

Internal Audit

Annual Audit Report 2013/14

Devon County Council
Audit Committee

June 2014



Auditing for achievement

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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 along with 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. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

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.

Introduction

The Audit Committee, under its Terms of Reference contained in Devon County Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

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

The Internal Audit plan for 2013/14 was presented to and approved by the Audit Committee in March 2013. The following report and appendices set out the background to audit service provision; reviews work undertaken in 2013/14 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 1) and satisfy themselves from this assurance for signing the Annual Governance Statement.

Assurance Statement

Overall, and based on work performed during 2013/14 and that of our experience from previous years audit, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework.

This assurance statement will support Members in their consideration for signing the Annual Governance Statement see appendix 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.

All final audit reports 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.

Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2013/14 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 accompanying its published Statement of Accounts for 2013/14.

Work has been affected by notable planned changes this year where a large proportion of the plan for People and Corporate Services has been postponed. Those audits that have been delayed will be undertaken in the future. This has had an impact on the planned assurance work, however we feel, based on previous year's work, that the framework of control remains in operation. Further explanation is provided in the sections on Basis for Opinion and the Consequences of Change and Risk.

This statement of opinion is underpinned by :

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During 2013/14, core financial and administrative systems were reviewed by internal audit either through specific reviews (e.g. debtors creditors payroll & Main accounts) or generally in the reviews undertaken in respect of the services systems. The Council's overall internal control framework operated effectively during 2013/14, and where internal audit work has highlighted instances of none or part compliance, none have had a material impact on the Authority's affairs.

Risk Management

The Corporate Risk Management Group have undertaken a full review of the Risk strategy and policy and both the strategic and corporate risk registers have been fully reviewed.

Our review confirms this to be effective and risk management is progressing to becoming "embedded"

Governance Arrangements

The Council's governance arrangements have been reviewed in the areas of information governance, data protection, records management and data sharing.

Effective controls were found but a potential gap exists in staff knowledge and understanding of handling sensitive and high risk data.

Economy Efficiency & Effectiveness

Our review of the procurement arrangements including framework contracts, standard call off contracts for regular purchases highways maintenance to have sound control frameworks.

Close monitoring of controls remains to ensure non-compliance is controlled particularly in contract performance.

Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an assurance on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted 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.

This report compares the work carried out with the work that was planned through risk assessment (see appendix 2); 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.

The extent to which our work has been affected by changes to audit plans has been notable this year and we have not been able to meet the original audit plan for the People Services and for IT and HR audits within the Corporate Services due to changes in operational business needs and investigation work.

Work has been deferred to future year's audit plans in consultation with the client and taking into account the related risk.

The scope of our audit this year has been adversely affected for People Services as a consequence of investigations and reduces the assurance that we are able to offer in relation to these areas.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

all audits completed during 2013/14, including those audits carried forward from 2012/13;

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.

Audit Authority

Service Provision

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

Regulatory Role

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.

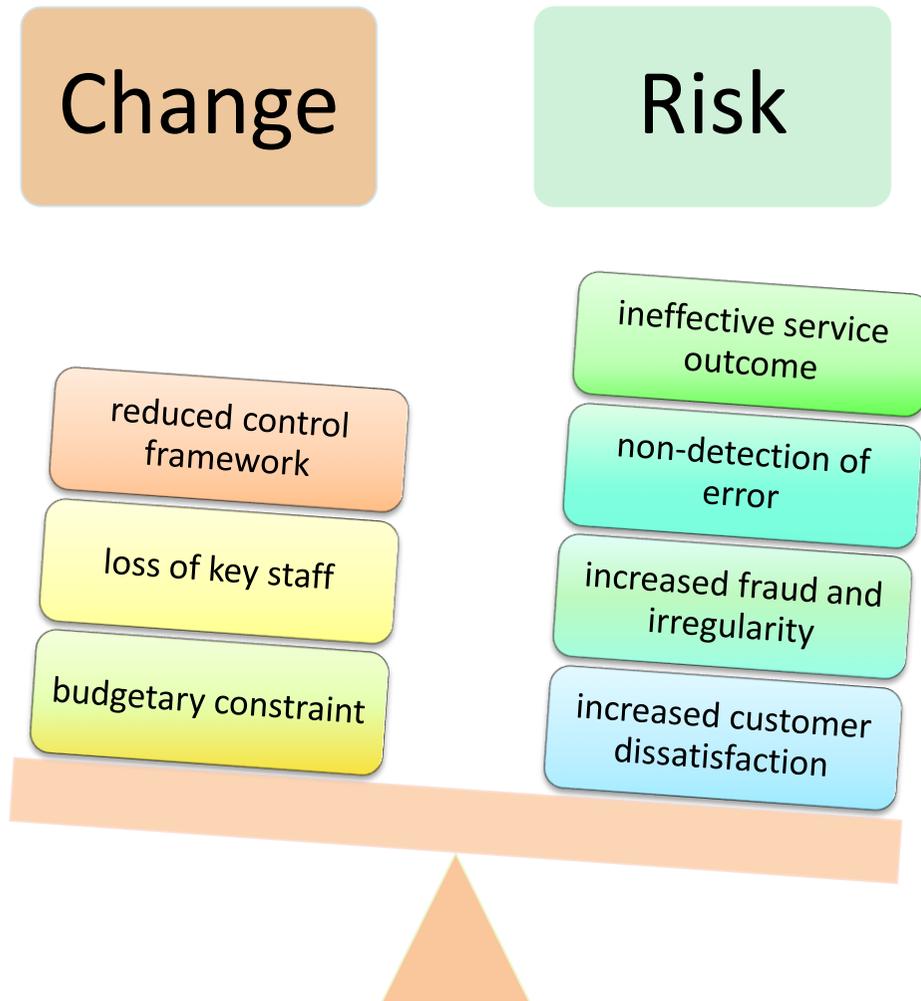
Professional Guidelines

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards. We have been assessed as "conforming" to these standards and have completed our annual self-assessment against PSIAS requirements.

