

DEVON COUNTY COUNCIL

INTERNAL AUDIT ANNUAL REPORT 2010/11

1 INTRODUCTION

1.1 As part of its responsibilities the Audit Committee should oversee the stewardship of the Council's resources and monitor internal and external audit performance. The Audit Committee, under its Terms of Reference contained in Devon County Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

1.2 The following report and appendices, set out the background to the internal audit service provision, reviews work undertaken in 2010/11, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. The report compares the work carried out with the work that was planned; presents a summary of the audit work undertaken and summarises the performance of the Internal Audit function against its performance measures and other criteria.

1.3 The Accounts and Audit (Amendment) (England) Regulations 2006 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and the need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

2 BACKGROUND

2.1. The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Devon County Council's assurance cycle and if used properly can inform and update the organisation's risk profile. Internal Audit is just one of the sources of assurance available to the Council and Audit Committee.

2.2 The Internal Audit (IA) Service for Devon County Council is delivered by the Devon Audit Partnership (DAP). This is a shared service arrangement between Devon County Council, Torbay Council and Plymouth City Council constituted under section 20 of the Local Government Act 2000; the Partnership was formed on 1st April 2009. The Partnership undertakes an objective programme of audits to ensure that there are sound and adequate internal controls in place across the whole of the Council. It also ensures that the Council's assets and interests are accounted for and safeguarded from error, fraud, waste, poor value for money or other losses.

2.3 In carrying out its responsibilities Internal Audit liaises with all Directorates of the Authority. The Service consults with Directors in compiling its audit plans and meets regularly with Council Officers to review and monitor progress on recommendations arising out of audits and investigations. There is also close liaison with external agencies eg the external Auditors and, when appropriate, the Police

3 INTERNAL AUDIT ASSURANCE FOR 2010/2011

3.1 CONTEXT

3.1.1. As the provider of the internal audit service to Devon County Council we provide the Council through the Audit Committee with an opinion on the adequacy and effectiveness of the governance, risk management and control arrangements. In giving our opinion it should be

noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

3.1.2. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

3.2 INTERNAL AUDIT ASSURANCE STATEMENT

3.2.1. We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Devon County Council's arrangements.

3.2.2. For the 12 months ended 31 March 2011, based on the work we have undertaken, we are able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework. Of the audit assignments completed, 66% received an audit opinion of good or high standard. A further 30% were graded as Improvements required and only 4% were considered to demonstrate fundamental weaknesses. Details of all opinions are contained in Appendix 2.

3.3 SCOPE OF THE INTERNAL AUDIT OPINION

3.3.1. In arriving at our opinion, we have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2011 (see Appendix 1 for a summary of Audit days and Appendix 2 for a summary of audits);
- The results of follow-up action taken in respect of audits from previous years;
- Whether fundamental or significant recommendations have been accepted by management and, if not, the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports or other assurance providers to the Audit Committee;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

3.4 THE BASIS OF THE OPINION

3.4.1. In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

3.4.2 All final audit reports also include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

3.4.3 Through our reporting chain, Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2010/11 to assist them with compilation of their

individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be included with its published Statement of Accounts for 2010/11.

4. SUMMARY OF AUDIT FINDINGS

4.1 The following table provides a summary of the overall audit assessment for each directorate based on the audit work completed in 2010/11. A summary of the Audit Opinions is included as Appendix 2 and key findings from the work completed in Appendix 3. Where weaknesses have been identified and reported upon, recommendations have been made to strengthen controls in those audit areas reviewed. Management have agreed these recommendations and, where appropriate, we shall undertake follow up work to ensure that risks continue to be suitably controlled.

Overall Opinion by Directorate

Directorate	Number of Audits Completed	Overall Opinion
Office of the Chief Executive	3	Adequate
Corporate Resources	50	Adequate
Environment, Economy & Efficiency	10	Adequate
Adult & Community Services	44	Adequate
Children & Young Peoples Services	20	Adequate

4.2. Devon County Council Schools

4.2.1 Schools' audit reviews and programmes of testing are designed to provide assurance that there are effective internal controls in place and compliance with the Authority's funding scheme for schools, Financial Regulations and the School's Finance Policy. In addition, Internal Audit was responsible for completing the formal, external assessment of schools arrangements against the DfE's Financial Management Standards.

