

DEVON COUNTY COUNCIL

ANNUAL INTERNAL AUDIT REPORT 2011/12

1 INTRODUCTION

1.1 The following report and appendices set out the background to audit service provision, reviews work undertaken in 2011/12, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

1.3 The Accounts and Audit (Amendment) (England) Regulations 2011 sets out the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

2 BACKGROUND

2.1 *Service Provision*

2.1.1 The Internal Audit (IA) Service for Devon County Council is delivered by the Devon Audit Partnership. 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.

2.2 *Regulatory Role*

2.2.1 There are two principal pieces of legislation that impact upon internal audit in local authorities:

- **Section 6 of the Accounts and Audit Regulations (England) Regulations 2011** which states that ".....a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control"
- ".....a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit"
- **Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

2.2.2 There are also professional guidelines which govern the scope, standards and conduct of Internal Audit, including CIPFA's Code of Practice for Internal Audit in Local Government and the Institute of Internal Auditors' Standards and Guidelines.

2.2.3 In addition, Internal Audit is governed by policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

2.2.4 The Internal Audit Strategy sets out how the service will be provided and the Internal Audit Charter describes the purpose, authority and principal responsibilities of the Section.

3 OBJECTIVES AND SCOPE

3.1 This report compares the work carried out with the work that was planned; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

3.2. The Chief Internal Auditor is required to provide the Council with an assurance on the system of internal control of the Council. The opinions provided for each commissioning area and units within those commissioning areas have contributed to this overall assurance. It should be noted, however, that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control. In assessing the level of assurance to be given the following have been taken into account:

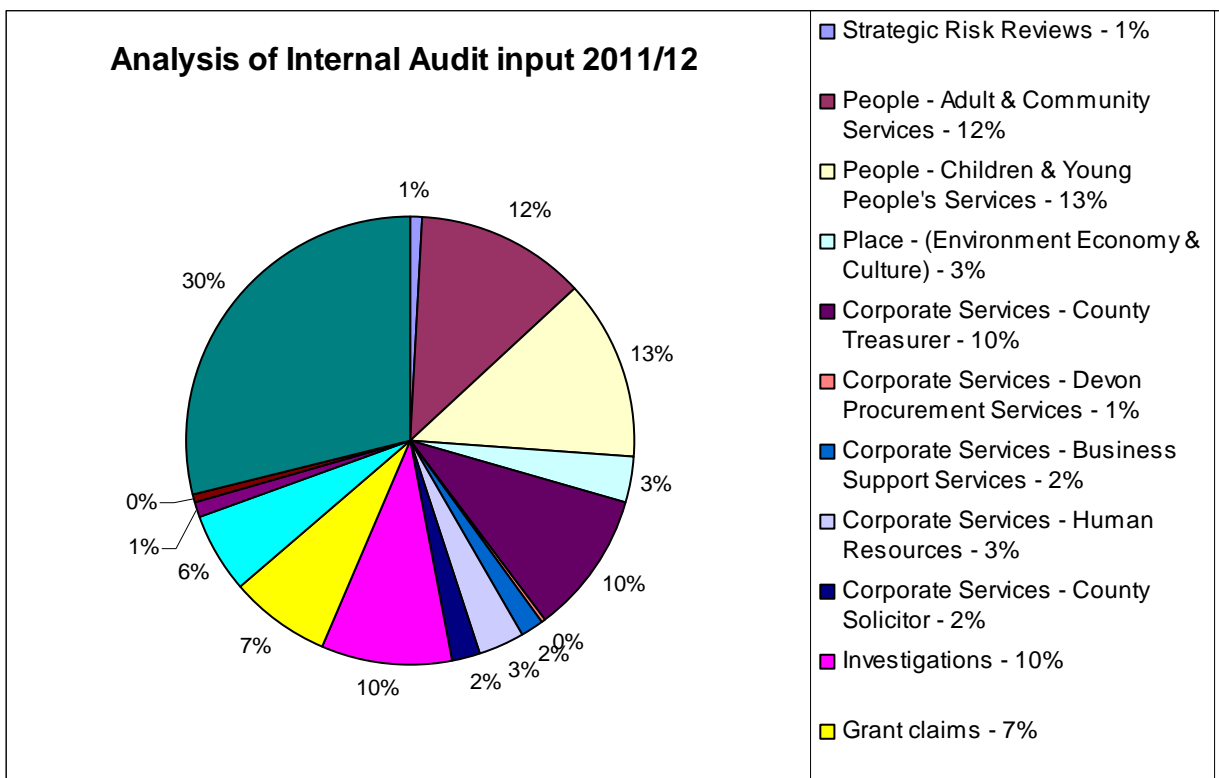
- all audits completed during 2011/12, including those audits carried forward from 2010/11;
- any follow up action taken in respect of audits from previous periods;
- any significant recommendations not accepted by management and the consequent risks;
- the quality of internal audit's performance;

- the proportion of the Council's audit need that has been covered to date;
- the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;
- any limitations that may have been placed on the scope of internal audit.