Our internal Audit Manual provides the method of work and Internal Audit works to and with the 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.



The consequences of change and risk



Times are changing; the expectation of the public for services provided by the public sector has never been greater; yet the money that is available for these service needs to be reduced. All public sector organisations are looking at how services can be transformed; what worked in the last decade may not meet new challenges. The use of, and dependency on, IT for service delivery will only increase further; this brings rewards but also carries its own risk.

The Internal Audit function has a key role in helping management fully understand their risks and in designing effective and efficient controls that mitigate these risks to an acceptance level; a consistent application of a quality internal audit opinion assists the organisation to develop alternative and new delivery solutions that will deliver the service required.

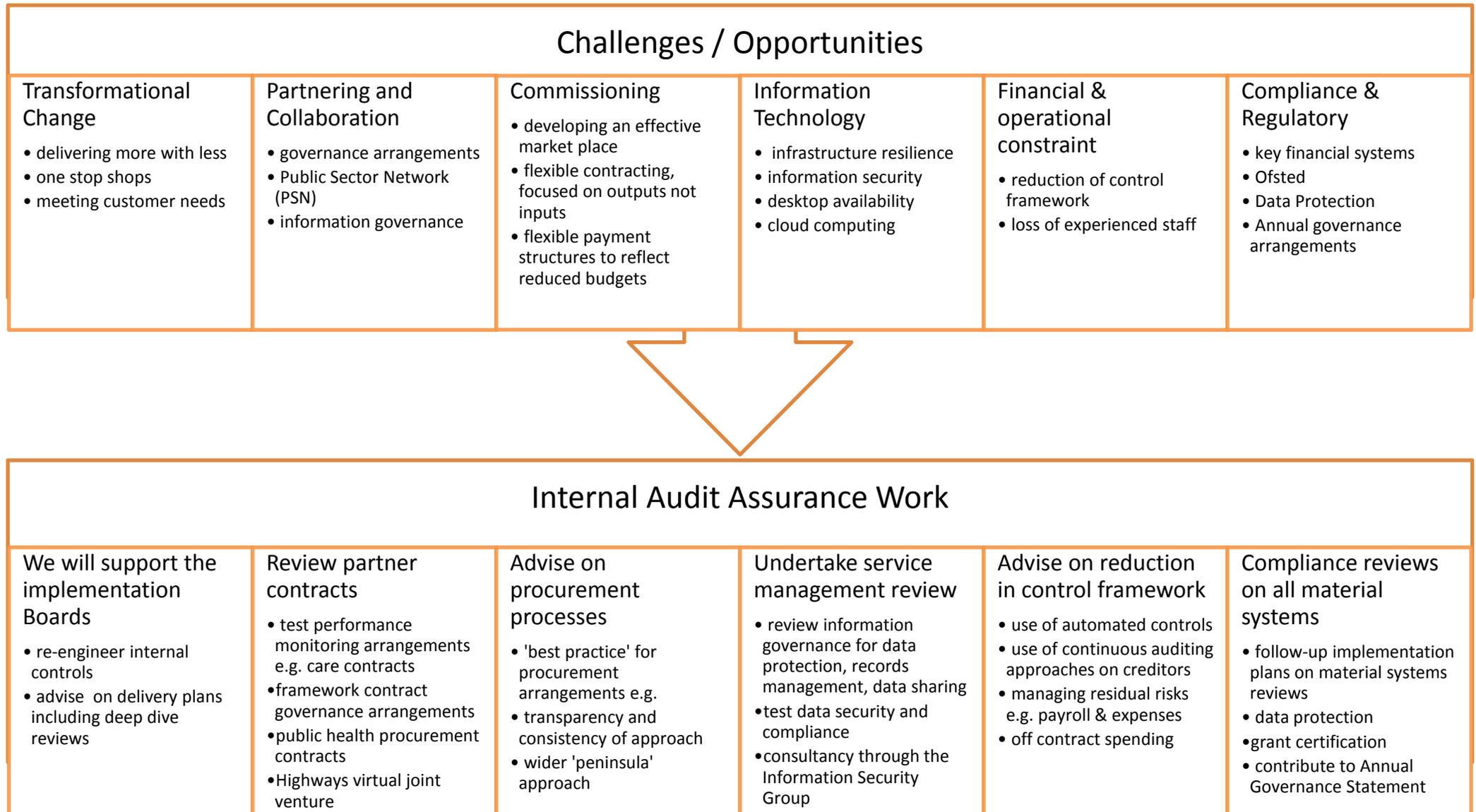
Our work this year has been tailored to meet the changing requirements of the Authority throughout the year. All of the changes and risks within this graphic have been observed and the impact of these has been of varying significant. The main impacts have been in the following areas:

The number of irregularity investigations has increased this year which may be as a consequence of reduction in the Authority's management structure due to national budgetary constraint and economic climate, resulting in a perpetuating cycle of a reducing control framework as a result of necessary management acceptance of risk due to resource constraints.

