



devon **audit** partnership

Internal Audit

People's Scrutiny - Internal  
Audit  
Annual Monitoring Report  
2014/15

Devon County Council

June 2015  
Official



Auditing for achievement

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<b>Devon Audit Partnership</b>	<b>Confidentiality and Disclosure Clause</b>
<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 <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a> .</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>

## Introduction

This report provides a summary of the performance against the internal audit plan for the 2014/15 financial year, highlighting the key areas of work undertaken and the assurance opinions given.

The key objectives of the Devon Audit Partnership (DAP) have been to provide assurance to the Director on the adequacy, security and effectiveness of the systems and controls operating within People and to provide advice and assurance to managers and staff.

The Internal Audit plan for 2014/15 was presented to and approved by the Audit Committee in March 2014. The following report and appendices sets out the current position; reviews work undertaken in 2014/15 and provides an opinion on the overall adequacy and effectiveness of the People services areas internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report, when consolidated with those of other directorates, will provide that opinion.

Whilst it is the Audit Committee who are required to formally consider the assurance provided by our annual report, Scrutiny also have a key role in the Council's Governance Framework and we see that there is value to be added by working with and supporting Scrutiny in the overall provision of assurance to the Authority

### Expectations of the People Scrutiny Committee from this annual report

The members of the committee are requested to consider:

- the opinion statement within this report;
- the completion of audit work against the plan;
- the overall performance and customer satisfaction on audit delivery;
- consider how the assurances given support the work of the committee for assurance purposes.

# Audit Opinion

**Overall, and based on work performed during 2014/15 and that of our experience from the current year progress and previous years audit, Internal Audit is able to provide reasonable assurance that adequate controls are in place to control operations in the People service area.**

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, as appropriate we shall undertake follow up work to ensure that the identified risks have been mitigated

*(This opinion statement will provide Senior Management and Members with an indication of the direction of travel for their consideration for the Annual Governance Statement).*

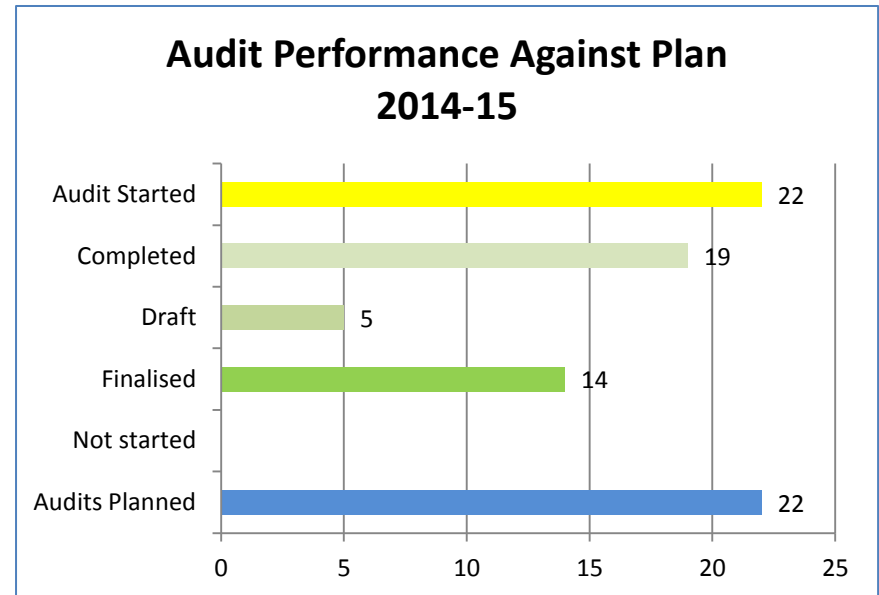
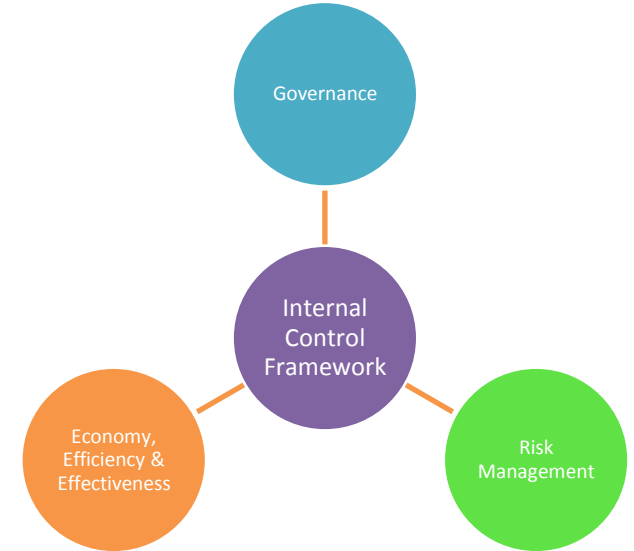
Senior management have been provided with details of Internal Audit’s opinion on each audit review carried out in 2014/15. All audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement for inclusion within the 2014/15 Statement of Accounts.