4.2.2 Our opinion - based on the work to date is that the systems and controls in schools are of a "Good to High Standard" and generally mitigate the risks identified. The three most common areas arising from the audits are the:

- effective demonstration of leadership and governance
- demonstrable financing of school improvement plans and;
- non-compliance with CRB checking and incomplete database records.

4.2.3. Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.

4.2.4. We have been part of the DfE pilot study on the SFVS which has in general received positive comment from the pilot schools. Comments have been restricted to procedural aspects of its completion and the need for training and support. We have fed back similar comments and the need for LA's to positively engage with the schools following review of their SFVS self-assessments.

4.2.5. 13 secondary and 9 primary schools have now become academies. Closure audits have been completed for two of these schools where reported issues were provided to the Children and Young People's Directorate (as requested), and to the schools for action. DAP are in the process of marketing and bidding for internal audit services to academy schools across Devon. We have been successful in winning a small amount of work and are hopeful of more. Work is being re-scheduled in light of the changing market. It is considered that retention (where

possible) of the internal audit for these schools will be beneficial to the school audit service as a whole.

4.3 Special Investigations and Anti-Fraud Work

4.3.1 The Council remains focused in its commitment to take all necessary action to investigate fraud and take appropriate disciplinary or legal action. Throughout the year, Internal Audit have been informed of instances of possible fraud or irregularities which have either led to advice being given to management on courses of action and improvements to controls, or auditors conducting formal investigations into the allegations.

4.3.2 The incidence of reported issues during 2010/11 remained very low considering the volume of transactions and the numbers of staff employed by the County Council. This is a testament to the staff, controls, processes and governance arrangements in the County Council. Internal Audit were informed of 63 instances of possible fraud or irregularities. Action in respect of 59 of those concerns has now been completed and investigations are on-going in respect of the remaining cases. Many of these cases did not require detailed investigation and appropriate advice was given to officers. A significant proportion of the referrals were related to alleged IT abuse, most of which did not require any management action, or theft / loss of equipment. Where the issue was a simple one of theft, these were usually reported to the Police for investigation as appropriate'

4.3.3. The nature, scale and complexity of the referrals have been varied and included suspicions of financial irregularity, financial abuse, mismanagement, staff behaviour and conduct issues, IT misuse, theft, and corruption. Some of these take a long time to investigate and often require reports to be produced to management. They may also involve time spent in dealing with any subsequent disciplinary process or working with the police to pursue criminal action.

4.3.4. Action taken against employees is generally taken by a Disciplinary Officer, with advice by Human Resources. Audit's role is to provide evidence regarding the alleged offence and summarise our findings with regards action that should be taken. Audit is not always informed of the outcome of disciplinary hearings, as these are considered confidential between the Disciplinary Officer and the individual.

4.3.5. It is important to acknowledge that any investigations are conducted independently and without prejudice. This is reflected in the number of cases where investigations have resulted in the exoneration of individuals against whom allegations have been made. There are other cases where the investigation has resulted in disciplinary action or criminal action based on the evidence obtained, however in some cases and despite strong suspicion, a lack of evidence has meant we were unable to prove wrongdoing.

4.3.6. In addition Internal Audit received notification of two incidents where IT equipment disposed of by Devon County Council were subsequently found dumped. In one instance two external hard drives with Devon County Council labels on them were found in a skip at a Plymouth Recycling Centre. Audit recovered the drives which appeared very old. A search of the contents found that there was no confidential or personal information on them. In another incident, Internal Audit were informed of four laptops that had been sent for disposal being found in a canal in the Midlands. Arrangements were made for their return to the Council and for IT to make enquires with the disposal contractor to ascertain how the laptops could have ended up in that location

4.3.7. Co-ordination of the work associated with the 2010/11 National Fraud Initiative (NFI) exercise has continued. 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. In October 2010, the Council provided data for areas such as

payroll, pensions, creditors, care homes, various types of licences as well as parking permits and blue badges. We have investigated and cleared the majority of matches and work continues to clear the remainder.