Changes in operational priorities and assessment of opportunities within specific Services areas has necessitated corresponding reductions in our audit work this year, but are a demonstration of proactive action by the Authority to limit the risk associated with budgetary constraint change and maintain effective service provision.

Business objectives – audit assurance overview

From consideration of the Authority's key challenges and opportunities it is facing we have provided assurance in these area through our work over the year.

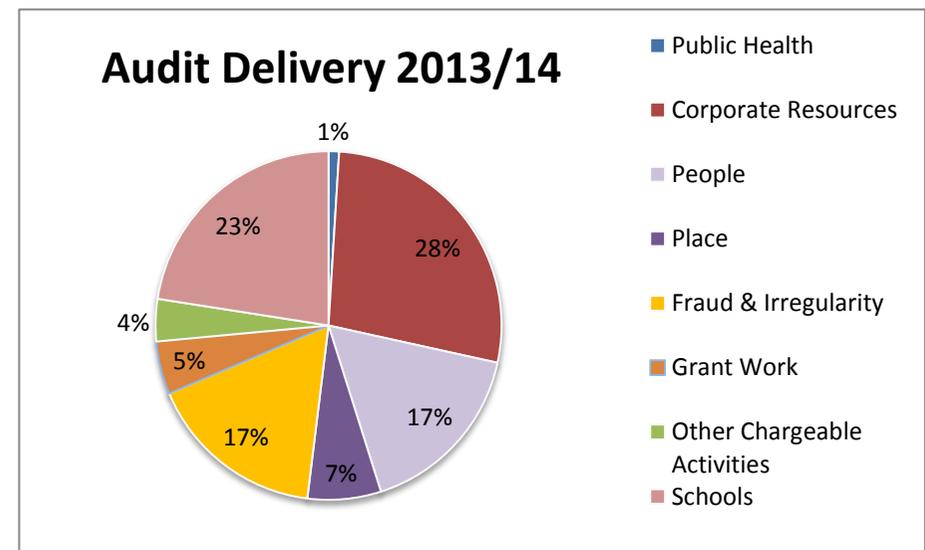
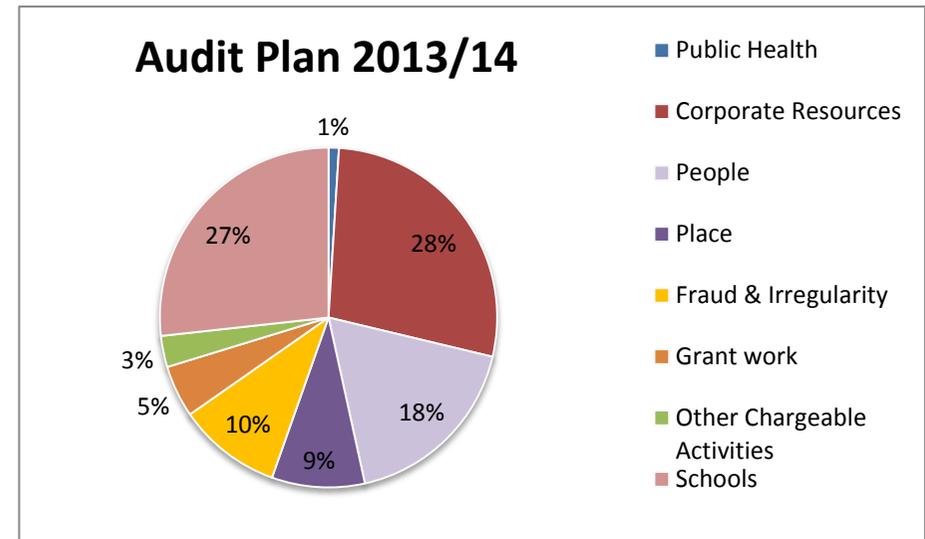


Audit Coverage and performance against plan

The pie charts right shows the breakdown of audit days delivered by service area / type of audit support provided. The balance of work has varied during the year as can be seen from comparison with the second chart. Variations have been with full agreement of the client

Appendix 3 shows the actual days of audit delivery in 2013/14 against the revised audit plan. It will be noticed that there was a small increase in the total number of audit days provided during the year. 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.

Appendix 4 to this report provides a summary of the audits undertaken during 2013/14, 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.



Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2013. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment - the Head of Devon Audit Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme. External Assessment provides assurance that against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS) “DAP is considered to be operating in conformance with the standards” as reported to the Partnership Committee in July 2013.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated and a status report was reported to the Management Board in October 2013.

