

Draft Report

Internal Audit Report

2013/14

Six Month Monitoring Report

Devon County Council

October 2013

Restricted



Auditing for achievement

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards (PSIAS) and other best practice and professional standards.

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

Confidentiality and Disclosure Clause

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

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

1 Introduction

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

The key objectives of the Devon Audit Partnership (DAP) have been to provide assurance to the Audit Committee, Section 151 Officer (County Treasurer) and senior management on the adequacy and security of the systems and controls operating within the Council and to provide advice and assurance to managers and staff.

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

2 Opinion

In our opinion, and based upon our audit work completed so far in this year and in previous years, we consider that adequate arrangements are in place to control the operations of Devon County Council.

Where weaknesses have been identified and recommendations made to strengthen controls, management have provided responses to the recommendations reported. Where appropriate, we shall undertake follow up work to ensure that risks continue to be suitably controlled.

3 Performance against the Plan

Overall, good progress has been made against the plan agreed with management and the Audit Committee for the 2013/14 financial year. As at the end of September 2013, 58% of the planned audits had commenced (against a target of 50%) and 62% of the expected number of audit days had been provided (against a target of 48%).

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

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

At this stage we remain confident that we will be able to deliver the internal audit plan as expected. Appendix C provides more detail on performance this year to date.

4 Executive Summary

Appendix A details the assurance opinions for individual audits so far completed in 2013/14. The definitions of the assurance opinion ratings are given in Appendix B.

Corporate Services - From the audits completed to date, no significant concerns have been identified, and previous year's work found that the overall control environment was effective.

Based on audits completed, and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

For audits relating to other operational departments within Corporate Resources, some improvement areas have been identified, and we will continue to monitor the implementation of the agreed recommendations.

In addition to these key areas, audits were undertaken of specific functions and a 'watching brief' was maintained for a number of on-going projects.

People - Our audit of Mental Health Team processes, conducted by way of testing of the care management pathway for ten service users, identified a number of significant weaknesses with regard to the process a lack of evidence to show a Fair Access to Care Services (FACS) checklist had been completed on application. We have made a number of specific recommendations that should assist the service in further developing robust and reliable arrangements.

Our audit of Access to Education Services concluded that the current costing structure for the delivery of services should be reviewed to ensure all costs are included and that they are based on realistic and accurate estimates. Rates charged need to remain competitive and an eye kept on potential competitors entering the market.

A review of Children Missing in Education (CME) found weaknesses in the tracking and monitoring of children funded in a number of educational placements in the independent sector both inside and outside of Devon. The review also highlighted a number of high risk children (statement of SEN / CIC) not shown as being in suitable education but not included in the final CME list. A risk exists therefore that these children are not effectively tracked and monitored, and appropriate action taken by senior managers to ensure their immediate placement.

In addition to audits undertaken as per the plan, advice and guidance has been provided to managers and staff at all levels within the People directorate.

Place - To date no significant concerns have been identified from our work; previous years work identified that the overall control environment was operating effectively and this view continues.

We have reviewed the evidence compiled by officers to support the Council's annual CRC Energy Efficiency Scheme submission, as required by the Environment Agency. We were able to provide assurance that the Council has fulfilled its obligations with regard to its annual submission prior to the submission deadline of 31st July 2013.

Audit representation continues to be provided on the VJV Partnership working group which is tasked with monitoring the impact of the Highway Term Maintenance contract to a mainly target price regime rather than cost reimbursable.

Schools- We have made good progress in the delivery of our audit plan to schools and schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the School Financial Value standard (SFVS) are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

Good Standard - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks have been identified on the core element of the audit review at some schools, recommendations have been made to reduce risks and in other areas and are made to strengthen what are reliable procedures. The key matters arising from our audits being:-

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

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

5 Irregularities

Corporate Services – In the first six months of 2013/14 a large amount of Internal Audit resource was spent in the investigation into an allegation of consultant/employee misconduct. The contract with the consultant/employee has now been terminated. The investigation work also led to SCOMIS securing an internet domain name for potential future use.

Internal Audit were engaged in the review of a FINEST system error/anomaly. The new user interface resulted in a fault where by the segregation of duties could be circumvented. The FINEST Support Team have confirmed that the fault has now been fixed.

We have received no requests to undertake internet or email mis-use investigations from the Corporate Resources/Chief Executive. During the same period in 2012/13 five had been received. This is a good improvement and although there is no evidence to prove either way, it is felt that the Authority's stance on rigorous investigation of these does help as a deterrent.

People - During 2013/14 to date we have assisted in a total of 6 new irregularity investigations

This includes audit investigatory work commissioned following a safeguarding alert involving a number of service users resident within supported living scenarios. We have reviewed financial documentation provided by the external care provider and liaised with the relevant local authority responsible for housing related benefits. Following attendance at a strategy meeting in September Devon & Cornwall Police have shown interest in this case; we will provide an analysis of our work once concluded.

Place – we have investigated three cases of alleged IT mis-use. One of these involved a member of the public using library IT services while the other two involved employees. The case involving the member of the public identified no immediate concerns. However, we did highlight to Library Management that a website related to the sale of cannabis had been accessed and advised Library Management to review the web filters in place to ensure such sites cannot be accessed using DCC Library equipment.

With regard to the two cases involving employees; HR have advised that the disciplinary process has been completed and appropriate action taken.

In addition, Internal Audit continue to provide management with advice on courses of action to take in cases of alleged irregularity including a case involving the accuracy of waste related tonnages at a recycling centre.