## Performance 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 People service area’s internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria. The bar chart right shows delivery of the plan against target. Progress during the year also included completion of work from 2013/14 necessarily spanning year end, undertaking follow up audits on areas where significant findings were made in the previous year and reporting to committee thereon, and progressing assignments in accordance with timescales agreed with management.

A table showing the status of planned audits and their associated reported executive summaries is contained at Appendix 1. In addition to this year’s planned work, consultancy and advice continues to be provided where required. Any changes to the plan have been subject to management approval and progress against plan is generally as expected..

This statement of opinion is underpinned by our consideration of:



## Progress Impact Assessment

The audit fieldwork completed during this financial year provides assurance that identified risks are being minimised or mitigated where appropriate.

Audit involvement regarding the Children's Services Lean Review has included post completion demand analysis at the MASH (Multi Agency Safeguarding Hub). Further audit assistance is currently ongoing with revisiting and reviewing demand analysis a year after initial commencement of the Lean Review work. This work is due to be reported back upon by the end of May.

The review of Adoption Services found instances of non-compliance with laid down policies and procedures. Key areas of non-compliance included the child's Looked After Case Record including information in relation to the new identity or address of the child thereby allowing pre and post adoption identity to be linked. All the Children Adoption paper files sampled were incomplete to some degree; mainly relating to absence of information on the matching process and the absence of Later Life letters where applicable.

Involvement with safeguarding alerts continues and a meeting with a care provider is scheduled for the end of May to discuss the findings from work undertaken. Once this work has been finalised a report will be written detailing findings and results obtained from our involvement within these complex involved pieces of work.

Our work in connection with various safeguarding alerts provides opportunity for DAP to give independent objective assurance regarding relevant documentation and financial records reviewed and assists the safeguarding process in scenarios of allegations of financial abuse against vulnerable people.

Overall progress against plan was largely in line with schedule although the impact of safeguarding alert work slightly delayed the delivery of certain pieces of work and as such, and with the agreement of management, some audits have been deferred until 2015/16.

## Value Added

Our internal audit activity has added 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.

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

- Being part of the "lean review" project team, where our detailed demand analysis provided a framework to identify and measure the impact of process change introduced at the Multi-Agency safeguarding hub (MASH).

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

## Executive Summary – Audit Findings

In our opinion, and based upon our audit work completed we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Any concerns identified through our work leading to recommendations for improvement are responded to positively by management.

Appendix 1 details the assurance opinions for individual audits. Definitions of the assurance opinion ratings are given in Appendix 2.

Findings from work in connection with our involvement in the various safeguarding alerts in which Audit has been involved are being collated and will shortly be provided in the form a report to management.

### Key Risks / Issues

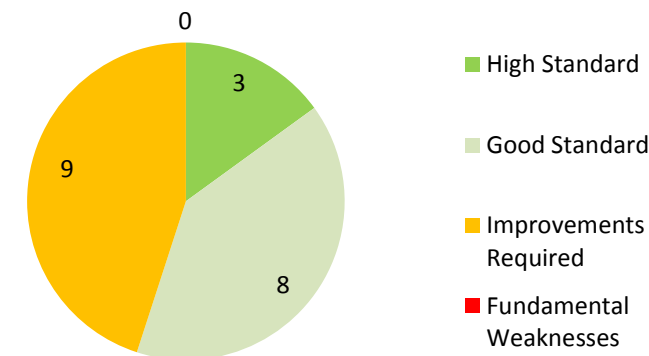
The Children Missing in Education report identified areas for improvement including procedures needing to improve at both schools and the Council to ensure that data is entered into the relevant systems accurately and timely. Maintenance of the data within such systems should be undertaken on a timely basis to ensure that the data is accurate and complete. Appropriate and timely action should be taken to follow-up on any children that have been identified as missing in education or at risk of missing an education. CME cases should be reported to senior management on a regular basis so that they can be monitored and appropriate action taken where necessary.