4 INTERNAL AUDIT COVERAGE 2011/12

4.1 Delivery Against Plan

4.1.1 The pie chart below and Appendix 1 shows total actual number of direct audit days in the year ended 31 March 2012, compared with the total number of days planned. The headings used reflect the structure that was operational for most of 2011-12; the structural changes that have recently taken place will be fully reflected in our 2012-13 work and report. There has been some variation between planned and actual days within individual audit assignments as we have adjusted the plan to meet operational needs. Some audits that were originally planned were not completed as the timing was inappropriate for the area under review; a number of projects have therefore been planned for review in 2012/13.



4.1.2 Appendix 1 shows the actual days of audit delivery in 2011/12 against the audit plan. It will be noticed that there was a small shortfall in the total number of audit days provided during the year; we provided 1,736 days against a plan of 1,813 (96%) days. When we prepare our plans we make an educated assessment of the number of days that an audit is likely to take. When the fieldwork is actually completed there is inevitably a variance from the planned days. In

addition we provide an allowance for work on areas such as fraud and corruption; in some years the requirement will exceed the planned budget and in others the need for our resource will be less than planned. It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review. In such instances we expect that a more senior officer will be able to complete the review in less time than a junior and also the need for managerial review of working papers will be less.

4.1.3 Appendix 2 to this report provides a summary of the audits undertaken during 2011/12, along with our assurance opinion. Where a “high” or “good” standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of “improvement required” has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

4.2 Corporate Support

4.2.1 The work we have undertaken has not identified any areas of serious concern which needs to be drawn to management attention and nothing which would warrant inclusion in the annual governance statement. We believe that appropriate actions have been taken where recommendations have been made that will mitigate risk to acceptable levels. Our conclusions for the individual service areas are shown below.

4.2.2 **County Treasurer** – based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risk currently identified. Our review of Barclaycard transactions revealed some issues with non compliance with VAT regulations (leading to some non recovery of VAT) which need to be addressed and provision has been made in the 2012/13 audit plan to conduct more substantive testing including site visits.

4.2.3 **Human Resources** – based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risk currently identified.

4.2.4 At the end of the year various serious issues arose with regard the printing and despatch of payslips. The result was that confidential information was, in many cases, sent to the incorrect recipient. The County Council reacted quickly to the situation and is taking the necessary action to address the issue and alleviate employee concerns. Further Audit work will be required in 2012/13 to support management, as a new supplier and production arrangements are developed.

4.2.5 Our reports made a number of recommendations relating to Appendix E travel and Redundancy calculations, both of which will soon be transferring to employee services; it is important that these changes are fully embedded.

4.2.6 **Business Strategy and Support** - based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risk currently identified. Our work on Dangerous Trees identified some serious issues, one of which was discussed for immediate action and immediately resolved. It is very pleasing to note that

the Place Procurement Team have taken prompt action and have already actioned all recommendations made.

4.2.7 It is also important that the information sharing agreement and Business Continuity (BC) and Disaster Recovery (DR) plans should be developed for the Multi Agency Safeguarding Hub.

4.2.8 **County Solicitor** - based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risk currently identified. The work we have undertaken has not identified any areas of serious concern that needs either to be drawn to management attention or warranting inclusion in the annual governance statement. We believe that appropriate actions have been taken where recommendations have been made that will mitigate risk to acceptable levels.

4.2.9 We have liaised with finance and procurement staff in addition to providing advice and input over the re-tendering for contracts (e.g. body removal contract). There were a number of reviews from the previous financial year's work which were finalised in 11/12.

4.2.10 **Other work** - The majority of irregularity work carried out by Internal Audit on behalf of Corporate Services has been in respect of suspected misuse of the Council's email and internet facilities. In total, Audit has received 11 requests from management asking for the email accounts and internet logs of employees to be examined. In all but one case, Audit have been able to provide management with reports evidencing usage together with our findings which have then been used in deciding whether to take further action against individuals. We were also notified of the theft of a laptop from an employee's car whilst parked at their home.

4.2.11 The Finest AP2 pilot project to simplify and centralise purchasing arrangements, was reviewed and reported in project stage end report; Recommendations were made for changes to financial regulations to ensure changes in processing were permitted as a result of the AP2 project and that future process changes could be accommodated more easily.

4.2.12 Data matching investigation work associated with the 2010/11 National Fraud Initiative (NFI) exercise has continued throughout 2011/12. 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 February 2012, the Council received a total of 20,607 data matches as a result of the exercise of which, the Audit Commission categorised 2,493 as the highest priority. Since that time, Devon Audit Partnership has engaged with the departments affected and agreed action plans to deal with the matches received. The considerable number of data matching reports have been reviewed and £20,230.29 in savings has been calculated to date.