Schools – We have been involved in two key investigations with schools. Following concerns raised by a whistle blower the Local Authority instigated an investigation about pupil attendance and records. Our joint review with the Education Welfare Officer confirmed the main allegation relating to the inclusion of pupils on the school roll at census date, who had in fact left, therefore inflating the numbers on roll on the pupil census that informed the budget. The EWO identified anomalies and incorrect use of attendance marks, and a report was issued by including recommendations in this area.

The other review was over concerns raised regarding the management of the schools budget, the level of governor involvement in the decision making relating to staffing appointments, and discrepancies with mileage claims for a member of staff. The concerns at audit and those raised by staff were investigated as part of a follow-up visit carried out by the Partnership. The majority of the findings and recommendations made at the previous review had been implemented.

NFI - With regard to the 2012/13 National Fraud Initiative (data matching exercise), the majority of the data sets have now been reviewed by Internal Audit or the relevant department / team of DCC. There remain a small number of matches still being investigated by Peninsula Pensions. Peninsula Pensions have not so far reported any instances of overpayments or identified frauds regarding pension payments.

A number of blue badges and concessionary travel passes have been cancelled due to the NFI exercise.

Internal Audit has reviewed the payroll related data sets and has identified no issues or evidence of employment fraud, conflicts of interest or issues regarding rights to work in the UK.

Note that the data sets relating to creditor payments have not been reviewed by the DCC payments section as was originally planned. Internal Audit has been advised that DCC intends to use a specialist commercial organisation to undertake a data-matching exercise in order to identify potential duplicate payments.

Proactive work regarding DCC accounts payable data and expenses has continued. At present a number of expense claim anomalies are being investigated. Weaknesses have been identified with regard to the expense claim system "Car Plan" which has been highlighted to the Car Plan Admin Team.

6 Customer Satisfaction

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services, see appendix D. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

7 Inherent Limitations

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

8 Acknowledgements

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

Robert Hutchins
Head of Audit Partnership

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

Risk Assessment Key

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

ANA - Audit Needs Assessment risk level as agreed with Client Senior Management

Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Group of services: Corporate Services			
Audit Area	Status	Assurance Opinion	Executive Summary
Corporate - Finance - Material Systems			
Main Accounting System <i>(ANA – Low Risk)</i>	Final	Good Standard	The functionality within FINEST, and the operation of manual controls provides assurance as to the integrity of the accounting data which is subsequently used to produce the Statement of Accounts and inform the Council's budgetary requirements. Recommendations have been made in relation to the operation of authorisation controls for large journals, the clearance of opening accrual balances, and also in relation to restricting access to the system itself and improving system audit trails.
Creditors <i>(ANA - Medium Risk)</i>	Final	Good Standard	Procedures and appropriate training for staff are in place; ICT system controls were found to be reasonably robust; periodic payments are well controlled; and BACS payments are accurate, properly reconciled and authorised. Recommendations have been made to consider formal monitoring of late payments, and to improve the controls relating to cheque payments.
Routine Maintenance System (RMS) <i>(ANA - Low Risk)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.
Bank Reconciliation <i>(ANA – Low Risk)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.

Fixed Assets (ANA – Low Risk)	In progress		The work commenced in this areas has been expanded to incorporate the planned 2013/14 audit work and it is anticipated that our report will be issued and agreed in the third quarter of 2013/14.
Finest System Administration (ANA – Low Risk)	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.
Lodged Purchase Cards (ANA – Low Risk)	Draft	Good Standard (re - distribution and monitoring of Lodged Cards) Improvements Required (re - control and monitoring of purchases)	Supporting procedural and guidance documents and training arrangements are comprehensive, but could be improved through formalising arrangements for new prescribers and for leavers. Access to the system and the related network folders is adequately restricted with minimal recommendations made to improve existing system administration. However, systems to control the use of lodged cards, prescriptions and payments are inadequate resulting in a risk of incorrect or unauthorised payments, although it is acknowledged that the transactions are low value and hence the financial risk is minimal. In particular, matching and reconciliation processes to invoices or electronic payments via the lodged cards are incomplete resulting in payments being made without agreement to the prescriptions.
Client Finance Services – Direct Debits (Client Request)	Deferred	Not applicable	Deferred to 2014/15 at the request of the client
Client Finance Services – Debt Recovery (Client Request)	Deferred	Not applicable	Deferred to 2014/15 at the request of the client
Annual Leave Accruals (Client Request)	In progress		The audit work has been completed and the customer informed of the outcomes as required for the 2012/13 final accounts. It is anticipated that the report formally documenting the results of the exercise will be issued and agreed in the third quarter of 2013/14.
CM2000 Project and interface with	Deferred	Not applicable	This piece of work became an overview of the project to date as the system was not ready to be introduced in 2012/13 and would have linked in with the new Carplan system. However the replacement for the Carplan system has been put on hold until

payroll <i>(ANA – Medium Risk)</i>			2014/15 and thus the work is further postponed and will be discussed during next years audit planning.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Treasury Management - <i>(ANA – Low Risk)</i> • Main Accounting System – Compliance - <i>(ANA – Low Risk)</i> • Debtors / Debt Recovery - <i>(ANA – Medium Risk)</i> • Creditors – Compliance - <i>(ANA – Medium Risk)</i> • Duplicate Payments - <i>(ANA – Low Risk)</i> • Income Collection - <i>(ANA – Low Risk)</i> • Barclaycards / Debit Cards - <i>(ANA – Low Risk)</i> 			

Corporate - Human Resources – Material Systems			
Payroll <i>(ANA – Medium Risk)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.
Payroll - PRISM upgrade <i>(Client Request)</i>	Final	Good Standard	The Project for the upgrade of the PRISM system to V12 was well managed and complied with the "Devon Way" which incorporates PRINCE 2 project requirements. One area of improvement was noted for the future to ensure that Action taken is recorded on all Decision and Action Logs. This has been agreed and implemented.
Payroll – Redundancy & Ill Health Processes <i>(Client Request)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.
Payroll – Integration of Benefits & Expenses within PRISM <i>(Client Request)</i>	Deferred	Not applicable	The project has been delayed and therefore the audit deferred to 2014/15.