Management responded by producing a robust action plan and introducing significant improvements leading to increased confidence in data received. A significant reduction in the initial number of potential CME requiring further investigation has resulted and the CME steering group has been restructured.

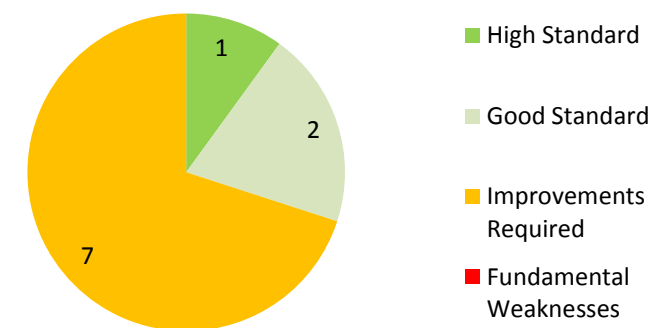
The risks and issues emanating from the PLUSS (social care equipment) review identified a significant number of equipment delivery issues to satellite stores and customers where the system / procedure has insufficient stock availability, stock-outs, high priority delivery costs and poor order delivery tracking. The delivery models and procedures available are not effective. Our recommendations are being considered by management and we understand being built into the new contract for equipment supply.

Audit review of the Training Flat identified risks related to possible reputational damage to the authority due to the property owner’s mortgage company having specific criteria as to who could rent the property. Issues identified by the audit regarding both mortgage and insurance requirements have subsequently been resolved.

### Assurance Opinions 2013/14



### Assurance Opinions 2014/15



## Fraud Prevention and Detection

### Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Audit Commission runs a national data matching exercise (National Fraud Initiative - NFI) every two years. For the 2014/15 exercise, Internal Audit co-ordinated the extract of relevant datasets as defined by the Audit Commission, from a range of County Council systems. People Directorate supplied their datasets relating to Direct Payments and Private Supported Care Home Residents and these were uploaded onto the NFI secure website. The subsequent matching reports were received back from the Audit Commission at the end of January 2015 and these are currently being examined either by Internal Audit or provided to relevant departments for their investigation.

**Irregularities** - During 2014/15, Internal Audit have carried out, or assisted in a total of 23 new irregularity investigations within the service area. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Theft	7
Employee Conduct	7
Financial Irregularity	5
IT Misuse	3
Tenders and Contracts	1

Internal Audit assistance has been requested by both the People service area and the Police with regard safeguarding issues. Work in connection with four different care providers has been undertaken where financial abuse of clients is suspected.

Internal Audit were asked to review a number of email mailboxes and internet logs throughout the year to identify possible misuse or provide evidence as part of investigations into employee misconduct.

Auditors have spent significant time in completing an investigation regarding a Community Care provider. The investigation identified the provider had overcharged the authority with regard to five clients over a four month period i.e. charging for visits that hadn't been made. Management have requested further work upon a sample of further clients in order to determine the extent of potential overpayment and the actions then required to be taken.

Additionally during the year Internal Audit has been notified of a number of thefts involving the loss of Council or client monies as well as equipment, from residential care homes and respite units. Where appropriate the Police were informed and Internal Audit provided advice to management on improvements to security and procedures.

## Customer Value

### Customer Service Excellence

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year.

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 99% being "satisfied" or better across our services. 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.