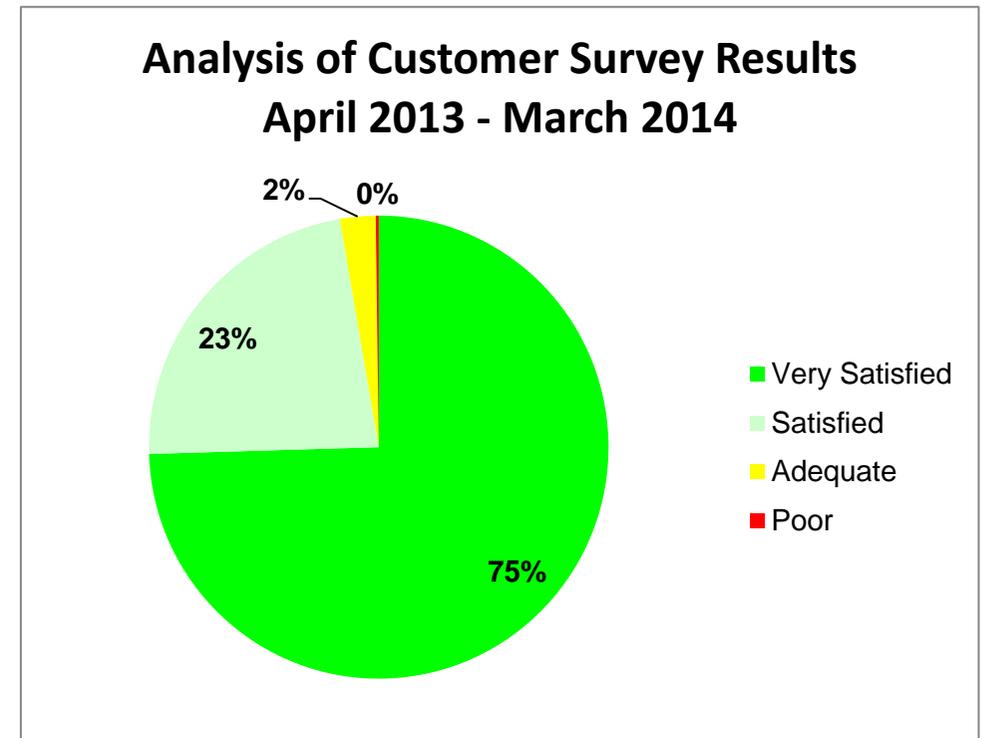
Performance Indicators

Overall, performance against the indicators has been very good (see appendix 3). The targets were increased for some indicators in 2013/14 and it is acknowledged that percentage of audit plan commenced is below the new target. We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

Customer Service Excellence

DAP has been successful in re-accreditation by G4S Assessment Services of the CSE standard during the year.

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services, see appendix 5. 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.



Internal audit coverage and results

Corporate Services

In our opinion, and based upon our audit work completed during the 2013/14 financial year and in previous years, we consider that adequate controls are in place to control operations in this group of services. Where weaknesses have been identified management have agreed these findings and have either agreed the recommendations or accepted the associated risks. Where management actions have been agreed and as appropriate, we shall undertake follow up work to ensure that the identified risks have been mitigated.

In consultation with the client, amendments have been made to the 'Corporate Services – HR' section of the audit plan, and 'Corporate Services – Finance'. These changes have been reflected within this report. We anticipate being able to fully complete required audits by the end of the first quarter of 2014/15, subject to these changes and requests for additional unplanned work.

The 2013/14 ICT Audit Plan has differed considerably from previous years, concentrating on how ICT is delivered within the Authority. Commencement of this plan was delayed due to key client contacts being unavailable in the early part of the year. Good progress was then made with regular meetings held to maximise the value of these high level audits.

Public Health

We are not yet in a position to provide an overall opinion for this Service at this early stage. Plans were not agreed until late in the year and so time was spent on the key risks; contract payments for service provision covering the top four service areas.

Public health has applied robust financial procedures that are compliant with DCC's financial regulations and their own procedure notes. Use of DCC's periodic payment system has ensured consistency of approach and reduced risk associated to new systems.

Reconciliation procedures have been undertaken on payments to providers where prepayment for service will be offset for future provision over the next twelve months.

Place

Based on audits completed, 'watching briefs' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

The public sector as a whole is in a sustained period of funding cuts and to address the ongoing reduction in funding the way in which services are delivered is subject to change. As a result, some pieces of work originally included within the 2013/14 audit plan were no longer required or has been deferred to a later date. These changes have been agreed with the client.

At the request of management, Internal Audit has been involved in the Highways Deep Dive Project which was set up to look at a number of services within Highways. The purpose of the project was to facilitate different thinking about a future vision for the service and to validate current savings strategies and consider opportunities to generate as of yet unrealised savings. Internal audit was part of a larger project team and the results of the project will be presented to the Corporate Leadership Team in the summer

Following an authority-wide review of the risk management framework we can report that key members of the Insight and Impact Team have worked tirelessly to co-ordinate activity across all departments in response to the audit recommendations. Risk registers have been subject to zero-based review, the Risk Management Policy Statement has been updated and approved and Terms of Reference for the Corporate Risk Management Group have been refreshed.

No significant concerns have been identified from our work and management have responded positively to any recommendations for improvement.

People

In our opinion, and based upon our audit work completed during the 2013/14 financial year and in previous years, we consider that adequate controls are in place to control operations within People. Where weaknesses have been identified management have agreed these findings and have either agreed the recommendations or accepted the associated risks. Where management actions have been agreed and as appropriate,

we shall undertake follow up work to ensure that the identified risks have been mitigated.

Investigations - significant time has been spent undertaking investigations further to requested audit involvement in safeguarding alerts. This work has impacted on our performance in delivering days against audits upon the originally agreed plan. This has further been exacerbated by involvement of the audit team in other works where our input has been sought; for example, the Adult Services Deep Dive review and work undertaken with colleagues from different teams within the authority upon Rifford Road Children's Home.

More recently a further request was received asking for staffing resource to be provided upon the Children's Services 'Lean Review' project. Agreement was made to provide a 0.5 FTE staffing resource to this project for the final quarter of the financial year.

Schools

Our overall opinion is one of Good Standard. In general, the systems and controls in schools mitigate the risks identified in many areas. However, there are risks exposed in key areas which reduce overall assurance.

