

**People Services - Outline Internal Audit Plan 2017/18**  
**Report of the County Treasurer**

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

The attached report summarises the proposed internal audit activity within Adult Care and Health, and Children's Services for the 2017/18 financial year.

**Recommendation:** members of the committee are requested to consider:

- the outline internal audit plan;
- provide input which will assist the detailed internal audit planning needs;
- highlight audits they may wish to receive summary reports from;

Mary Davis

Electoral Divisions: All  
Local Government Act 1972

List of Background Papers

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<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report

# Internal Audit Plan 2017/18 Adult Care and Health Children's Services

Devon County Council  
People's Scrutiny

March 2017

Not Protectively Marked



Robert Hutchins  
Head of Audit Partnership



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 government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</p> <p>This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.</p>

## Introduction

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

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

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

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

### Expectations of People's Scrutiny for this annual plan

People Scrutiny Committee members are requested to consider:

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2017/18.

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

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

## **Annual Service Level Plans - Adult Care and Health; Children's Services**

### **Adult Care and Health**

Audits within this area include three reviews regarding recommissioning: (Residential & Nursing Care along with the Supporting Independence and Caring Well at Home procurements) with the aim of providing assurance that such recommissioning exercises will have a beneficial impact on sufficiency, quality and activity / cost / spend. The scope for the Short Term Interventions audit links to the risk register concern of underdeveloped short term service solutions leading to increased demand for long term services adversely impacting on costs. The review of Spend on Individuals will seek to ascertain what the authority spends on service users individually and in aggregate, ensuring practitioners are aware of all SLAs applicable and no duplication of SLAs exists for different service types meeting the same need.

### **Children's Services**

Work within Children's Services will include how Devon works with the district councils in tackling homelessness amongst 16/17 year olds looking at how the protocols and practices implemented are working in practice and their compliance with legislation. The audit review upon Legal Care Proceedings has also been requested by both Plymouth City Council and Torbay Council and it is hoped a joint piece of work can be undertaken allowing best practice between authorities to be shared.

### **Value Added**

We will undertake the annual follow up on all audit areas identified as 'Improvements Required' or 'Fundamental Weaknesses' in 2016/17.

Service Area Overview of Audit Coverage						
Thematic Overview	Adult Care & Health	Children's Services	Communities, Public Health, Environment & Prosperity	Highways, Infrastructure Development and Waste	Major Projects	Value Added
	Safeguarding Practice Quality Review Preparing for Adulthood Strategy Outcomes Based Commissioning of Personal Care Promoting Independence Assistive Technology Management Information	Placement Stability Legal Care Proceedings Homelessness in 16/17 year olds Preventing adolescents from coming into care Children Asylum Seekers SEN - High Needs Funding Schools & SFVS	Reported elsewhere	Reported elsewhere	Reported elsewhere	Fraud Prevention and Investigation National Fraud Initiative Advice Audit Follow Up
Core Assurance	Business Processes & Governance - Ethics & Culture, Payroll & HR functions, Budgeting System, VAT, Procurement, Supplier Resilience, Contract Lifecycle, Grant Certification, Audit Assurance Planning & Reporting.					
	Key Financial Systems (Material Systems) - Bank Reconciliation, Creditors, Debtors, Finest System Admin, Fixed Asset Register, Income Collection, Main Accounting System, Payroll.					
	ICT - Service Strategy, Service Transition, Service Operation, Service Design					

The elements proposed for audit for the coming year are those identified through risk assessment and discussion with Senior Management. This overview is supported by the proposed audit reviews and associated risks.

## People - High Level Audit Plan 2017/18

This table shows a summary of planned audit coverage for the year totalling 275 direct days. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with both Adult Care and Health, and Children's Services, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities within the two service areas given the significant changes across the public sector.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment - in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage within the 2017/18 financial year.

A detailed analysis of proposed audit reviews is provided in the following schedule.