HR – Absence Management Reporting <i>(Client Request)</i>	Deferred	Not applicable	Deferred to 2014/15 at the request of the customer
HR – CRB Checks <i>(Client Request)</i>	Deferred	Not applicable	Deferred to 2014/15 at the request of the customer
Payroll – PRISM upgrade to FUSION <i>(Client Request)</i>	Cancelled	Not applicable	This has been cancelled as the upgrade is no longer required until 2018.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Payroll – Auto Enrolment - <i>(Client Request)</i> • Payroll – Real Time Information - <i>(Client Request)</i> • HR – H&S – Ill Health Referrals - <i>(Client Request)</i> • HR – One Self Service - <i>(Client Request)</i> • HR – Consultants & Employment Status - <i>(Client Request)</i> • HR – Job Evaluation Process - <i>(Client Request)</i> • HR One – Contracts / Service Level Agreements - <i>(Client Request)</i> • HR – Records Disclosure Service - <i>(Client Request)</i> • Payroll – Integration of Payroll and HR Admin - <i>(Client Request)</i> - The project has been delayed due to further integration with recruitment services. The audit may be postponed until 2014/15 at the client request. 			

Corporate - IT Audit			
ICT SWGfL (ANA Risk - Medium)	Final	Good Standard	The report has been finalised with South West Grid for Learning and the intention is to issue it to the various member authorities of the Grid.
ICT backups (ANA Risk - Low)	Final	High Standard	We found that all systems were adequately protected and that procedures were operating as intended. The backup of all systems, including complex transactional systems, is automated and any problems are alerted to the responsible staff who investigate and take action as required including a fault escalation procedure for consecutive failures.
Finest Application (ANA Risk - Medium)	Final	Good Standard (please also see below)	Finest is generally well controlled and supported. The Finest Support Team maintains a good level of access control, although they are reliant on others informing them in a timely fashion of changes required. We have identified two types of issue concerning change control. The first relates to documentation and, we understand, steps are now being taken to improve present arrangements. The second relates to the level of testing undertaken prior to applying releases to the production environment and is a corollary of the large number of systems (approximately 50) that interface with Finest.
ICT FINEST Review Project (Client Request)	On-going		The Internal Audit report on ICT Database Management (Capacity & Availability) contained observations and recommendations around the sustainability of the Finest business system. A Financial Systems Review (FSR) has since been undertaken.
ICT Strategy (ANA Risk - Critical)	In progress		The objective of the audit is to provide the Council with an opinion on the effectiveness of the current processes and management practices used to identify and implement the Strategy for ICT. The lead auditor is working closely with ICT senior management in order to compare the strengths and weaknesses of various service delivery models, with further focus upon the strategic intelligent client function which could potentially serve to ensure that value for money is maximised when identifying and procuring future business solutions.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • ICT Service Design - (ANA Risk - Critical) • ICT Service Delivery - (ANA Risk - Critical) • ICT Service Operations (Process) - (ANA Risk - Critical) 			

Corporate - Business Strategy and Support			
Management of mobile phones <i>(Client Request)</i>	In progress		The fieldwork has been completed and a draft report is currently being reviewed before it is issued to the client for their comments and agreement to the recommendations made.
Car Hire Booking System <i>(Client Request)</i>	In progress		Field work on this review is nearing completion and it is anticipated that the report will be issued to management and agreed in the third quarter of 2013/14.
Payroll - Benefits realisation of improvements to Oracle Platform (on line pay advices) <i>(Client Request)</i>	In Progress		We have met with the officers from the project team to assess how the implementation of on line pay advices is progressing. We will continue to provide support and challenge to the project.
Strategic & Operational internal information management <i>(Client Request)</i>	In Progress		We continue to have a presence on the Council's Information Governance Forum although the group have not met in 2013/14. The work looking at the Council's Data Protection arrangements, started in at the end of 2012/13, has been completed and a final report issued (see "Data Protection (Compliance and Improvement)")
Procurement and Contract audit - consultancy / advice as required, to include 'Deviant' / Off Contract spending <i>(Client Request)</i>	On-Going		As part of the allocation of audit time, we were commissioned to undertake a review of the current tendering arrangements followed by Norfolk Property Services (NPS) and their compliance with them. The fieldwork has been completed and a draft report produced which is currently being reviewed ahead of its issue to the client(s) for their comments and agreement to the proposed recommendations.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> Records Disclosure Service - Ebulk benefits realisation and compliance with Protection of Freedom Act - <i>(Client Request)</i> Finance & Banking Services - review of contract - <i>(Client Request)</i> Financial Resilience of Significant Suppliers - review specified suppliers - <i>(Client Request)</i> 			

Corporate – Public Health			
Public Health - Ongoing delivery of services <i>(Client Request)</i>	Ongoing		We have met with senior management of Public Health to progress a risk based assessment of audit needs. To a large extent this will be driven by the risk register that is being developed by Public Health management. Once the risk register is complete we will generate an audit plan for the current year and undertake audit assignments as required.