The key matters arising from the audits are the:

- understanding of financial management by governors as evidenced by the requirements of the Standard, skills assessment and absence of key business from meetings;
- demonstrable financing of plans for raising standards and attainment;
- budget deficit position in a small number of schools;
- income collection and banking;
- bank imprest accounts, and,
- inventories and asset management.

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

At year end Devon Local Authority had received most of the school financial standards - self-assessment returns from the maintained schools. However as at 31st March 2013, some 40 signed returns had still not been submitted (all now received at the time of this report). The Head of Learning

in conjunction with the County Treasurer will need to consider what remedial actions should be taken for the schools who failed to submit their return on time.

Investigations - we gave evidence at a Teaching Agency professional conduct hearing held in Coventry in April 2014 in respect of a former Headteacher. The outcome of the hearing has been published on the Teaching Agency website; not all findings were upheld where mitigating circumstances were accepted. No further action was taken by the Teaching Agency on this report.

Fraud Prevention and Detection

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Audit Commission runs a national data matching exercise (National Fraud Initiative - NFI) every two years. The 2012/13 NFI exercise is now complete, data sets have now been reviewed by Internal Audit or the relevant department / team of DCC. There are a small number of matches still being investigated by Peninsula Pensions who have so far not reported any instances of overpayments or identified frauds regarding pension payments. Key findings are:

- A number of blue badges and concessionary travel passes have been cancelled due to the NFI exercise.
- Internal Audit's review of the payroll related data sets has identified no issues or evidence of employment fraud, conflicts of interest or issues regarding rights to work in the UK.

Preparation for the 2014/15 NFI exercise is underway ahead of the uploading of data to the Audit Commission website in October.

Proactive anti-fraud work regarding DCC accounts payable data and expenses took place during the year. Additional potential duplicate payments (not investigated externally) were identified by DAP and referred to the payments team for investigation. A number of expense claim anomalies were investigated. It is understood from HR that local policy is being formalised to ensure better governance and control of these claims relating to broadband line rental. Weaknesses were identified within the expense claim system "Car Plan" which has been highlighted to the Car Plan Admin Team.

Irregularities - During 2013/14, Internal Audit have carried out, or assisted in a total of 21 new irregularity investigations within the Authority, including schools. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
IT Misuse	7
Employee Conduct	7
Financial Irregularity	5
Poor procedures	1
Tenders and Contracts	1

There have been a small number of significant reviews this year. One involving a high level consultant / employee where the contract was terminated, a safeguarding alert involving a number of service users resident within supported living scenarios and two separate Safeguarding Strategy Review Meetings where potential financial abuse of service users by care providers. Both these latter safeguarding incidents have involved the Police attendance. We are currently concluding a review into than allegation of overclaim of member expenses; where overpayments have been identified these have been re-paid. The details of these irregularities have been reported to Directors, and where appropriate or relevant have been mentioned within the Services' findings above.

In addition, during the year, Internal Audit were notified of a number of thefts for which advice was given to management on improvements to security.

Appendix 1 - Annual Governance Framework Assurance

The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement provides assurance that

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

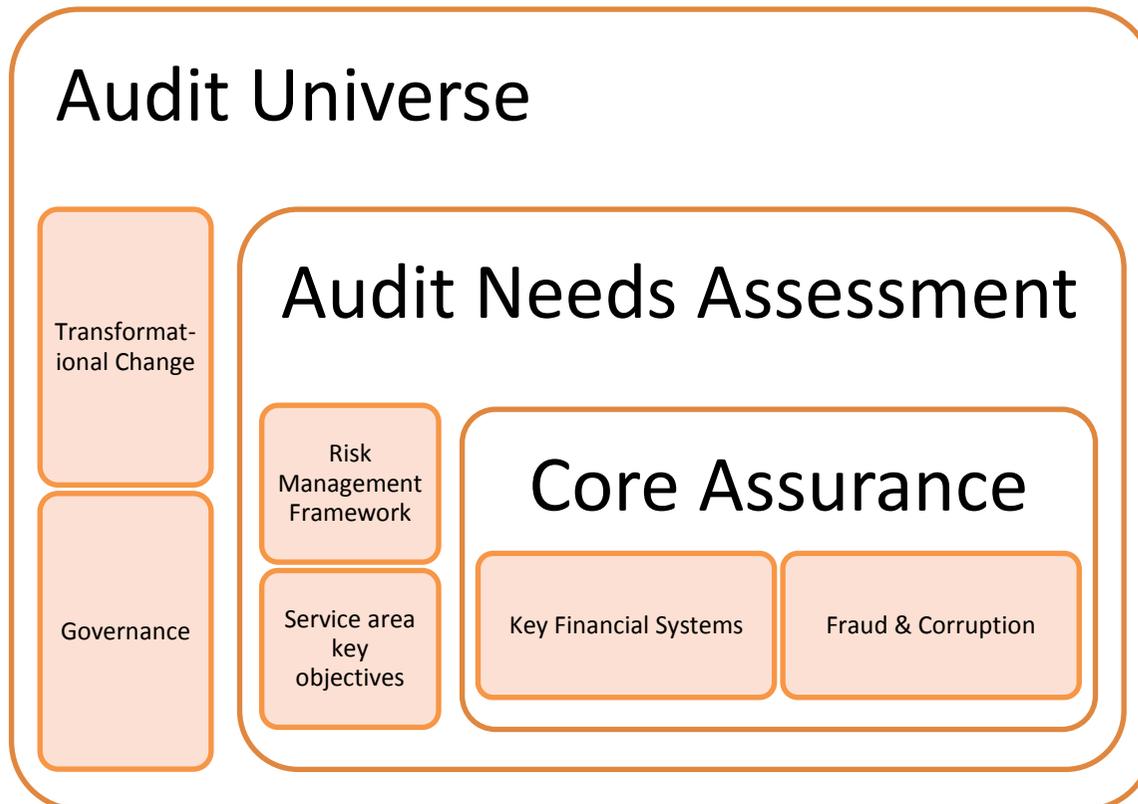
- be prepared by senior management and signed by the Chief Executive and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