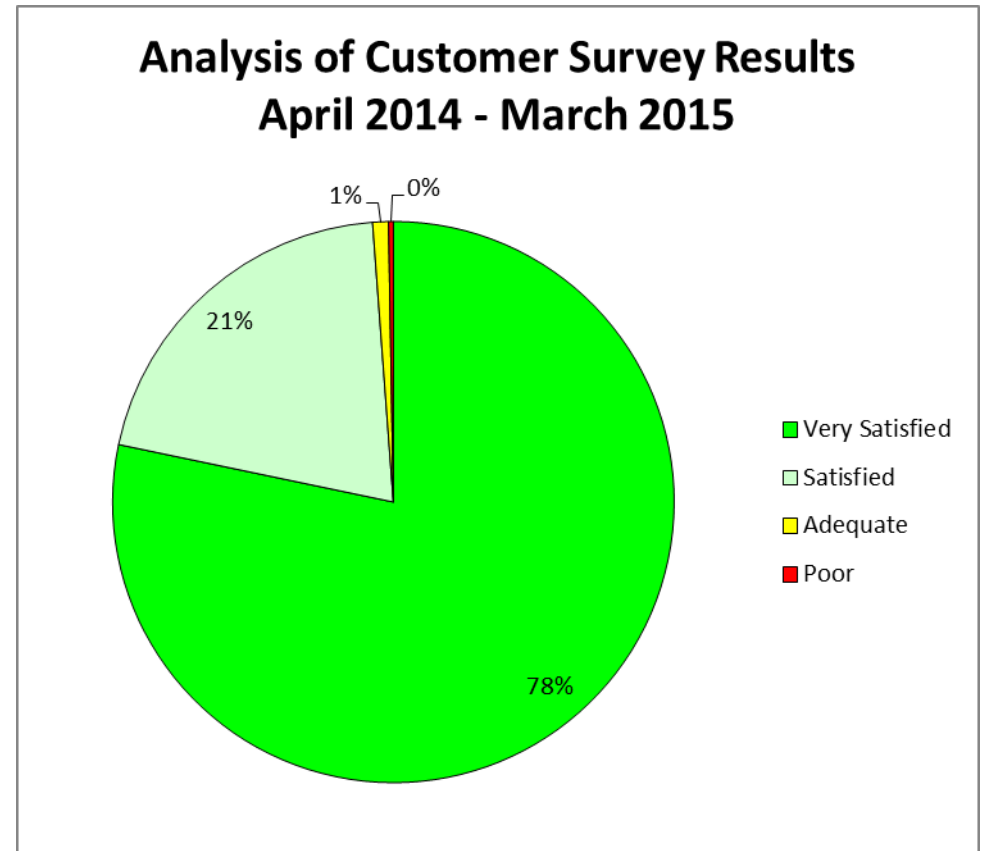
### Inherent Limitations

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.

### Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of the audits.

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








## Appendix 1 – Summary of audit reports and findings for 2014/15

### 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

### Assurance Progress Key



Green – action plan agreed with client for delivery over an appropriate timescale;  
 Amber – agreement of action plan delayed or we are aware progress is hindered;  
 Red – action plan not agreed or we are aware progress on key risks is not being made.  
 \* report recently issued, assurance progress is of managers feedback at debrief meeting.

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Comments	
<b><u>Children’s Social Work Service &amp; Child Protection</u></b>					
Children’s Centres	ANA - Low			Processes and procedures were found to be working adequately.	
Barnardos – Tavistock		Final	Good Standard		
AFC – Two Moors / Wilcombe		Final	High Standard		
Care Leavers – Training Flat	In year request	Final	Improvements Required	The use of a Training Flat is used by a number of local authorities to help prepare care leavers for adult life.  Contractual arrangements highlighted potential risk of reputational damage and possible financial loss. Managers have worked with the property owner to resolve these issues to the satisfaction of all parties.	
‘Troubled Families’	N/A	Ongoing	N/A	Checking and certification of periodic grant claims.	N/A
Adoption Services	ANA - Low	Final	Improvements Required	The audit found non-compliance with policies and procedures. A number of Children Looked After case records included information in relation to the new identity or address of the child, allowing pre and post adoption identity to be linked.  Children Adoption paper files were incomplete to some degree; mainly relating to absence of information on the matching process and also Later	

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Comments	
				<p>Life Letters.</p> <p>Inconsistencies were found in paperwork filing; some TRIMMED and filed within the child’s care management record, some filed in a paper file. Examples found of the same record held in both places and some circumstances where key information was not in either.</p> <p>Management have used the findings from the audit report to action the changes required.</p>	



Both the Early Help Offer audit and that of Back to Social Work were removed from the plan in November 2014. The audit review of Quality Assurance Procedures – Commissioning - Children’s Social Care (ANA - Critical) has been deferred until 2015/16.