Corporate – Legal Services			
Registrars <i>(Client Request)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.
Democratic Services – Members Travel and Allowances <i>(Client Request)</i>	In progress		Work in this area has been commenced and will be concluded in quarter 3. Management have been kept informed of progress.

Corporate – Other			
Risk Management incl. Partnership Registers <i>(ANA Risk - Critical)</i>	Draft	Working	The Risk Management Framework follows recommended best practice but, at the time of the audit, was not completely embedded within the culture of the organisation. Following the issue of the draft report, significant steps have been taken towards implementing the recommendations in the action plan. It is anticipated that the final report should be agreed and issued in quarter 3.
Data Protection (Compliance and Improvement) <i>(Client Request)</i>	Final	Good Standard	A good level of overall control exists across all the areas examined. In particular, the Council has made considerable progress in respect of staff training and awareness, an area in which the Council had previously been criticised by the Information Commissioner's Office. We also found strong controls over the security of personal data and in the procedures for handling subject access requests. However, until the roll-out of the online training package is completed, the latest figure now being 98% complete), there is a potential gap in the knowledge and understanding of those staff handling sensitive and high-risk data.

Corporate – Advice or additional work requested			
Advice	Ongoing	N/A	<p>Audit have been asked to provide advice on a number of areas during the first half of the year. These include:</p> <ul style="list-style-type: none"> • Creditor payments to individuals • Processing of payments to tutors • Information request from the Data Protection Office in relation to payments to specific companies • Payment of scanned invoices • Withholding pension payments where post is returned as undeliverable • Production of P11D information by Carplan • New policy on temporary workers • Setting up one off creditor payments • Acceptance of changes to payroll notifications via e-mail.

Grants – relate to 2012/13, but audited as part of the 2013/14 plan.			
Making IT Local	Completed	Not applicable	This involved providing post payment supervisory checks on a number of Making It Local schemes prior to return to DEFRA. Records to support the funding were found to be of a good standard and complied with scheme guidelines, and the checks were signed off by the deadline.
Skills Funding Agency	Completed	Not applicable	Records were found to be of a good standard, accurate and complete. The return is about to be signed off by Internal Audit and the claim returned.
East of Exeter	Completed	Not applicable	Records were found to be of a good standard although some additional financial information was required to be added to the form as a result of our review. Our findings were passed to the external auditors within their required timescale.
Teachers Pensions	Completed	Not applicable	<p>The return has been audited and found to be accurate and complete, with good records being maintained. External audit have also agreed the figures and the claim will be authorised in advance of the deadline.</p> <p>A query was raised by the TPA relating to contributions paid not directly agreeing to the expected multiplier. This has since been examined and the variations considered to be due to rounding. Full details have been returned to the TPA.</p>
Active Devon	Completed	Not applicable	Records were found to be of a good standard and the claim was approved without amendment by the deadline.

Troubled Families	Completed	Not applicable	Records were found to be of a good standard and the claim was approved without amendment by the deadline.
South Devon Link Road	Completed	Not applicable	Records were found to be of a good standard and our findings were passed to the external auditors within their required timescale.
Local Transport Block Funding	Completed	Not applicable	The audit involved confirming the amount of capital expenditure during the financial year, and that this had been defrayed in accordance with the conditions attached to the funding. The confirmation was provided by the deadline.
<p>The following grants are expected to be received from audit in the second half of 13/14:</p> <ul style="list-style-type: none"> • Local Infrastructure Fund • Unlocking Our Coastal Heritage • Flood Resilience Community Pathfinder • Education SCITTS • Rural Enterprise Gateway • Rural Growth Network • Growing Places Fund 			

Group of services: People Services			
Head of Child & Adult Protection			
Audit Area	Status	Assurance Opinion	Executive Summary
Children's Centres			
ECI - Countess Wear / Chestnut / Flying Start	Final	Improvements Required	Our work with ECI confirmed that there are signed and dated Service Contracts in place. There is regular dialogue between the Children's Centre Manager and the Children's Centre advisor and the working relationship is considered to be very positive and constructive.
Barnardos - Tavistock	Draft	Good Standard	The management at ECI and the Advisory Board recognise that there needs to more timely oversight of the financial figures and that all financial uncertainties and assumptions need to be clearly communicated to the Advisory Board and DCC on a timely basis.
AFC - Two Moors / Wilcombe (ANA - Low Risk)	Draft	High Standard	
Community Budgets 'Troubled Families' (ANA - Low Risk)	On-going		Checking and certification of periodic grant claims.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Safeguarding - Children & Young People (follow up) - (ANA - High Risk) • Youth Services - change programme - (ANA - Low Risk) • Fostering Service – remodelling - (ANA - Medium Risk) • Adoption Service – review - (ANA - Low Risk) 			