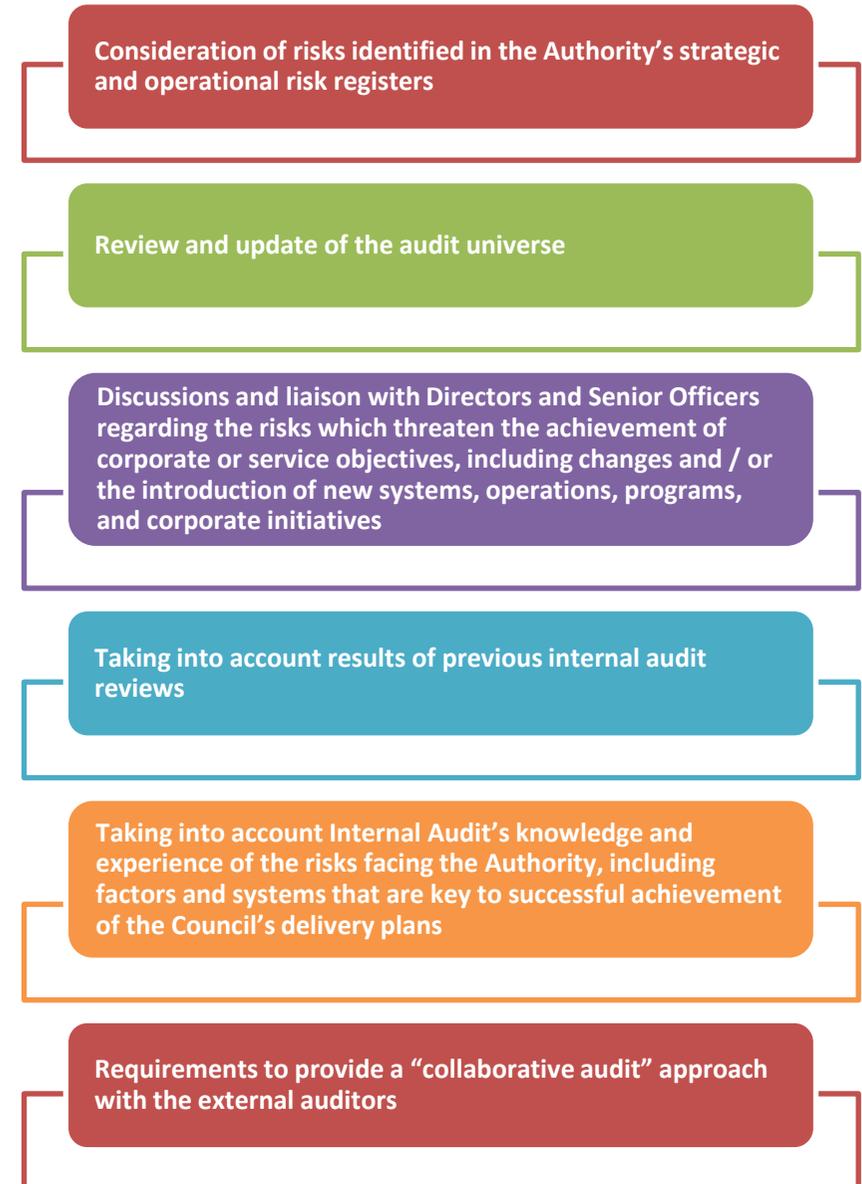
Appendix 2 - Audit Needs Assessment



We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The resultant Internal Audit Plan for 2013/14 was built from this assessment.

The audit plan for 2013/14 plan has been created by:



Appendix 3 – Performance Indicators

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)	2012/13	2012/13	2013/14	2013/14
	Target	Actual	Target	Actual
Percentage of Audit plan Commenced (Inc. Schools)	95%	97.75%	100%	96.5%
Percentage of Audit plan Completed (Inc. Schools)	90%	94.3%	93%	94.6%
Actual Audit Days as percentage of planned (Inc. Schools)	90%	99.7%	95%	97.5%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%
Percentage of chargeable time	65%	66.1%	65%	69.3
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	94.5%	90%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	79.7%	90%	80.1%
Final reports produced within target number of days (currently 10 days)	90%	86.4%	90%	89.1%
Average level of sickness absence (DAP as a whole)	2%	2.9%	2%	3%
Percentage of staff turnover (DAP as a whole)	5%	8.5% (3 people)	5%	3%
Out-turn within budget	Yes	Yes	Yes	Yes

Overall, performance against the indicators has been very good. We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