**Education & Learning**

Children Missing in Education	ANA - Medium	Final	Improvements Required	Responding to the audit report management have produced a robust action plan and introduced significant improvements leading to increased confidence in the data received. A significant reduction in the initial number of potential CME requiring further investigation has occurred.	
Access to Education Services (Traded Services for Schools).	ANA - Medium	Draft	Good Standard	<p>Benchmarking identified a wide range of services being offered to schools at varying costs; the quality and depth of the offer by authorities varies considerably making cost comparison difficult. However the high rate of return business by Devon Schools provides sufficient evidence schools are happy with services provided.</p> <p>Awareness of potential competitors entering the market is required to ensure charges remain competitive.</p>	

The audit review of the Virtual School – Children in Care was commenced to draft report stage. However due to changes in the service provision following completion of the audit, a decision was made to re-audit the area and provide an updated assurance opinion during 2015/16.

The audit of Children’s Centres & Early Years (transformation project - ‘critical friend’) was removed from the plan in November 2014, whilst the audit review of SEND Implementation & Delivery - single point of assessment has been deferred to the 2015/16 financial year.

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Comments	
<b>Social Care Commissioning</b>					
PLUSS	In year request	Final	Improvements Required	Sample testing of deliveries identified a number of issues including significant numbers of incomplete deliveries to satellite stores due to SADL (Simple Aid to Daily Living) equipment items being out of stock at time of order, resulting in reorder at a higher delivery priority; no effective order tracking system – the ‘prescriber’ having minimal information re stock levels and deliveries.	
Client Finance Services Client Contributions - Non Residential Services	ANA - High	Draft	Improvements Required	<p>In May 2011 a policy for the charging of Non-residential services was introduced. The policy identified clients previously assessed would need Transitional Protection with charges remaining static but reviewed on the anniversary of the policy; the policy has not been implemented. The policy also stated clients would have a new financial assessment every two years this also has not been implemented.</p> <p>There are a number of IT issues that have an impact on the referral process and could result in a loss of funds unless addressed. All clients in receipt of care services are required to have a financial assessment; however there are no prompts within the management system (CareFirst) to ensure a Financial Assessment &amp; Benefits (FAB) Referral is created or reassessed upon amendments to the care package. There are no exception reports that assist management to identify missing or outstanding assessments.</p> <p>Financial Assessments can be completed in various ways; the majority are conducted over the telephone, the risk accepted that evidence of income and expenses will not be seen. The policy stated random sampling would be conducted yearly on a small number of telephone assessments to confirm the outcome of the telephone assessment, this has not been completed. A copy of the completed assessment is forwarded to the client for signature and return, the majority of clients do not return the signed assessment agreeing to the charge; this could lead to DCC being unable to recoup monies owed re service agreements and</p>	

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Comments	
				lead to possible bad debts.	
Information and Advice Service	LTP Request	Draft	Improvements Required	<p>The current Public Information and Advice Strategy requires updating and should outline how information and advice services relating to care will be commissioned by Devon County Council.</p> <p>It is recognised that the commissioning of this service has not been co-ordinated across the Council. DCC should continue to work with all key partners to develop a joined-up commissioning strategy for the provision of information and advice to the public.</p> <p>The Devon Community Directory has limited use to staff as it is not always up to date and the information can be unreliable. Many users have developed or have access to an alternative information source.</p>	

The audit review of Mental Health Commissioning Arrangements with the NHS (LD Partnership commissioning / arrangements with DPT) (LTP Request) has been deferred until the 2015/16 financial year.

**Adult Social Care**

The audit review of the Adults Assessment Process was cancelled by the client. The review of Quality Assurance Procedures- Commissioning - Adults (ANA - Critical) has been deferred to the 2015/16 financial year.

**Council / People Wide**

The undermentioned audit reviews have been deferred until the 2015/16 financial year:-

- Contract Management & Monitoring (ANA - High)
- Quality Assurance Procedures - Commissioning - Overall Theme Report (LTP Request)
- Implementation of the Care Bill - Advice / Consultancy (LTP Request)

## Appendix 2 – Definitions

### Definitions of Audit Assurance Opinion Levels

### Confidentiality under the National Protective Marking Scheme

Assurance	Definition	Marking	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.	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.
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.	Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
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.	Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
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.	Secret and Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.