Head of Education & Learning			
Audit Area	Status	Assurance Opinion	Executive Summary
<p>Children Missing in Education (CME)</p> <p>(ANA - Medium Risk)</p>	Draft	Improvements Required	<p>Devon County Council's current systems and processes in relation to children and young people who are missing from education are currently being reviewed by the CME Steering Group with the aim of documenting the updated policies, procedures and guidance in one document. The former document was revised in August 2009.</p> <p>It was felt that this would be a good opportunity for the audit team to feed into this process to provide an objective view of the current processes and where possible to identify areas of improvement to strengthen the identification, tracking and monitoring of CME.</p> <p>It is anticipated that the revised policies, procedures and guidance document will include clear and comprehensive guidance to all maintained schools and academies. We recommend that this guidance is expanded to include independent schools as currently there is little formal communication about pupil movement in and out of independent schools.</p>
<p>Access to Education Services</p> <p>(ANA - Medium Risk)</p>	Draft	Good Standard	<p>Traded Services for schools (Admissions Service, Free School Meals eligibility and School Census) is a relatively new concept for local authorities and our benchmarking exercise identified that there are currently a wide range of services being offered to schools at varying costs. The quality and depth of what is being offered by local authorities varies considerably and this makes it difficult to compare costs however the evidence gathered does indicate that Devon's charges for Admissions is higher than their geographical neighbours and their charging policy for Free School Meals appears to be based on a different method from that of other local authorities.</p> <p>We recommended that the current costing structure for delivering these services should be reviewed to ensure that it includes all costs and that the costs are based on realistic and accurate estimates.</p>

Special Schools Residential Review (Client request)	On-going		
<p>The following audit will commence in the second half of 13/14:</p> <ul style="list-style-type: none"> • Joint Ventures - (ANA - Medium Risk) 			

Head of Social Care Commissioning			
Audit Area	Status	Assurance Opinion	Executive Summary
Framework Contracts (ANA - High Risk)	On-going		
PLUSS (Client request)	On-going		
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Contract management & monitoring - (Client request) • Extra Care Housing - (ANA - Low Risk) 			

Head of Social Care Provision			
Audit Area	Status	Assurance Opinion	Executive Summary
Administrative Support (ANA – Risk Low)	Final	Improvements Required	Administration support is provided to a number of services across Adult Social Care provision and as part of this audit review we considered whether there is a consistent approach to the provision of administration support throughout the various functions. We identified that there are inconsistencies across the various functions and within the same functions across Adult Social Care provision. The inconsistencies relate to the number of hours per week, the actual tasks undertaken by the clerks, their reporting structure and how their time is being apportioned to the appropriate budgets.
Reablement (ANA - High Risk)	On-going		
RCH / Children's establishment audits - financial audit Charlton Lodge Daw Vale Birchen Lane (ANA - Medium Risk)	Final Final Final	Improvements Required Good Standard Good Standard	<u>Charlton Lodge</u> Areas for improvement were identified within the following areas:- <ul style="list-style-type: none"> • Not raising Purchase orders for goods and services; • Current Imprest procedures are not in accordance with Finance regulations; • Client Suspense accounts are not being reconciled; • Incomplete audit trail regarding the management and banking of Official Income; • Incomplete management of Client Property; • Ineffective stock control procedures;

Care Home Quality Improvement Programme (ANA - Low Risk)	On-going		
Care Leavers - Training Flat (Client request)	On-going		
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> Care Home Futures - Dementia Centres of Excellence - (ANA - High Risk) Atkinson Unit - VFM Study - (ANA - Low Risk) 			

Head of Integrated Children's Services and Adult Care Management

Audit Area	Status	Assurance Opinion	Executive Summary
Care Direct Plus (CDP) (ANA – Risk Medium)	Final	Good Standard	Report now finalised. Please see comments in 12/13 annual report.
Assistive Technology across Devon (ANA - Low Risk)	Ongoing		
Health & Wellbeing Board (ANA - Low Risk)	Ongoing		

Mental Health Team processes (ANA - Low Risk)	Final	Improvements Required	<p>Overall we found that there were adequate financial arrangements in place to ensure that correct payments were being provided to service providers and Mental Health service users via direct payments.</p> <p>We tested the care management pathway for ten service users. Our audit identified a number of weaknesses with regard to the process that included:-</p> <ul style="list-style-type: none"> • DPT processes are not aligned with the DCC care management pathway. • A lack of evidence to show a FACS checklist had been completed on application. • A lack of evidence to support that a financial assessment had been completed on a significant number of applications tested. • care packages for two service users in long term residential care had not been reviewed for at least two years. • An overpayment to a provider had not been identified by the current systems and procedures in place within the LD&MH finance team.
Savings Plans in People (ANA - High Risk)	On-going		
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • SEND Pathfinder - (ANA - Medium Risk) • Personal Budgets - (ANA - Medium Risk) • Mental Capacity Act – Follow Up - (ANA - Medium Risk) • Care Management – Resource deployment to support frontline performance - (ANA - Medium Risk) • Performance Management - (ANA - High Risk) • Service Prioritisation Exercise - (ANA - Medium Risk) • Budget Setting Process & Monitoring - (ANA - High Risk) • Failure to oversee financial performance of commercial enterprises in which DCC has influence - (ANA - Low Risk) 			