4.3 Place

4.3.1 The work we have undertaken has not identified any areas of serious concern which needs to be drawn to management attention and nothing which would warrant inclusion in the annual governance statement. We believe that appropriate actions have been taken where recommendations have been made that will mitigate risk to acceptable levels. Our conclusions for the individual service areas are shown below.

4.3.2 **Planning Transportation and Environment** – based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control

the risks currently identified. A review relating to Carbon Reduction Credits and climate change was completed and a draft report has been issued; we propose a follow up audit in 2012/13 to ensure all agreed recommendations have been enacted upon.

4.3.3 Highway and Traffic Management – based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risks currently identified. A review of dangerous trees in relation to highways was undertaken and a number of concerns identified. These included poor reporting from the software package used for the purpose of tree safety. A number of recommendations have been made and these have been accepted and an action plan put in place.

4.3.4 Capital Development and Waste Management - based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risks currently identified. We reviewed the annual statement of accounts for DAWRAC and following our work changes to a brought forward figure were made.

4.3.5 Services for Community - based on our work in this and previous years we conclude that, overall, there are sound and effective arrangements in place to control the risks currently identified. Advice has been provided on a number of other issues, including the library service, regarding cashing up arrangements, location of tills and changes to the way fines are processed and arrears followed up.

4.3.6 The work we have undertaken has not identified any areas of serious concern which needs to be drawn to management attention and nothing which would warrant inclusion in the annual governance statement. We believe that appropriate actions have been taken where recommendations have been made that will mitigate risk to acceptable levels.

4.3.7 Other Work - We were asked to investigate allegations of fuel theft. Fuel usage reports obtained by Audit failed to indicate irregular or abnormal fuel usage. In another case, Internal Audit have investigated and responded to complaints received from a contractor over the award of tree maintenance work.

4.3.8 We received two reports of thefts of I.T equipment, both of which had been reported to the Police. In another case, Internal Audit carried out analysis of an employee's PC following the discovery of attempts to access inappropriate internet sites. The analysis was able to confirm this.

4.3.9 We were informed by management, of police concerns regarding the use of a public PC at one of the County's libraries by a member of the public. We were able to obtain an internet log showing internet usage on the PC in question and this was passed to management and, in turn, the Police.

4.3.10 We have also provided management with advice and support on courses of action to follow with regard to specific investigations, and have also advised on improvements to controls that have been required to prevent and deter fraud or irregular actions.

4.4 People

4.4.1 In our opinion, and based upon our audit work completed during the 2011/12 financial year and in previous years, we consider that adequate controls are in place to control operations within People.

4.4.2 Overall, very good progress has been made against the plan agreed for the 2011/12 financial year. A number of audits were still work in progress as at 31st March 2012 these are anticipated to be completed in April and May. Certain audits have been deferred to 2012/13 on the instruction or agreement of the client concerned; additionally some work, originally envisaged to be completed by year end, has had to be rescheduled for a later date due to the requirement to provide resources elsewhere in the authority with regard irregularity investigations.

4.4.3 We have been involved, and continue to be involved on a number of critical projects and interim audit reports have been produced as work has progressed.

4.4.4 Irregularities – Adults. We investigated nine thefts of cash or property, mainly from Council run care homes; three of these involved service user property. We have conducted reviews of the home's security arrangements, recommending improvements that would reduce the risk of further instances. We also investigated six cases of IT misuse mainly relating to email and/or internet. We provided management with reports evidencing usage together with our findings; these findings are then used by management to decide whether further action should be taken against the individuals concerned.

4.4.5 Irregularities – Children. During 2011/12, we dealt with 12 instances of alleged irregularity. Two related to the misuse of email and/or internet. In another case, Audit were asked to investigate concerns over access to particular CareFirst records. Access logs were obtained and details passed to management.

4.4.6 Three reports of theft, mainly involving I.T. were received during the year. In one area we identified weaknesses in processes and recommendations were made to improve arrangements; these have been fully enacted upon.

4.4.7 We assisted (the former) DCCS management earlier in the year by verifying the work carried out by staff during the investigation of the alleged disappearance of money at a school; the case was subsequently passed to the police.

4.4.8 We also investigated reports of goods being obtained fraudulently by an employee at a Children's Home and their partner. Audit found evidence to support the allegations and reported this to management who took appropriate action.