Appendix 4 – Summary of audit reports and findings for 2013/14

Risk Assessment Key

LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Assurance Progress Key

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

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Corporate Services – Finance					
Lodged Purchase Cards	ANA - Low	Final	Good Standard / Improvements Required	Assurance was reported in the half year report; please refer to that report for details.	
Treasury Management	ANA - Low	Final	Good Standard	<p>A formally approved, CIPFA compliant Treasury Management Strategy is in place, and comprehensive Treasury Management Practice Schedules have been prepared.</p> <p>There is clear separation of duties, and, with the exception of Pension Fund investments, the LOGOTECH system is effectively reconciled to the main accounting system on a regular basis.</p> <p>Cash flow is accurately forecasted, calculated and recorded, and investments are only placed with approved counter parties; however we have recommended that group counterparty limits are formally set out within the Investment Strategy.</p> <p>The majority of previous issues have now been actioned.</p>	
Bank Reconciliation	ANA - Low	Final	Good Standard	Bank reconciliations, including those for Local Payment Schools are undertaken promptly and effectively. Issues were found in relation to the lack of timely senior officer review for certain accounts, and in relation to timely clearance of unreconciled items on the County Fund.	

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>The new Barclays.NET online banking system was found to be operating effectively, although recommendations have been made in relation to improving the current user access management procedures.</p> <p>A follow up of last year's recommendations found that all have now been implemented.</p>	
Routine Maintenance System (RMS)	ANA - Low	Final	Good Standard	<p>The audit opinion of a "Good Standard" reflects the positive findings of the process in how the RMS system satisfies DCC financial regulations and the historical records maintained within it. We have made some recommendations over the general maintenance of the system that will provide better safeguards for those who are responsible for the administration of the system.</p>	
Annual Leave Accruals	Client Request	Final	Good Standard	<p>The methodology used to calculate the financial value of the annual leave, flexi time and TOIL accrual figure is robust and accurate and no errors were identified in the calculation of values.</p> <p>Some errors were identified when reconciling a sample of figures returned by Accountants to original source documents provided by the employee. These findings resulted in a decrease of £17k in the overall value included in the financial accounts.</p> <p>Recommendations have been made to enhance existing arrangements to reduce the risk of undetected error in the reported annual leave accrual figure.</p>	
Duplicate Payments	ANA - Low	Completed	Not applicable	<p>The organisation is currently considering options to address potential duplicate payments. We are supporting the organisation to address historical duplicates that have been identified, and to look at preventative controls to minimise the occurrence of future duplicates.</p> <p>An external supplier has provided a demo of their product and the output is currently being reviewed. We have also looked into the option of providing our own testing of duplicate payments using our IDEA software. Viable options will be put forward to Senior Management for a decision in the near future.</p>	Not applicable

Corporate Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Fixed Assets	ANA - Low	Draft	Good Standard	<p>Controls in relation to fixed assets are robust, with adequate procedures in place for additions, disposals, and ensuring that asset register entries are complete and accurate. The report is being discussed with management and opportunities to improve control, where appropriate, will be agreed shortly.</p>	 *
Income Collection	ANA - Low	Draft	Good Standard	<p>Income Collection and Allocation processes are operating effectively within a reasonably sound overall control environment with most processes operating as expected and as required by the organisation. In addition, it is understood that the practices remain PCI compliant.</p> <p>Transactions are uniquely identified within the system and reconciliation processes ensure that income is accounted for and accurately recorded in Finest.</p> <p>It is also pleasing to note that progress has been made against last years agreed actions and recommendations.</p> <p>There are some areas where consideration and implementation of additional measures would enhance the existing control framework and therefore reduce the risk to the Authority, however it is noted that due to operational needs management have previously accepted the associated risks.</p>	 *
Debtors / Debt Recovery	ANA - Low	Draft	Good Standard	<p>Debtor processes are operating effectively within a reasonably sound overall control environment with most processes operating as expected and as required by the organisation.</p> <p>It is also pleasing to note that progress has been made against last years agreed actions and recommendations.</p> <p>There are some areas where consideration and implementation of additional measures would enhance the existing control framework and therefore reduce the risk to the Authority, however it is noted that due to operational needs management have previously accepted the associated risks or action to resolve remains ongoing.</p>	 *

Corporate Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Barclaycard / Debit Cards	ANA - Low	Draft	Good Standard	<p>The processes established to deal with purchasing cards are comprehensive and detailed and guidance has been established for users, which is issued with new cards.</p> <p>It was noted that guidance had not been subject to recent review and testing found areas of non-compliance with expectations leading to a risk of unauthorised spend.</p> <p>Recommendations have been made to enhance the existing control framework and address the non-compliance issues identified during the audit.</p>	 *
Main Accounting System	ANA - Low	Draft	Good Standard	<p>Main accounting system processes are operating effectively within a reasonably sound overall control environment with most processes operating as expected and as required by the organisation.</p> <p>It is also pleasing to note that progress has been made against last years agreed actions and recommendations.</p> <p>There are some areas where consideration and implementation of additional measures would enhance the existing control framework and therefore reduce the risk to the Authority. Accordingly recommendations have been made in relation to ensuring consistent monitoring of all suspense accounts, maintaining accuracy of links to monitoring reports and the list of journal authorisers, and the clearance of accrual balances.</p>	 *

The following audits are in progress at year end.

- Finest System Administration (ANA - Low)
- Creditors (ANA Low)

It is anticipated that the reports will be issued & agreed in the first quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.