Service Area – Place			
Audit Area	Status	Assurance Opinion	Executive Summary
Libraries – Compliance with Payment Card Industry Standards	Final	Good Standard	The operation of the kiosks is generally well managed and will be further enhanced once the work to facilitate monthly reconciliation of income received against payments made is completed.
Libraries – Self Service Kiosks, Hubs (WDDC & Pymts), Library Mgmt System Client Request ANA – Medium Risk	Not started		There is an on-going dialogue with the Operational Service Manager regarding Libraries service development. Audit input was originally due to commence in September but there have been changes in the scope and scale of the projects and audit involvement is now required until later in the year.
Adult & Community Learning Team Client Request ANA – Medium Risk	Deferred		The service is in the process of procuring a new Management Information System to replace the aging AQUA system with the aim to have this new system operational for January 2014. It has therefore been agreed with John Smith to defer the review until 2014/15.
Members Locality Budgets Client Request ANA – Medium Risk	Draft	Good Standard	A clear policy and guidance helps to manage and support both the Locality budget and the TAP fund scheme and there are clear links between the aims of the schemes and the overall strategic objectives of the Council. There are procedures in place to enable the Council to monitor the outcomes of both of the schemes, although this could be further enhanced if processes were put in place to ensure completion of a project can be evidenced and value for money has been sought (particularly on projects with a higher financial value).

Jacobs Contract – KPI's	Final	N/A	<p>The focus of this work was to consider the adequacy of existing KPI's for benchmarking of performance and in providing suitable data to enable the client team to justify any decisions taken relating to an extension of the contract.</p> <p>The review found that there is a good standard of compliance with overarching contractual requirements and implementation of the action plan will further improve the robustness of performance information.</p>
Highways Virtual Joint Venture	On-Going		<p>Audit representation continues on the working group which is tasked with monitoring the impact of the Highway Term Maintenance contract to a mainly target price regime rather than cost reimbursable.</p>
<p>Client Request ANA – High Risk</p> <p>SWH - Orders & Payments</p> <p>Client Request ANA - High Risk</p>	Draft	N/A	<p>Exceptional storms in 2012/13 caused extensive damage and flooding across Devon and the storm related highway works throughout the financial year resulted in a substantial overspend at year end.</p> <p>A review has been undertaken to:-</p> <ul style="list-style-type: none"> • understand how SWH had the capacity to carry out such a significant amount of additional unplanned work; • look into the 'storm' orders raised to identify if there has been any duplication; • review the adequacy of procedures and the level of back-up information required to enable invoices to be approved for payment in a timely manner going forward.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Libraries - Exeter Central - Client Request ANA – Medium Risk • Relationships with Vol & Community Organisations - Client Request - ANA – High Risk • Trading Standards Partnership - Client Request - ANA – Medium Risk • Road Maintenance - Pot Holes - Client Request - ANA – High Risk • WDM - ELMS update (Dangerous Trees) - Client Request - ANA – High Risk • Waste Recycling Centres (new operators - SITA) - Client Request - ANA – High Risk • Street Lighting Contract - Client Request - ANA - Medium Risk 			

Planning, Transportation and Environment			
Climate Change – Carbon Reduction Scheme Statutory requirement	Complete	N/A	Internal Audit reviewed the evidence, compiled by NPS, to support the Council's annual CRC Energy Efficiency Scheme submission, as required by the Environment Agency. We were able to provide assurance that the Council has fulfilled its obligations with regard to its annual submission to the prior to the submission deadline of 31st July 2013.
Flood Response Client Request ANA – High Risk	Draft	N/A	The audit considered the experiences of responding to the 2012 / early 2013 flood events. Some issues were highlighted and recommended improvements have been considered via a comprehensive action plan, which, when fully implemented, should provide a much improved framework for responding to major flood events..
Local Transport Plan Client Request ANA – High Risk	In Progress		The Local Transport Plan has been developed jointly with Torbay Council reviews are to be carried out for both Devon and Torbay.
<p>The following audits will be commenced in the second half of 13/14:</p> <ul style="list-style-type: none"> • Civil Parking Enforcement - Client Request - ANA - Medium Risk • Devon Urban Growth Network - Client Request - ANA - Medium Risk • Measuring the benefits of funding - Client Request - ANA - Medium Risk 			

School Audit Results 2013-2014

Risk Assessment Summary of Audit Opinion

School	DCSF No.	Audit Date	Met School Financial Value Std	Overall Audit Review %
Clyst St Mary Primary School	2009	17/06/13	Yes	85
St Leonard's Church of England Primary School	2013	09/04/13	In Part	69
St Thomas Primary School	2032	02/10/13	Yes	91
Ottery St Mary Primary School	2056	10/06/13	In Part	71
Sandford School	2059	20/06/13	In Part	74
Willowbank Primary School	2084	14/05/13	In Part	69
Forches Cross Community Primary School	2204	21/06/13	Yes	71
Bradford Primary School	2212	13/06/13	In Part	64
Monkleigh Primary School	2239	16/07/13	Yes	77
Woolsery Primary School	2254	22/05/13	Yes	90
Abbotskerswell Primary School	2400	17/10/13	Yes	83
Bishopsteignton School	2402	10/06/13	Yes	83
Kenton Primary School	2424	19/09/13	Yes	80
Moretonhampstead Primary School	2430	05/06/13	Yes	75
Decoy Primary School	2431	26/06/13	Yes	76
Hazeldown School	2448	21/05/13	In Part	79
Bridestowe Primary School	2602	23/07/13	Yes	87
Gulworthy Primary School	2604	19/07/13	Yes	92
Hatherleigh Community Primary School	2605	22/05/13	Yes	85
Milton Abbot School	2614	26/09/13	Yes	64
St Martins Church of England Primary and Nursery School, Cranbrook	3005	06/06/13	In Part	75
Black Torrington Church Of England Primary School	3056	23/05/13	Yes	93
Bridgerule Church Of England Primary School	3057	13/06/13	In Part	57
High Bickington Church Of England Primary School	3062	25/04/13	In Part	71
Pyworthy Church Of England Primary School	3067	13/06/13	Yes	76
Kenn Church Of England Primary School	3111	19/06/13	Yes	84
Northlew And Ashbury Parochial Church Of England Primary School	3157	17/05/13	Yes	81
Morcharde Bishop Church Of England Primary School	3462	13/06/13	Yes	86
Our Lady & St Patricks Roman Catholic Primary School, Teignmouth	3611	10/10/2013	In Part	80
Sidmouth College	4011	01/05/13	In Part	73
Mill Water Community School	7006	11/07/13	In Part	65