<b>Core Activity for Internal Audit Review (Extract for People's Scrutiny)</b>	<b>Coverage in Days</b>
Adult Care and Health	185
Children's Services	90
<b>Total for Adult Care and Health, Children's Services</b>	<b>275</b>
<b>Total for DCC</b>	<b>1,060</b>

## Proposed audit reviews and associated risks

SRR / ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
<b>Adult Care and Health</b>				
<b>Adult Care Operations and Health</b>				
Safeguarding	ANA - Medium; client request	To assure changes to safeguarding process and practice in the safeguarding and wider care management function have been successfully implemented: <ul style="list-style-type: none"> <li>• Have we implemented everything from the independent report by David Taylor?</li> <li>• Are we compliant with ‘Making Safeguarding Personal’?</li> </ul>	Q1	15
Practice Quality Review	ANA - Low; client request	To assure that the Practice Quality Review process is embedded and having an impact: <ul style="list-style-type: none"> <li>• Are managers and staff complying with Practice Quality Review?</li> <li>• Are the right practice standards being assessed?</li> <li>• Is the assessment of managers consistent?</li> <li>• Is feedback given to individuals?</li> <li>• Are lessons learned leading informing senior management decision making?</li> </ul>	Q1	15
Forecasting future spend on adult social care for cases in transition	ANA - Low; client request	To assure that the future impact of cases in transition from Children’s Services is quantified, accurately built into financial planning and monitoring processes. <ul style="list-style-type: none"> <li>• Are cases in transition identified and communicated early enough?</li> <li>• Is their potential future financial impact quantified?</li> </ul>	Q1	15



Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		<ul style="list-style-type: none"> <li>Does this inform financial planning?</li> <li>Does this inform financial monitoring?</li> </ul> To include any relevant learning from Plymouth and Torbay. This should inform the subsequent audit of implementation of the 'Preparing for Adulthood' strategy.		
Preparing for Adulthood Strategy	ANA - Low; client request	To assure that the 'Preparing for Adulthood' strategy and action plan are being implemented: <ul style="list-style-type: none"> <li>Does the new SEND strategy incorporate 'promoting independence' and 'preparing for adulthood' as priorities?</li> <li>Is practice in Children's Services changing accordingly?</li> <li>Is practice in Adult Services changing accordingly?</li> </ul> Is the transition from Children's Services to Adult Services better managed?	Q2-3	15
Services for people with sensory disabilities	ANA - Medium: client request	To assure that current arrangements for meeting the needs of people with sensory disabilities are fit for the future: <ul style="list-style-type: none"> <li>What are the arrangements for the care management of and provision of support to people with sensory disabilities?</li> <li>How do these work if people have sensory disabilities and other needs?</li> <li>Does it achieve good outcomes?</li> </ul> Is spend on the service proportionate to population need and equitable compared with other client groups?	Q2-3	10
Promoting Independence	ANA - Low; client request	To assure that 'promoting independence' is a whole council initiative: <ul style="list-style-type: none"> <li>Has the council's 'promoting independence' policy informed the strategy and planning of all relevant parts of the council: health and care, public health, communities, communications?</li> <li>Does the council's 'promoting independence' strategy articulate how the whole council and its partners should put</li> </ul>	Q2-3	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		this policy into practice? Is the strategy being successfully implemented through the 'promoting independence' programme?		
Independent Reviews	ANA - Low; client request	To assure that the business case for investing in external case review capacity is sound in practice: <ul style="list-style-type: none"> <li>• Was the business case the procurement was based on reasonable?</li> <li>• Did the procurement process lead to a solution that met the requirement laid out in the business case?</li> <li>• Did the external review capacity undertake the required number of reviews?</li> <li>• Were those reviews undertaken to the specified practice standards?</li> <li>• Did those reviews lead to the envisaged financial benefits?</li> </ul> Is there a business case for extending the arrangement?	Q3-4	10
Spend on individuals	ANA - Medium; client request	To assure that the authority knows who it serves and what it spends on them individually and in aggregate? <ul style="list-style-type: none"> <li>• Is the relationship between people and service agreements on the authority's care management system sound?</li> <li>• Are practitioners working with people aware of the service level agreements applying to that person and considering all services received in review?</li> <li>• Is the authority's financial and performance monitoring clear in differentiating people and service level agreements and specifying which it is reporting on?</li> </ul> Is there any duplication of service level agreements for different service types (eg. direct payments and individualised support) meeting the same need?	Q4	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
<b>Adult Commissioning and Health</b>				
Outcomes Based Commissioning of Personal Care	ANA - High; client request	To assure that there is a business case for the introduction of outcomes-based commissioning through the Living Well at Home contract for the provision of domiciliary care: <ul style="list-style-type: none"> <li>• Is there an evidence-based business case?</li> <li>• Is the relationship with lead providers enabling of this business case?</li> </ul> Is the business case being delivered in practice?	Q2-3	15
Recommissioning of Residential and Nursing Care	ANA - Medium; client request	To assure that the recommissioning of residential and nursing care for older people will have a beneficial impact on sufficiency, quality and activity/cost/spend: <ul style="list-style-type: none"> <li>• Has an options analysis been undertaken that considers all options?</li> <li>• Is it based on evidence from other authorities?</li> <li>• If a dependency tool approach is taken is it aligned with tools used in care management and by providers?</li> <li>• Does it increase or decrease risks regarding sufficiency, quality and cost?</li> <li>• Does it enable outcomes-based commissioning of residential/nursing care?</li> </ul>	Q1-2	10
Recommissioning of unregulated care through the Supporting Independence procurement	ANA - Low; client request	To assure that the recommissioning of unregulated care will have a beneficial impact on sufficiency, quality and activity/cost/spend: <ul style="list-style-type: none"> <li>• Is the scope clear, with unregulated care being less easily defined than regulated care?</li> <li>• Has an options analysis been undertaken that considers all options?</li> <li>• Is it based on evidence from other authorities?</li> </ul>	Q1	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		<ul style="list-style-type: none"> <li>• If a dependency tool approach is taken is it aligned with tools used in care management and by providers?</li> <li>• Does it increase or decrease risks regarding sufficiency, quality and cost?</li> </ul> Does it enable outcomes-based commissioning of residential/nursing care?		
Caring Well at Home procurement	ANA - Low; client request	To assure that the recommissioning of unregulated care will have a beneficial impact on sufficiency, quality and activity/cost/spend: <ul style="list-style-type: none"> <li>• Is the tender and evaluation process well structured?</li> <li>• Will the outcome increase or decrease risks regarding sufficiency, quality and cost?</li> <li>• Will the outcome embed a Promoting Independence approach for carers, improving strengths-based practice in the provider and related care management functions?</li> </ul>	Q1-2	10
Short Term Interventions	ORR TG30 ANA - Medium; client request	To assure that our plans to better integrate our short-term interventions offer with the NHS and improve access pathways and triage are coherent across the county while being sensitive to partner and place and will have the desired impact of extending their reach and effectiveness: <ul style="list-style-type: none"> <li>• Are there plans in place locally and do they cohere across the county?</li> <li>• Are they being implemented to plan?</li> <li>• Will they lead to an improved offer and improved pathways and triage to ensure the right person receives the right intervention at the right time to maximise their independence?</li> <li>• Are they available to all people who would benefit, not just those discharged from hospital or referred by the NHS?</li> </ul>	Q4	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		<ul style="list-style-type: none"> <li>Will they reach more people?</li> </ul> Will they be more effective at keeping people out of hospital and minimising their reliance on longer-term services?		
Assistive Technology	ANA - Medium; client request	To assure that we are taking the opportunities offered by the new DILIS contract by making better use of assistive technology to find cost-effective solutions to people’s needs: <ul style="list-style-type: none"> <li>Is the implementation of the DILIS contract realising its potential benefits?</li> <li>Are we changing our practice to make better use of assistive technology solutions?</li> </ul> Is this instead of rather than complementary to other solutions?	Q2-3	10
Management Information	ANA - Low; client request	To assure the quality of data used in statutory returns and other key management information products is sufficient to enable insights to be gained by comparing between authorities and over time: <ul style="list-style-type: none"> <li>Does our not collecting information on every contact limit our understanding of flow through the system through the SALT return?</li> <li>Does our recording of short-term services enable us to monitor their reach and effectiveness through the SALT return?</li> <li>Does our current accounting structure enable us to complete the ASC-FR return accurately?</li> <li>Does our recording practice enable us to track sequences of events?</li> </ul> Does our recording practice enable us to manage the risks associated with market sufficiency challenges in personal or residential/nursing care?	Q1	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Adult Care and Health: Advice, planning, monitoring and performance reporting			Q1-4	10
<b>Children's Services</b>				
<b>Children's Social Care</b>				
Children Asylum Seekers	ANA - Medium; client request	Devon will be taking in more children asylum seekers over the next few years. Already taken around 8/10 in recent months. Best practice and arrangements are emerging in Devon. Look at the practices and see if effective. Also review how we deal with outside agencies. Do we have good levels of communication with outside agencies/key contacts such as the NHS.	Q4	10
Homelessness in 16/17 year olds	ANA - Low; client request	New protocols being implemented with district councils to tackle homelessness for 16/17 year olds. Review the protocols and practices. Is the guidance working; are practices compliant with legislation (National Legislation).	Q2	10
Legal Care Proceedings (Possible joint audit with Plymouth and Torbay)	ANA - Medium; client request	Legal Care proceedings in child protection cases. The rate of care proceedings in Devon is around double the national average; any reasons why? What is the process, does it comply with quality standards; legislation and regulations. Include role of council's legal service and assess for quality of service.	Q1	15
Placement Stability	ANA - Medium; client request	Looked after children placement stability – review data on children in terms of placements. Are they being moved too often and are they being placed too far away from family and friends. What protocols/practices are in place to ensure placements are monitored and careful consideration is taken before moving a child. Any approval	Q1	15