4.5 Schools

4.5.1 We made very good progress in the delivery of our audit plan to schools across the year and completed 99% (120) of the plan of 121 school audits for 2011-12. One school was deferred to the new year and we completed prior year deferrals, number of additional SFVS assessments and voluntary fund reviews. Schools have again been very appreciative of the quality of our service provided. The requirements to meet the challenges of the former FMSiS were significant for schools in their first attempt; the majority of schools met the standard prior to

its abolition in November 2010. The accreditation still holds value and its status prioritised our work for achievement of its replacement, the “Schools Financial Value Standard (SFVS). We completed our audits to the new standard from inception in September 2011.

4.5.2 Revised and improved audit processes have been implemented to benefit the audit service provided to schools including the incorporation of the SFVS into the audit programme. New school audit processes have been implemented and we have been able to complete the audits generally within time allocations. The Partnership has again allowed much cross working and sharing of best practice across the Schools Team where the process is now more efficient.

4.5.3 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 is responsible for completing the informal, assessment (i.e. it is not an accredited review) of schools arrangements against the DfE’s Financial Management Standards.

4.5.4 **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 most common areas arising from the audits are the:

- effective demonstration of leadership and governance
- demonstrable financing of school improvement plans and;
- poor management of imprest / petty and inventories

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

4.5.6 **Schools Financial Value Standard (SFVS)** – 42 schools were targeted as not having ever completed the former financial management standard FMSiS, and were specifically requested to make their returns by the 31st March 2012. Eleven of these schools are still to make returns and will be subject to follow-up support during the Summer term to progress matters. Of the 83 schools we have reviewed in total, approximately 15% have some work to do to meet all the expectations of the standard. The key issues arising are the lack of skills assessment of governors, benchmarking, business continuity plans and poor financing of school development plans.

4.5.7 All schools will need to make a return this year on their ability to comply with the SFVS and will continue to have to make annual returns from here on. Model answers are available on our website to help schools and training is planned for the autumn term.

4.5.8 We were part of the DfE pilot study on the SFVS which 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 fed back similar comments and the need for LA’s to positively engage with the schools following review of their SFVS self-assessments.

4.5.9 **Academies** - 14 secondary and 28 primary schools have now become academies. DAP are in the process of marketing and bidding for internal audit services to academy schools

across Devon. We have been successful in winning work for 30 schools in 15 academies across the wider Devon 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.

4.5.10 Investigations - We are currently in the middle of a review of a very publicly prominent concern in an Exeter school. There have been allegations of escalated pay, poor governance, nepotism, miss-use of resources and even suggestion of corruption. The Headteacher and Deputy Head have resigned during the course of the review. The review is ongoing and a formal report will be issued to the school and Head of Education & Learning in due course.

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)	2011/12	2011/12
	Target	Actual
Percentage of Audit plan Completed (Inc Schools)	90%	95%
Actual Audit Days as percentage of planned (Inc Schools)	90%	98%
Percentage of fundamental / material systems reviewed annually	100%	100%
Percentage of chargeable time	70%	68%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	95%
Final reports produced within target number of days (currently 10 days)	90%	97%
Average level of sickness absence	2%	5.2%
Percentage of staff turnover	5%	8.5% (3 people)
Out-turn within budget	Yes	Yes

5.2 Overall, performance against the indicators has been very good, even against the backdrop of high, but unavoidable, instances of staff absence. It is particularly pleasing to see that customer satisfaction remains very high, which is much to the credit of the audit staff involved.

5.3 In addition, we have undergone a restructure exercise with the aim of reducing our costs by 10% in 2012/13 and a further 10% in 2013/14. As a result we have reduced our management team by three and restructured our operations to ensure that we can continue to deliver the high standard of work expected by our customers.

6 INTERNAL AUDIT OPINION

6.1 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.

6.2 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.

6.3 Senior Management have been provided with details of Internal Audit's opinion on each audit review carried out in 2011/12 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 2011/12.

6.4 Overall, and based on work performed during 2011/12, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.

Martin Gould

Head of Devon Audit Partnership

May 2012

Internal Audit Plan 2011/12 Progress Against Plan

(Please note – plan adjusted during the year to take account of changes in requirements for the Council).

Comparison of Planned Assignments & Days to Actual Use of Resources

Devon County Council - summary of Internal Audit Performance 2011/12.					
Area	Planned days	Actual days	Number of planned assignments	Audit started	Audit fieldwork completed
Strategic Risk Reviews	70	20	2	2	2
People - Adult & Community Services	241	300	15	15	13
People - Children & Young People's Services	275	318	20	20	19
Place - (Environment Economy & Culture)	122	83	17	17	16
Corporate Services - County Treasurer	226	247	31	31	27
Corporate Services - Devon Procurement Services	51	10	4	3	3
Corporate Services - Business Support Services	80	41	10	9	9
Corporate Services - Human Resources	128	77	16	14	14
Corporate Services - County Solicitor	87	49	11	10	10
Investigations	230	234	41	41	41
Grant claims	95	172	7	7	7
Chargeable non-productive	110	142	0	0	0
Corporate Services - Pensions	45	33	10	10	9
Other commissioned work	0	9	0	1	1
Contingency	53				
Total for Devon County Council	1,813	1,736	184	180	171
Schools	669	707	142	140	140
Total for Devon CC inc Schools	2,482	2,443	326	320	311

Table of Audit Reviews Undertaken 2011/12 and Assurance Opinion.