Definitions of Audit Assurance Opinion Levels

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

Definition of Recommendation Priority

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

Confidentiality under the National Protective Marking Scheme

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

Devon County Council - Internal Audit Plan 2013-14 and Progress to date

						Status							
Area	Audit Type	Audit Entity	Number of assignments	Planned days	Actual days	Audit started	Audit fieldwork completed	Draft report issued	Responses Rec'd	Final Report issued	Draft report issued in target days	Final report issued in target days	
Material Systems - totals		0	24	24	167	118.1	16	11	11	9	9	11	9
Grant work - totals		0	19	19	96	41.4	9	8	8	8	8	6	8
People - totals		0	28	28	381	174.5	17	8	9	9	9	8	7
Place - totals		0	25	25	182	79.4	11	7	6	3	3	5	3
Corporate Resources Dir - totals		0	47	47	433	367.6	24	17	14	13	12	5	7
Other Chargeable Activities - totals		0	8	8	66	34.6	0	0	0	0	0	0	0
Investigations / Irregularities (inc in CRD)				24		229.4	24	16	11	0	8	8	8
Total for DCC				175	1325	815.6	101	67	59	42	49	43	42
	0	0	0	77	560	218.90	30	30	30	23	23	24	23
Total for DCC including Schools				252	1885	1034.5	131	97	89	65	72	67	65

Performance stats for Devon	Annual	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Target	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Percentage of audit plan started	100	25%	28.0%	50.0	57.7%	75		100	
Percentage of audit plan completed (field work)	93	18%	17.5%	45.0	38.3%	71		93	
Percentage of planned days delivered	95	24%	25.5%	48.0	61.6%	72		95	
Draft reports issued in target days	90	90%	65.2%	90.0	72.9%	90		90	
Final reports issued in targets days	90	90%	83.3%	90.0	85.7%	90		90	
Customer satisfaction.	90	90%		90.0		90		90	