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		processes? Note what things are considered if thinking of moving a child. Is it enough? Is support put into place prior to the move to make it easier for the child.		
Preventing adolescents from coming into care	ANA - Medium; client request	Pilot scheme in North Devon looking at preventing teenagers/adolescents coming into care for the first time. Using North Devon as pilot due to higher rates of adolescents coming into care. Aim is to create different worker roles to provide more varied hours and thus more available staff. Review and document rates of adolescents coming into care throughout the county to see if any other hot spots requiring more prompt attention.	Q3	10
<b>Education and Learning</b>				
SEN - High Needs Funding	ANA - Medium; client request	Scope to be determined.	Q	20
Children’s Services: Advice, planning, monitoring and performance reporting			Q1-4	10

## **Fraud Prevention and Detection and Internal Audit Governance**

### **Fraud Prevention and Detection and the National Fraud Initiative**

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally” and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit resources will be allocated to allow a focus on identifying and preventing fraud before it happens. Nationally these areas include Procurement, Payroll, Blue Badges, Direct Payments and Pensions.

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. Work on the 2016/17 exercise has already commenced with resulting data matches available from early 2017. We will work with Council departments to ensure that the matches are reviewed and action taken as may be necessary.

### **Internal Audit Governance**

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

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

### **Partnership working with other auditors**

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

We have developed sound working arrangements with Grant Thornton, the authority’s external auditors and have regular liaison meetings to understanding their requirements and to provide the information they require, maximising the benefits of close working. We have also developed an effective working relationship with Audit South West (NHS Internal Audit) and anticipate more opportunities to work collaboratively together as integration between the Council and Health progresses.



## Appendix 1 - Audit Framework

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

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

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

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



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

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