Audit Title	Audit Status	Assurance Opinion
Colour key		
Audit Work completed		
Audit Work currently in progress		
High or Good Standard		
Improvements Required		
Fundamental Weaknesses		
Audit included within 2012/13 audit plan.		
Item no longer planned		

Corporate Services

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
County Treasurer			
Failure to oversee financial performance		High or good standard.	
Payment controls including SWH and NPS.		High or good standard.	
Failure of Treasury Management Practice		High or good standard.	

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
Barclaycard/Procurement		Improvements Required	Issues were identified where card purchases had not complied with policy and had resulted in a small under recovery of VAT. Further work will be completed in 12/13 to assist with this issue.
Accruals		High or good standard.	
Failure of financial systems supplier		High or good standard.	
Impact of budget reductions		High or good standard.	
Coding Structure review		High or good standard.	
Main Accounting System - General Ledger including Purchase Ledger and Sales Ledger.		Improvements Required	Work completed; working papers made available to the Audit Commission. Systems continue to be of a high standard but some virements are being processed against the base budget making it difficult to reconcile to the original approved budget of FINEST.
Cash Receipting		High or good standard.	
Bank Reconciliation		High or good standard.	
Investments		High or good standard.	
BACS Review		High or good standard.	
Creditor payments		High or good standard.	
Material systems liaison and development		High or good standard.	
Budgetary Control		High or good standard.	

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
Fixed Asset Register		High or good standard.	
Advice – Self Registration of Payments.		Improvements Required	Recommendations have been made in a report to restrict access to the financial system by non DCC staff, after a Non-DCC person with access to Finest registered payments to herself. There was no attempt to defraud and the payment was due and appropriate. Processes have been improved.
County Treasurer – Pensions			
Business Continuity Planning		High or good standard.	
Pensions Automation		Improvements Required	<p>Controls over the processing of records originating from the DCC payroll system (PRISM) are working well and we found no issues in this area.</p> <p>There is scope to automate some processes within Pensions and staff are working towards improved automation relating to employer notifications. However, the use of web forms to automate processing requires improvement before this can be a reliable system. In particular access to the web forms is not sufficiently restricted and there is little or no validation on the web forms.</p>
Pensions General Ledger		Improvements Required	The Pensions Finest system does not apply the same financial restrictions to journals as that of DCC Finest. Given that the Audit Commission insisted on a financial authorisation limit on journals a recommendation was agreed to instigate an approval process for large value journals.
Pensions Benefit Increases		High or good standard.	
Human Resources			
Vacancy Management			The planned review was been taken out of the plan as agreed by Head of Human Resources. (Vacancy management now ceased).
CRB			The review is almost completed but will run into 2012/13 financial year, where provision for its' conclusion has been made.
Payroll Interface Controls		High or good	

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
		standard.	
Payroll <ul style="list-style-type: none"> • Variations • Starter and Leavers • Payroll Claims Testing 		Improvements Required	<p>There have been a small number of instances where supporting paperwork for transactions processed into PRISM has not been found. Indications are that it is most likely that these supporting documents are being scanned in the document imaging system (TRIM) but are being referenced to the incorrect employee.</p> <p>We have also had an exploratory review of salary overpayments. Findings from our work will be issued shortly.</p>
Payroll Tax Compliance		High or good standard.	
Absence Recording.		Improvements Required	<p>Issues were identified in relation to access to sensitive data contained within the absence reports; it is understood that this relates to an issue with tracked changes remaining visible on word documents and is potentially a wider issue which affects other areas as well as absence recording; a Security Incident Report has been completed and passed to the Information Governance Team. Action has been taken to make employees aware of issues that can arise when using Microsoft word "track changes". There are no matters which require mention in the Annual Governance Statement.</p>
PRiSM upgrade		High or good standard.	
PRiSM Qualification and CRB Tracking		High or good standard.	
Reduced levels of absence			<p>The review has only just commenced and will run into 2012/13 financial year, where provision for the conclusion of the review has been made.</p>
Casual Bank Management		High or good standard.	
Data Safety and Process Management		High or good standard.	
Payroll Claims System – feeder systems		High or good standard.	