5. INTERNAL AUDIT PERFORMANCE

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

Local Performance Indicator (LPI)	2010/11	2010/11
	Target	Actual
Percentage of Audit plan Completed (Devon County)	90%	93.5%
Actual Audit Days as percentage of planned (Devon County)	90%	94.2%
Percentage of fundamental / material systems reviewed annually	100%	100%
Percentage of chargeable time	65%	62.2%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	96%
Draft Reports produced within target number of days (currently 15 days)	90%	90%
Final reports produced within target number of days (currently 10 days)	90%	97%
Average level of sickness absence	2%	3%
Percentage of staff turnover	5%	0%
Out-turn within budget	Yes	Yes

5.2 Overall, performance against the indicators has been highly commendable. We have exceeded the targets in respect of percentage of Audit Plan completed and Actual Audit Days as a percentage of Planned. In addition, Customer satisfaction has exceeded the target and in addition specific complimentary correspondence has also been received from our customers. Performance in relation to prompt issuing of final reports has also exceeded targets.

5.3 The customer satisfaction results derive from questionnaires completed after each audit, and the results continue to demonstrate the very high regard placed on the service by all sectors of the Authority.

6 RECOMMENDATIONS

It is recommended that:

- 1) the report be noted
- 2) the Audit Committee endorse the adequacy and effectiveness of Devon County Council's system of internal audit for the year ended 31 March 2011.

Appendix 1

Internal Audit Plan 2010/11 Progress Against Plan

Comparison of Planned Days to Actual Use of Resources

Year end monitoring report as at end of March 2011				
Area	Original Planned days	Percentage of plan	Actual Days	Percentage of plan
Strategic Risk Reviews	75	4.0%	11	0.6%
Adult & Community Services	257	13.6%	448	25.1%
Environment Economy & Culture	75	4.0%	105	5.9%
Children & Young People's Services	277	14.6%	364	20.4%
Office of Chief Executive	30	1.6%	21	1.2%
Corporate Resources	487	25.8%	480	26.9%
Investigations	230	12.2%	173	9.7%
Grant claims	140	7.4%	46	2.6%
Chargeable non-productive	310	16.4%	130	7.3%
Risk Management	10	0.5%	4	0.2%
Total	1891		1782	94.2%
Schools	783		860	
FMSiS coordination	115		20	
DEVON OVERALL	2789		2662	95.4%
Contingency not required	49			

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Appendix 3

Summary of Significant Audit work and key findings 2010/11

Office of the Chief Executive

Significant audit work completed

Performance Reward Grant Review - A review of the management and control processes linked with the allocation and payment of Performance Reward Grant was undertaken. No issues or concerns were identified as a result of this review.

Information Strategy - We have liaised closely with the strategic intelligence team in reviewing the BIP 0008 conformance of ACS and CYPS social care document scanning operations and storage in TRIM. BIP 0008 is the code of practice for legal admissibility of documents stored electronically. The results are reported elsewhere but we found the scanning operations had a good degree of conformance with the information capture section of the code of practice.

Corporate Resources Directorate

Significant audit work completed

Financial systems – a number of audits were completed including three reviews dealing with the authorisation of payment runs, duplicate payments and the “One-Bill” system. A number of minor recommendations have been presented in the reports, however our overall opinion on these systems is High and Good Standards of assurance.

Bank Reconciliation - A review of the reconciliation of the Authority’s bank accounts was completed. The audit identified that the reconciliation was not always being undertaken as promptly as expected, and there was a small variation which could not be accounted for on the General Payments bank account. Following a monitoring exercise an adjustment was made and subsequent reconciliations have balanced.

Payroll - Work was conducted on starters, leavers, variations to pay, changes to bank account details and claims on a routine basis to provide assurance that these areas of payroll activity contain an appropriate level of control. No issues of particular concern have been identified in the areas above, however our testing of payroll claims identified a small number of manual errors. Payroll has provided workshops and training and are revising forms to reduce the level of error. Further audit work has been completed on mass updates of the payroll (PRISM) system, and, attachment of earnings and third party payments. Both reviews found that processes were of a high standard and any risks are well managed.

ICT reviews - We completed a number of IT audits (including Network Management; Business Continuity; Card payment systems (PROTX) ; CPMS system; and Ebiz) although detailed reports will need to be finalised during the first quarter of 2011-12, no significant areas of concern have been identified.

NPS South West - We reviewed payments made by NPS as a result of the identification of two erroneous payments. The audit found that a number of improvements to procedures and systems were required to mitigate further risk. All recommendations were accepted.

