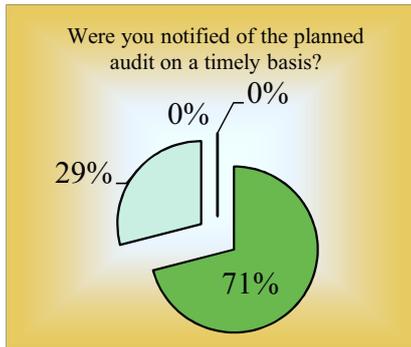
Performance stats for Torbay (exc. Scho	Annual	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Target	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Percentage of audit plan started	100	25%	56.78%	50	70.40%	75		100	
Percentage of audit plan completed (field wo	93	18%	38.98%	45	48.80%	71		93	
Percentage of planned days delivered	95	24%	18.85%	48	37.36%	72		95	
Draft reports issued in target days	90	90%	90.91%	90	100.00%	90		90	
Final reports issued in targets days	90	90%	100.00%	90	100.00%	90		90	
Customer satisfaction.	90	90%	100.00%	90	100.00%	90		90	

Performance stats for Torbay (Inc Schoo	Annual	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Target	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Percentage of audit plan started	100	25%	50.75%	50	64.08%	75		100	
Percentage of audit plan completed (field wo	93	18%	35.07%	45	45.07%	71		93	
Percentage of planned days delivered	95	24%	18.49%	48	36.94%	72		95	
Draft reports issued in target days	90	90%	91.18%	90	100.00%	90		90	
Final reports issued in targets days	90	90%	100.00%	90	100.00%	90		90	
Customer satisfaction.	90	90%	100.00%	90	100.00%	90		90	

Customer Survey Results April 2013 - Sept 2013



The charts below show a summary of 31 responses received.



Definitions of Audit Assurance Opinion Levels

Assurance	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

Definition of Recommendation Priority

Priority	Definitions
High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.

Confidentiality under the National Protective Marking Scheme

Marking	Definitions
Not Protectively Marked or Unclassified	Documents, information, data or artefacts that have been prepared for the general public or are for the public web pages or can be given to any member of the public without any exemptions or exceptions to release applying, have the classification NOT PROTECTIVELY MARKED. Some organisations will also use the word UNCLASSIFIED for publicly available information.
Protect	Any material that may cause distress to individuals, breach proper undertakings to maintain the confidence of information provided by third parties, breach statutory restrictions on the disclosure of information, cause financial loss or loss of earning potential, or to facilitate improper gain, give unfair advantage for individuals or companies, prejudice the investigation or facilitate the commission of crime, disadvantage government in commercial or policy negotiations with others should be marked PROTECT.
Restricted	Information or data or documents that should only be shared between a specific group of work staff who have to demonstrate a need to know, because of the sensitive content, then the document must be marked RESTRICTED.
Confidential	Material that is so sensitive that only specific named staff should have access. Special handling rules apply and so CONFIDENTIAL must only be applied to highly sensitive data.
Secret and Top Secret	Information with this sensitivity is unlikely to be available to the Partnership and the Chief Executive of the relevant organisation must make the decision to apply either of these protective markings. These markings are only to be used with information that can only be shared on a strict must know basis, with each party having signed a specific confidentiality agreement.