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
Appendix E		Improvements Required	<p>The exact number of employees in receipt of Appendix E payments at the time of this audit was not quantifiable. Appendix E payments are taxable as they relate to home to office mileage and our review confirmed that these were all correctly processed for tax purposes.</p> <p>We did identify some shortcomings in the management and control arrangements which may lead to payments being made beyond cessation dates.</p> <p>There were also some inconsistencies in mileage claimed with a small number of apparent excessive claims.</p> <p>Responsibility for Appendix E has moved to Employee Services. Recommendations made have been accepted and revisions to processes are being implemented.</p>
Redundancy Calculations		Improvements Required	<p>The audit concluded that the process is generally well controlled. However in one case, a payment had been made to an employee who was due to leave; this employee was found alternative employment late in the period of notice but the redundancy payment was made. The mechanism for ensuring this money was recovered was not subjected to an appropriate control mechanism; no debtor account was raised to ensure recovery was through the normal debt recovery process. In this instance however we are able to confirm that the employee had repaid the redundancy payment in full without any undue delay.</p> <p>Responsibility for Redundancy Calculations has moved to Employee Services. Recommendations made have been accepted and revisions to processes are being implemented</p>
Pay slip production			<p>At the end of the year various serious issues arose with regard the printing and despatch of payslips. The result was that confidential information was, in many cases, sent to the incorrect recipient. The County Council reacted quickly to the situation and is taking the necessary action to address the issue and alleviate employee concerns. Further Audit work will be required in 2012/13 to support management, as a new supplier and production arrangements are developed.</p>
Business Strategy and Support			
Commitment to Procurement Strategy		High or good standard.	

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
Failure of Supply Market			The review has only just commenced and will run into 2012/13 financial year, where provision for the conclusion of the review has been made.
Contract and Tendering Arrangements		Improvements Required	Our input this year has been on major procurement projects including Devon Norse, Learning & Development Partnership (LDP) and Integrated Children's Services (ICS). We have assisted each project in ensuring that procurement rules are being followed and that the Authority secures "best value" for all services. It should be noted that the Information Governance Manager has raised an issue of concern regarding data security contracts with contractors and sub contractors which warrants consideration.
Devon Procurement Services – statutory procurement returns		High or good standard.	
Closure of SupplyZone		High or good standard.	
Estates & Asset Management - Property Disposal		High or good standard.	
Estates & Asset Management– Health & Safety - Dangerous Trees			Our work on Dangerous Trees has identified that improvement is required; A number of recommendations were made and accepted and action has been taken to implement all recommendations.
Estates & Asset Management – Health & Safety Prioritisation of works		High or good standard.	
My Devon CSC – Call Answering		High or good standard.	
ICT reviews including <ul style="list-style-type: none"> • Finest Application • Storage Area Network (SAN) • Web site & Web Services • Telephony • Database administration • Help Desk 			A number of reviews have been carried forward into the 12/13 financial year either at the request of management or to make best use of DAP resources. Our findings will be reported to management during 2012/13.

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
<ul style="list-style-type: none"> ICT Asset Management 			
ICT SWGFL – Telehouse link			We have worked closely with senior managers to develop an appropriate and robust approach to this work. We are currently gathering evidence and discussing the arrangements in place at the Trust in order to form our audit opinion
ICT Project Management		Improvements Required	<p>The LDP migration project was well resourced in terms of staff allocated to the project although the earlier introduction of a project manager to the process would have been beneficial. The work was divided into manageable and appropriate workstreams and packages.</p> <p>Our findings indicate that some improvements could be made to the communications process within IT Services, to the level of control applied in monitoring the project, and to the linkages between various components of the project management. Our report will be issued shortly.</p>
ICT Backups		High or good standard.	
Car Park Management System (CPMS)		High or good standard.	
E-Payments and PCI		High or good standard.	
Multi Agency Safeguarding Hub (MASH)		High or good standard.	
E-Biz		High or good standard.	
Business Continuity		High or good standard.	
Barclays Internet Banking			Delayed, as awaiting enhancement from Barclays. Provision has been made in the 2012/13 plan.
Network Management		Improvements Required	We have reviewed the network infrastructure, firewall and Citrix. We expect the new corporate firewall to remedy the issues identified. Citrix had not been kept up to date with the supplier's security fixes. We acknowledge Citrix is at the end of its life. The unavailability of upgrades and patches for some network devices is a cause for concern.

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
County Solicitor			
Coroner – Body Removal Contract		High or good standard.	
Registrars Income Collection			Delayed as requested by the client as a result of a restructure within the registration service. Provision has been made in the 2012/13 audit plan.