Devon Pensions Service - It is pleasing to note that audit reviews completed on the Devon Pensions Service have shown a “High Standard” in the majority of areas. A couple of minor recommendations have been made to ensure that procedure notes are maintained and to ensure that there is an alternative officer who has the experience to complete reconciliations to ensure cover in the event of unexpected absence. All recommendations have been agreed and implemented.

Environment, Economy and Culture

Significant audit work completed

Concessionary Bus Fare - A review was commenced in the previous financial year at the request of the Concessionary Bus Scheme Partners who funded the majority of the work. The review included visits to all of the bus operators in the scheme testing the records and processes that supported claims which they made. No issues were identified with the accuracy of information or processes applied.

Disputed Payments - At the end of the previous financial year audit were made aware of a dispute between the directorate and a provider, the issue related to outstanding payments on invoices covering approximately four years. The issue indicated a flawed accounting practice regarding a payment in advance at the end of the financial year; this issue has now been resolved.

Waste Management - During 2010/11 Internal Audit continued to support the South West Devon Waste Partnership Waste PFI project as it progressed through Competitive Dialogue. This culminated in the submission of final tenders at the beginning of November and their subsequent evaluation over the following weeks, leading to the announcement of a preferred bidder in January. We were present at the opening of the two bids and the numerous evaluation meetings, to witness that procedures were followed correctly. We then verified the evaluation scores and reviewed the evaluation process prior to the approval of the preferred bidder. We were able to report to the Project Executive Board that the bids were received and opened in accordance with recognised procedures; that the evaluation process had been carried out in line with the agreed, published criteria and methodology and the overall scores reported to the Board and Joint Working Committee were correct.

Highway Virtual Joint Venture - A business case for entering into a virtual joint venture agreement with our highways maintenance contractor was considered by the Head of Partnership. A number of issues relating to the business case were identified and this included "cost plus" arrangements in the contract.

Adult & Community Services

Significant audit work completed

Learning Disability Service Review - We noted that the pathway between commissioning and promoting individual skills and employment were separated by services, such as Fulfilling Lives and Day Centres that in their present form, were not designed to develop greater independence. As such, our report to management recommended that the learning disability pathway was redesigned, shifting the emphasis on the development of living skills and employment to the front end, thereby helping to eliminate care dependency as much as possible.

Domiciliary Care Service Review - Our review identified that a great deal of excellent work is carried out in the community and the level of knowledge and experience was very evident. In some areas, the service had been developed to enable care to be provided to those with dementia. However, it had to be conceded that established practice had encouraged many to become care dependent and much of the service provided in-house was duplicated in the independent sector.

Individual Service Contract Development - As part of our work in this area, we recommended to the project team that a clear reintroduction of the Individual Service Contract is required. The demise of the SS618 and SS619 contracts and the incorporating of the contractual element into the care / support plan has, in retrospect, clouded the contracting arrangements. Audit field work indicates that ACS has not addressed the subject of effective contract monitoring fully as

yet. We understand that the subject continues as a topic of discussion and that Care Direct Plus now undertake case reviews at an early stage to eliminate the possibility of clients becoming care dependent.

Investigations

Safeguarding Reviews (External Care Providers) - We were requested to investigate safeguarding alerts that involved possible misuse of client funds or the care provider not delivering the level of care paid for. In the cases reviewed, we identified that their systems for managing client funds were suspect and certainly did not meet required standards. One investigation identified a large sum of client money that had been inappropriately used. At our meeting with senior management of the provider an agreement was made for all clients to be reimbursed.

Children and Young People's Services

Significant audit work completed

Devon Young People's Accommodation Service (DYPAS) (Audit Opinion - Fundamental Weaknesses Identified). As a result of the Southwark Judgement and other factors, the numbers of children and young people entering the care system at Devon County Council has increased significantly. During the summer of 2010 DYPAS had at one time 72 young people in placements. This considerable increase in young people within placements from the 43 recorded in February 2008, had occurred without increase in DYPAS team staffing resources or the correct approval by Panel of prospective carers to the scheme. Likewise, the necessary and relevant checks and processes undertaken during the recruitment, vetting and assessment of prospective carers had not been fully followed with non compliance and short cuts occurring placing both young people, carers and Devon County Council at potential significant risk.