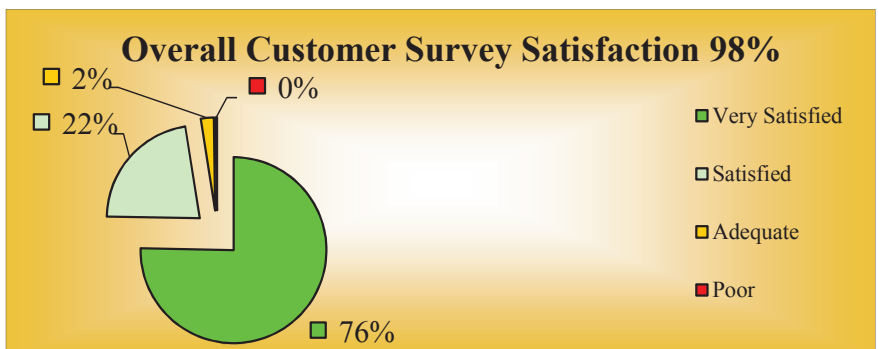
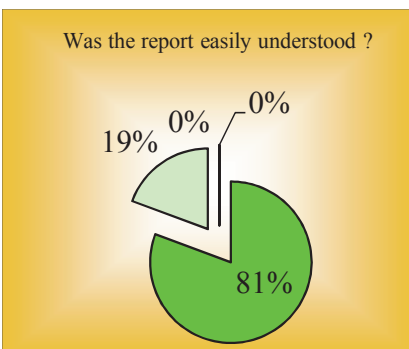
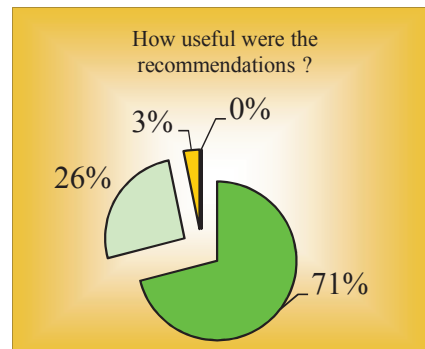
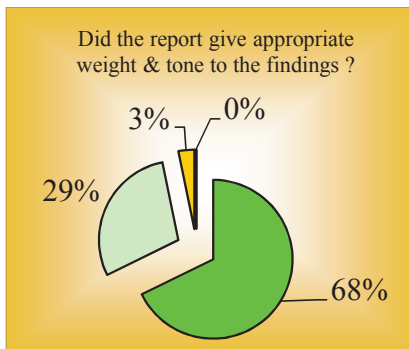
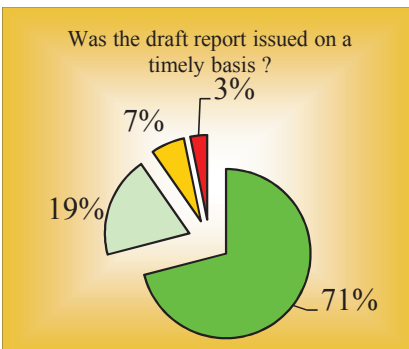
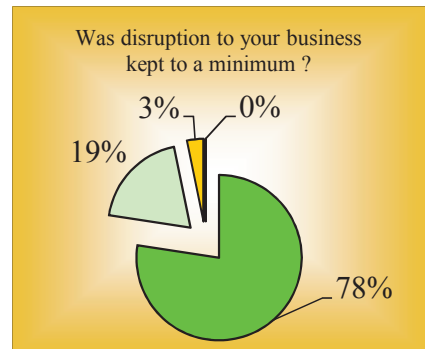
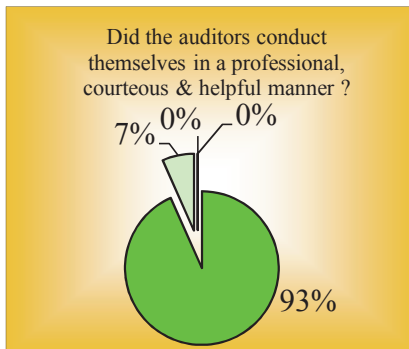
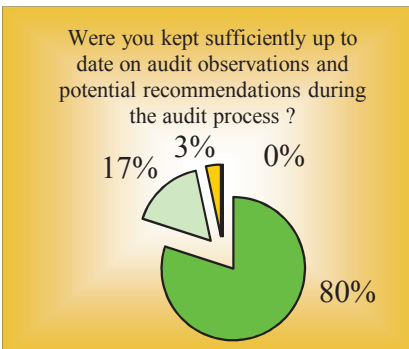
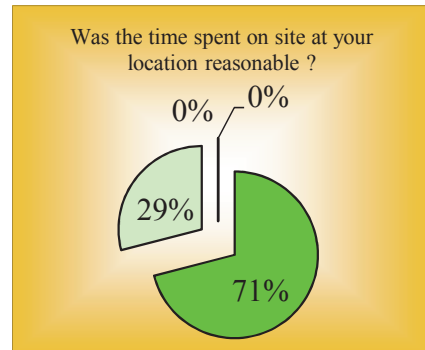
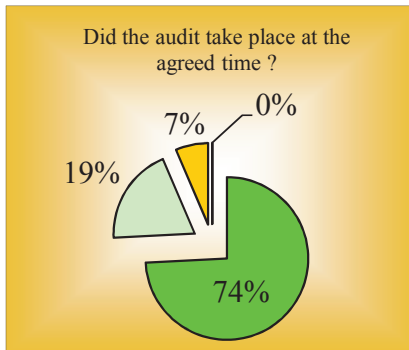
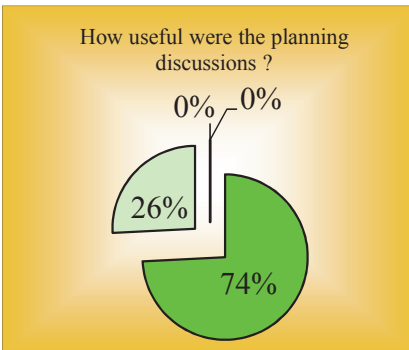
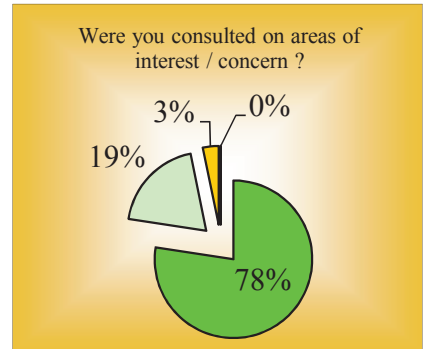
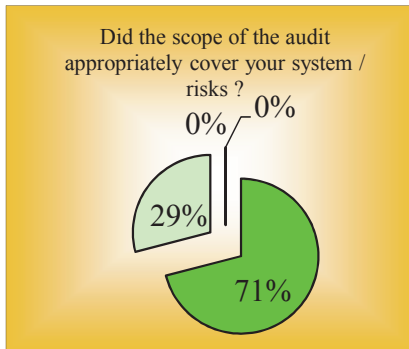
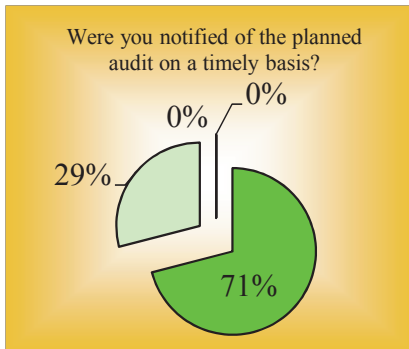
Performance stats for Devon Inc Schools	Target	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Percentage of audit plan started	100	25%	27.0%	50.0	52.0%	75		100	
Percentage of audit plan completed (field work)	93	18%	20.7%	45.0	38.5%	71		93	
Percentage of planned days delivered	95	24%	25.8%	48.0	54.9%	72		95	
Draft reports issued in target days	90	90%	63.8%	90.0	75.3%	90		90	
Final reports issued in targets days	90	90%	92.6%	90.0	90.3%	90		90	
Customer satisfaction.	90	90%		90.0		90		90	

Customer Survey Results April 2013 - March 2014



devon**audit**partnership

The charts below show a summary of 31 responses received.



- Very Satisfied
- Satisfied
- Adequate
- Poor