Place

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
Planning Transportation and Environment			
Flooding (Strategic Risk)		High or good standard.	
Climate Change (Strategic Risk)		High or good standard.	
Highways and Traffic Management			
Dangerous Trees (Highways)		Improvements Required	A number of improvements were recommended to mitigate some of the outstanding risks. These include poor reporting from the software package used for the purpose of tree safety; the standard reports produced did not produce a list of trees requiring immediate attention. These recommendations have been accepted and an action plan put into place.
Deterioration of highways – budget cuts and, or extreme weather		High or good standard.	
South West Highways – Invoice matching			This work is in progress and a report will be issued if findings are appropriate once completed
Civil Parking Enforcement		Improvements Required	Following our review, new operating arrangements have been agreed which will require district council colleagues to provide a full narrative of overheads which exceed an agreed de-minimus figure
Peninsular Safety Camera Partnership		High or good standard.	
Routine Maintenance System – supplier payments		High or good standard.	
Highways Virtual Joint Venture – payments mechanisms review		High or good standard.	
Highways – Duty to Salt		High or good standard.	

Capital Development & Waste Management			
Waste Management		High or good standard.	
Open Book Audit - Deep Moor		High or good standard.	
Waste Recycling - DAWRRC		High or good standard.	
Third Party Payments for Waste Transfers (Pay As You Throw – PAYT).		High or good standard.	
Services for Communities			
Community Licensing – Animal Health			Due to national changes in responsibilities for this work, this assignment was replaced with a strategic review of the newly established Trading Standards Strategic intelligence Function. See below.
Trading Standards Strategic Intelligence Review			This assignment was started at end of financial year and will be completed and reported in 2012/13.
Libraries – Chip & Pin		High or good standard.	
Resourcing internal efficiencies			Audit resource used to accommodate a review of Chip & Pin in Library Service (see above).
Emergency planning including access to diesel			This work has commenced, but has been delayed due to resources being required to undertake a high profile investigation.
FOI – processes			Delayed at the request of the client due to service restructuring.
Registrars Income collection			Delayed at the request of the client due to service restructuring.
TRAMS		High or good standard.	
Concessionary Travel (bus travel)		High or good standard.	

People

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
Child & Adult Protection			
Devon Safeguarding Children's Board	Draft	High Standard	
Youth Offending	Final	Improvements Required	<p>The provision of Appropriate Adults by DAAVS was found to be delivered generally to the satisfaction of YOTs and Police. The main weakness is in the lack of cover at night and the insufficient cover available from the Emergency Duty Service. Concern regarding this and more generally may arise if the age provision is raised to seventeen without appropriate additional volunteer resources in place by that time.</p> <p>The review into the co-location of the South Devon and Torbay teams did not reveal any cost effective / easy answers without further in-depth analysis of many more cost and qualitative issues.</p>
Safeguarding - provider Care Management Report	Final	Improvements Required	<p>An allegation was received that funds belonging to clients living at accommodation in, Exeter had been misused by managers working in the home.</p> <p>Service Providers have a duty of care for the clients placed in their care, and to ensure that they have effective controls and monitoring procedures in place, to prevent risk of abuse or harm. We recommended that the care provider in this case should ensure it has adequate controls to manage these areas of risk.</p>
Mental Capacity Act	Final	Improvements Required	<p>ACS senior management highlighted a need to ascertain whether the service was meeting its statutory responsibilities regarding the implementation of the Mental Capacity Act and Deprivation of Liberty Safeguard requirements.</p> <p>Our review of the relevant care management forms identified a number of cases where the relevant MCA sections had been left blank. The figures indicate improvements are required to ensure MCA is properly embedded into the care management process.</p>
CRB Process - Compliance & Professional Registration	Draft	Improvements Required	<p>Systems and processes are already in place within Children's Services and it is the intention to extend these to Adult services, the eventual aim is to have one system for each compliance area and a common set of processes.</p> <p>Our review identified procedures in place to identify and ensure the CRB</p>

Audit Title	Audit Status	Assurance Opinion	Executive Summary / comments
			disclosure policy is complied with when employing new staff and a reminder process has been set in train to make sure the 3 year renewal check process for existing staff is adhered to. We noted isolated instances where the 3 year renewal check has not been completed in a timely manner; however this requirement has since been rescinded by the Council.
Project TEAM - Follow Up	Draft	Improvements Required	Following closure of the Programme at the end of March, measures have been taken to complete many of the outstanding tasks in the Transition Plan. We concluded that the post implementation phase would benefit from some form of continued governance.
Youth Services - East Devon	Final	Good Standard	
- Haven Banks	Final	Improvements Required	Our audit identified that, in some areas, no significant improvement had been made to administrative and financial procedures since last audit in November 2008. A number of recommendations specific to Haven Banks were made which unfortunately have not been followed up or implemented. However, improvements had been made with regard to CRB checks and the maintenance of driver's records.
Accommodation / RET Costs for buildings used for FIS / Social work provision	Ongoing		