LDP - Joint Venture (Audit Opinion - Good Standard) - The project continued to progress well. A professional and competent approach was being used. Key milestones were being attained such as the issue of the OJEU Notice and the issue of the PQQ questionnaire. A decision was made on the Preferred Bidder for the Commercial Advisor position and a stakeholder plan, covering a communications strategy and a framework, had been implemented. Currently it would appear that the award of the contract might be brought forward by a month if progress continues to be good. Recommendations were made relating to drawing up a resourcing plan for the Competitive Dialogue stage; having an entry on the risk log profiling the risk of resourcing; and having involvement by independent parties for the selection process and the Competitive Dialogue stages.

Collaborative Partnerships - Local Learning Communities (LLC) (Audit Opinion - Good Standard) - All four Communities reviewed were thinking about their future development and were considering a new business model. A company limited by guarantee, either community interest or charity based was the preferred model. For the most part it was found that LLCs are using appropriate processes and procedures to ensure compliance with both Devon County Council (DCC) internal policies and statutory regulations. Overall good working practices and accountabilities were being adopted, although it was found that contractual arrangements for self employed staff could be more clearly defined particularly in the area of ICT related matters.

Appendix 4

REVIEW OF INTERNAL AUDIT SERVICE 2010/11

1. Staffing

1.1 The Devon Audit Partnership structure operated throughout 2010/11 with an approved total establishment of 41.6 FTE. These resources were distributed throughout all clients of the partnership and staff were utilised at more than one client.

2 Audit Service Quality

2.1. The service we provide is designed to ensure compliance with the standards for internal audit published by CIPFA in its Code of Practice for Internal Audit in Local Government in the UK. The latest Code of Practice was published in December 2006, and Devon Audit Partnership's processes continue to comply with the professional standards required.

2.2. We have comprehensive procedures to ensure that all audits are conducted to the required standard. In particular, the scope of audit and audit brief are approved, before site work commences, by the appropriate Audit Manager, who also reviews each draft and final report before it is issued to ensure that all key controls have been properly evaluated and that adequate audit evidence has been obtained to support the findings.

2.3. We issue a "client satisfaction survey" form with audit reports, for a confidential response to the Head of the Devon Audit Partnership. The vast majority of those returned have continued to be very positive about the audit service received, the audit report, and the conduct of the audit by our team members, and this is a tribute to their professional conduct of the audits.

2.4. Based on the responses received, 98% of the responses covering all areas of the audit were "satisfactory" or "very satisfactory", and for a considerable number of audits (36%) every single response was "very satisfactory". The analysis of responses for this year shows that the team has maintained high standards achieved in previous years. This is a very commendable achievement by the team.

3. Review of Internal Audit by External Audit

3.1 Internal Audit is obliged under the Accounts and Audit Regulations to meet the standards specified in CIPFA's Code of Practice for Internal Audit in Local Government. These standards set out specific essential requirements of an Internal Audit department which include e.g. independence, staffing and training, planning, recording, performance and effectiveness etc.

3.2 External Auditors use CIPFA standards as a model against which to regularly assess and report on the competency and effectiveness of Internal Audit, to enable them to place reliance on Internal Audit's work as part of the 'managed audit' arrangements.

3.3 The External Auditors have carried out a review of the partnership during 2009/10 and concluded, overall, that "Internal Audit is effective as a management control, and that we can place reliance on specific pieces of work, where that work covers areas relevant to our own Code of Audit Practice." Further review has been completed in 2010/11 and the results are awaited.

SUMMARY OF REVIEWS AND AUDIT OPINIONS

Audit	Draft / Final	Overall assurance opinion	Action Plan in place	Comments / Key Findings
CORPORATE				
CRD - Efficiency savings	F			Work started but needed additional work later in year -therefore no opinion provided
ACS				
LD New Treetops Respite Unit	F	Improvements Required	Yes	Range of issues identified. Recommendations made and action plan in place
ACS CF Residential Care Payments	F	Good Standard	Yes	No major issues identified
SP Partnership Arrangement Mgt Report	F	Good Standard	Yes	No major issues identified
SP Provider Purchase Contracts	F	Improvements Required	Yes	Effective contract monitoring not fully in place yet and clear reintroduction of the Individual Service Contract is required
ACS Stroke Care Grant Claim	F	Good Standard	Yes	No major issues identified
LD Contract Monitoring	F	Improvements Required	Yes	On-going project
CDP Process Development	F	Good Standard	Yes	No major issues identified
Passmore Care Service ACS Report	F	Improvements Required	Yes	Lack of robust set of procedures. This includes care provision records as much, if not more than client financial records. systems for managing client funds did not meet required standards
Passmore Care - PCS Report	F	Improvements Required	Yes	External care Provider - review of procedures
LD Recovery Project Mgt Report	F	Improvements Required	Yes	On-going project
Green Close RH	F	Improvements Required	Yes	Range of issues identified. Recommendations made and action plan in place
Adults - Exeter Dom Care	F	Good Standard	Yes	No major issues identified
Direct Payment Team	F	Good standard	Yes	No major issues identified
Blue Badge Misuse Policy	F	Improvement Required	Yes	On-going project
Blue Badge Testing of new system	F	Good Standard	Yes	On-going project
Lyndridge Care FU	F	Good Standard	Yes	External Care Provider
ACS Dom Care Service Review	F	Improvements Required	Yes	On-going project
Charlton Lodge Security Review FU	F	Improvements Required	Yes	Security Review
Alphin House RH	D	Fundamental Weakness	Yes	Concerns over financial management and he implications on the home.
Millbrook Day Centre	D	Good standard	Yes	No major issues identified
Beech House RH	D	Good Standard	Yes	No major issues identified
Dom Care Risk Register	F	Improvement Required	Yes	On-going project
Foster Care Travel Claims	F	Improvement Required	Yes	Consultancy exercise
LD Service Review	F	Improvement Required	Yes	On-going project
Devon Adult Community Learning	D	Good Standard	Yes	No major issues identified
Community Equipment - PLUSS	F	n/a		Re Audit - G/will gesture DCC offered £12.5k by provider
Alphin House Non-Compliance Investigation	F	Fundamental Weakness	Yes	Investigation into issues identified
Safeguarding PH Case	F	na		Lack of robust set of procedures. This includes care provision records as much, if not more than client financial records. systems for managing client funds did not meet required standards
Safeguarding Allied Care	F	Improvement Required	Yes	Lack of robust set of procedures. This includes care provision records as much, if not more than client financial records. systems for managing client funds did not meet required standards
Allied Care - Mgmt Report	F	Improvement Required	Yes	External care Provider - review of procedures
Policy re: Staff Refreshment & Meal Payment	F	Improvement Required	Yes	On-going project
SP - Record Retention		na		On-going project
EEC				
Energy from Waste plant				Review of contract and costing rationale.
Animal Health Disease Control	F	High standard	Yes	No major issues identified
Seizure of goods	F	Good standard	Yes	Recommendation to maintain a more detailed inventory of seized items. Recommendation accepted.
Recovery of Costs	F	High standard	Yes	No major issues identified
AGS	F	Good standard	Yes	No major issues identified
Consultancy - SWH Unpaid Invoices	F	Improvements required	Yes	Number of improvements identified and action plan put in place to address audit concerns
Consessionary bus fares	F	High standard	Yes	No major issues identified
RMS	F	High standard	Yes	No major issues identified
Street Lighting	F	High standard	Yes	No major issues identified
TRAMS/School Transport	F	High standard	Yes	No major issues identified
CYPS				