Audit Area	Status	Assurance Opinion	
Education & Learning			
DACL	Draft	Good Standard	
LDP - Joint Venture	Final	High Standard (4 th Interim Rpt)	
DCCS JV Norse	Final	High Standard	
DASH, DAPH, DAG, SHAD Budgets	Draft	Improvements Required	<p>The four School Phase Associations received a total budget of £225,600 top sliced from the dedicated schools grant (DSG) in 2011-12.</p> <p>The audit identified that there is a draft terms of reference that covers all four Phase Associations however the funding sections are minimal and should be enhanced to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.</p>
14 + Learning and Skills Strategic Team – Post 16 Learners with Learning Difficulties and Disabilities (LLDD)	Final	High Standard	
Access Services for Education - Traded Services - Admissions and Free School Meals	Not Started		Deferred to 2012/13 financial year.
Devon Personalised Learning Service	Not Started		Deferred to April 2012.

Audit Area	Status	Assurance Opinion	Executive Summary
Social Care Commissioning			
Personalisation	Ongoing		
Customer Services	Not Started		
Integrated Children's Services Contract Compliance	Ongoing		

Audit Area	Status	Assurance Opinion	Executive Summary
Social Care Provision			
Alphin House (Follow Up)	Final	Good Standard	
Residential Homes Performance	Final	Improvements Required	<p>Recent Care Quality Commission inspections of some of Devon County Council's residential care homes were less than complimentary and raised a number of issues. Senior management responded immediately to address the particular concerns CQC had, but were also keen to establish processes that would ensure all units would be compliance ready. To meet this objective, all processes, including a review of the existing ACS policies relating to residential care through to case recording at the units were considered</p> <p>An overall weakness in the care quality process appears to be the lack of operational ownership. Although, ACS has a senior manager ultimately responsibility for care standards, operational ownership of residential care standards has all but disappeared. One conclusion we came to, was the need for operational ownership, so that issues can be resolved quickly and consistently. This was discussed with the assistant director responsible for in-house provision and we</p>

			were informed the matter would be considered.
Community Homes (Blossom Corner)	Draft	High Standard	
Residential Homes Staffing	Draft	Improvements Required	<p>During the first part of 2011 the Care Quality Commission carried out inspections on a number of Devon County Council's (DCC's) residential care homes and found in judgement against a number of their essential standards that weaknesses existed and improvements were required.</p> <p>Audit were asked to comment as to whether what had occurred was the right policy, whether the policy was implemented correctly and did it continue to be practiced right? We undertook a benchmarking exercise including comparison with the Residential Forum staffing.</p> <p>We found that care levels were below the level set by the staffing toolkit and other bench markers for a number of residential care homes. It is important that the Unit Managers and Corporate Management review staffing levels both routinely and in response to the changing needs of people using the service.</p> <p>More significantly was that the level of housekeeping staff was below the level considered to be the minimum by the NCF and this was reflected in the concerns expressed by the Unit Managers that we interviewed. We recommend that management review the housekeeping requirements.</p>
Daw Vale	Draft	Fundamental Weaknesses	<p>DAP were asked to look into a situation where £40 had gone missing from the Client Suspense account. An imbalance on the account was in the last few months rectified however the account is again out of balance.</p> <p>Of the ten system areas reviewed it was disappointing to find most had significant weaknesses. Our review of the systems identified a number of non-compliance issues requiring immediate management action to ensure improvements are made to reduce the level of unnecessary risk.</p>
Adoption Services	Final	Fundamental Weaknesses	<p>The delivery of DCC's Adoption Services is currently exposed to serious risks due to the fragmented and disparate nature of its information assets.</p> <p>Historically, the CareFirst application has not been developed to be used by the Adoption Service, necessitating the creation of bespoke 'database' solutions based upon mainstream Microsoft solutions in order for the service to operate. The commitment of the Adoption staff has ensured that the service has been able to deliver its service to an "outstanding" standard. However, with increased statutory obligations, increasing workload, reducing corporate resources and a requirement to reduce paper records, there is an urgent need to re-appraise how the service's</p>

			business systems operate now and in future years. The risks identified by the audit are not restricted to the existing business systems used to administer the Adoption Service. A combination of limited staff resources, mostly who specialise in specific aspects of the service, and the maintaining of a presence at a variety of locations throughout the County exacerbates the risk of service disruption or even service denial.
Care Leavers	Ongoing		
Fostering Internal	Ongoing		

Audit Area	Status	Assurance Opinion	Executive Summary
Integrated Children's Services and Adult Care Management			
Direct Payments	Complete		
LD Extraordinary Payment	Complete	N/A	
South Hams & West Devon LD Community Team	Ongoing		
Care Direct Plus (CDP)	Ongoing		
Direct Payments (Current processes and activity in both Adults and Children's Services - identifying strengths and weaknesses in respective approaches)	Ongoing		