Audit	Draft / Final	Overall assurance opinion	Action Plan in place	Comments / Key Findings
Safeguarding - CRB checking	F	Good Standard	Yes	Issues identified in relation to eligibility to work in the UK checks, identity checks, employee references and out of date CRB checks but managers were aware of the problem and taking action.
Exeter PFI	F	High Standard	Yes	Main area of concern was the agreement between the County Council and the individual Governing bodies of the six schools. Since the agreements were signed in 2004 at the start of the facilities management stage of the contract, there had been a substantial increase in the cost of utilities, especially energy. This could require an adjustment in the Governors' Contribution payable to the County Council.
Atkinson Unit	F	Good Standard	Yes	Several systems and processes where only "improvements required" could be given due to the absence of, or breakdown in key controls, including placement contracts, payroll – additional hours, purchasing and payments and the single central CRB record.
Devon Young People's Accommodation Service	F	Fundamental Weakness	Yes	considerable increase in young people within placements had occurred without increase in DYPAS resources or correct approval of prospective carers to the scheme. Necessary and relevant checks and processes for recruitment, vetting and assessment of prospective carers had not been fully followed placing both young people, carers and Devon County Council at potential significant risk.
(ABC Children's Centre)	F	Good Standard	Yes	Some issues highlighted that need to be addressed prior to the transfer of the management role to Action for Children, in particular, those relating to the Toy Library and other miscellaneous income and expenditure.
(Chestnut / Countess Weir)	F	Improvements required	Yes	This report highlighted numerous areas where further work needed to be carried out to ensure that there was proper accountability to the County Council, the Advisory Board and the School's Governing Body. The main areas of concern were the use of the building and budgetary control
(Hatherleigh)	F	Good standard	Yes	Some issues highlighted that need to be addressed prior to the transfer of the management role to Barnados. These related to the lease with Hatherleigh Community Centre and the Imprest / petty cash account which had been used to process the Centre's miscellaneous income and expenditure.
(West Exe)	F	High Standard	Yes	No major issues identified
Collaborative Partnerships - Local Learning Communities	D	Good standard	Yes	LCs are using appropriate processes and procedures to ensure compliance with both Devon County Council (DCC) internal policies and statutory regulations. Overall good working practices and accountabilities were being adopted, although it was found that contractual arrangements for self employed staff could be more clearly defined particularly in the area of ICT related matters.
Providing carer breaks. New payment structures being developed.	F	Improvements required	Yes	Number of improvements identified and action plan put in place to address audit concerns
Audit of Youth Centres include:- - Safeguarding - Voice of the child - Staff attendance.	F	Good standard	Yes	No major issues identified
GRANTS				
TR17 - Teachers Pensions	F	Assurance Given		Grant no report
Sure Start early years	F	Assurance Given		Grant no report
West Exe SCITT	F	Assurance Given		Grant no report
Devon Secondary SCITT	F	Assurance Given		Grant no report
Devon Primary SCITT	F	Assurance Given		Grant no report
CRD				
Bank Reconciliation	F	Improvement required	Yes	Delays in reconciliation and a small difference which could not be resolved. Understanding and documentation of the processes has now been improved and specific time allocated to this task on a monthly basis. All accounts now balance.
Duplicate payments	F	Good standard	Yes	Recovered £25k of overpayments
Finest (Creditors "21")	F	Assurance Given		No planned report
General Claims (Finest)	F	High Standard	Yes	No major issues identified
Income	F	Good standard	Yes	No major issues identified

Audit	Draft / Final	Overall assurance opinion	Action Plan in place	Comments / Key Findings
Cheque Management	F	Good standard	Yes	Some improvements required to ensure continued management of risks due to loss of staff.
Interface controls	F	Good standard	Yes	Part of MAS
Main accounting system	F	Good standard	Yes	No major issues identified
One bill	F	High standard	Yes	No major issues identified
Payment Runs (Finest)	F	Good standard	Yes	No major issues identified
Investments	F	Good standard	Yes	No major issues identified
VAT	F	Good standard	Yes	No major issues identified
process review	F	High Standard	Yes	No major issues identified
Payroll - Attachment of earnings	F	High standard	Yes	No major issues identified
Payroll - Starters, leavers	F	Good standard	Yes	No major issues identified
Payroll variances	F	Improvement required	Yes	This included the testing of claims where a number of errors were identified and improvements highlighted. Agreement reached on improvements.
Control checks	F	Improvement required	Yes	Routine testing during year for Audit Commission.
Mass updates	F	High standard	Yes	No major issues identified
Imprest accounts	F	High standard	Yes	No major issues identified
Use of consultants	F	n/a	Yes	
NPS Invoices	F	Improvement required	Yes	Procedural issues within NPS contributed to 3 duplicate payments. NPS accepted recommendations for improvement to software and procedures..
ACS - A2P Project	D		Yes	Project ongoing. Close out in March. No formal report at this stage. Pilot scheduled for Apr to Jun 2011.
Document Imaging - TRIM deployment	F	Good Standard	Yes	Interim report for ACS. CYPS Trim February 2011
EEC - RMS Street Lighting	F	High Standard	Yes	No major issues identified
Sensitive data (data quality)	F	Good standard	Yes	No major issues identified
Members allowances	F	Good standard	Yes	No major issues identified
Performance reward grant	F	High standard	Yes	No major issues identified
SCHOOLS				
VUFs	F	Good standard	Yes	No major issues identified