The following audits were deferred

- Client Finance Services – Direct Debits
- Client Finance Services – Debt Recovery
- CM2000 Project and Interface with Payroll

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Corporate Services – Human Resources					
Payroll – PRISM upgrade	Client Request	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
HR – H&S – Ill Health Referrals	Client Request	Final	Good Standard	<p>There are clear documented operational procedures in place for making and processing ill health referrals, and these are adhered to in practice. Operational standards include Key Performance Indicators, and there is an expectation for clinicians and administrators to adhere to them for the extended in-house service provided to the Council; however HR management do not receive related performance reports</p> <p>The service has well documented codes of confidentiality, and adequate robust physical and logical access controls in terms of data security. Feedback obtained on the service provided did not identify any significant issues.</p>	
Payroll	ANA - Medium	Draft	Improvements Required	<p>As was the case last year, although an overall 'improvements required' opinion has been given, this is due mainly to two specific areas of the payroll function. These areas aside, the majority of processes and controls in place are deemed to be effective.</p> <p>The first area of concern is around authorisation of amendments to individual payroll records which could result in inappropriate changes to the system being made. This was discussed with management and reported last year; however the related risk was accepted due to the resource implications of implementing the related recommendation. We note that the impending introduction of self-service is likely to resolve this control weakness, once in operation.</p> <p>The second relates to the use of suspense / control accounts, as last year's audit found that these had not been reviewed during the year. Since last year's report, significant work has been undertaken by the Council to clear outstanding balances, however work remains both to complete this process, and to introduce procedures and controls to ensure the situation is not repeated.</p>	 *

Corporate Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Auto Enrolment	Client Request	Draft	Good Standard	<p>The return on Auto Enrolment was found to be accurate and complete and the documented procedures generally effective and user friendly.</p> <p>The Auto Enrolment Letter Production Report was inconsistent in the way the figures were reported. Additionally, it was identified that better alignment of reporting timing would facilitate improved reconciliation practices. The issues identified did not affect the accuracy of the figures returned, but may have a future impact if not resolved.</p>	 *

The following audits are in progress at year end.

- Payroll – Redundancy (Client Request)
- HR – Job Evaluation Process (Client Request)
- HR – Consultants & Employment (Client Request)

It is anticipated that the reports will be issued & agreed in the first quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.

The following audits were deferred

- Payroll – Real Time Information (Client Request)
- Payroll – Integration of Benefits & Expenses within PRISM (Client Request)
- HR – One Self Service (Client Request)
- HR – CRB Checks (Client Request)
- HR – Absence Management Reporting (Client Request)

The following audits were cancelled

- HR – Contracts / Service Level Agreements (Client Request)
- Payroll – Integration of Payroll and HR Admin (Client Request)
- Payroll – PRISM upgrade to FUSION (Client Request)

Corporate Services – IT Audit

ICT SWGFL	ANA - Medium	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
ICT Back ups	ANA - Low	Final	High Standard	Assurance was reported in the half year report; please refer to that report for details.	
Finest Application	ANA - Medium	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
ICT Finest Review Project	Client Request	Completed	Not applicable	From a financial perspective, the Council is in a 'catch-22' situation whereby implementation of a new core financial system would consume a considerable amount of capital and yet, from a revenue perspective,	Not applicable

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				there would be material year on year savings. However, in the absence of the capital required to fund a replacement project there is little option other than to continue with Finest and make improvements to current business processes.	
ICT Service Strategy & Delivery	ANA - Critical	Briefing Note Pending (June 14)	Not Applicable	<p>The current ICT strategy is based upon the creation of a strong 'intelligent client' function which would serve to ensure that value for money is obtained when identifying and procuring future business solutions. In terms of best practice, the proposals closely mirror the strengths of the ITIL 'Service Design' and the adoption of a lifecycle approach to service delivery. This will form a strong basis for delivering affordable business solutions. Furthermore, the focus on strong 'business intelligence' has increased nationally and the level of spend via a 'Smart Sourcing' approach has increased significantly in recent years.</p> <p>Further work is needed to identify the individual elements of best practice that would help ensure a successful transition in the way future services are delivered. Strengths, weaknesses, opportunities and threats have been identified along with a number of critical success factors. The most important of these is the obtaining wider corporate buy-in and understanding of what ICT offers as a vehicle for transformational change. With this in mind, Internal Audit need to engage with key ICT's stakeholders, examine governance structures and identify how the value of ICT can be fully realised.</p> <p>A formal report on ICT Strategy will be issued in June 2014. The key findings and observations will serve to inform the plan of work for 2014/15 which is based around key aspects of ITIL v3 best practice whose principles are now embraced by ICT Management. Work will need to be appropriate to the level of ITIL maturity that can be achieved within the current workloads and financial constraints.</p>	Not applicable
ICT Service Operation (Process) - Access Management	ANA - High	Draft	Good Standard	The Council recognises that there are weaknesses in policies connected with the Council's use of ICT and a review of these by the Information Governance Team is planned for 14/15. We have recommended a number of points that should be taken into consideration	

Corporate Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>by those performing this review.</p> <p>The control framework is generally sound although improvements are required in:</p> <ul style="list-style-type: none"> control over “administrator” accounts; contractor access accounts <p>to prevent inappropriate access or undetected loss.</p>	

The following audits have yet to be started
 ICT Service Design - The non-availability of key ICT staff during the first half of the year due to workloads, no formal audit has been conducted. Information has been gained as part of the work undertaken on ICT Strategy. Despite current immaturity in this area, the current strategic path identified within the current ICT Strategy would fundamentally change and enhance this crucial area.

Corporate Services – Business Strategy and Support

Management of mobile phones	Client Request	Draft- final report to be issued very shortly	Improvements Required	<p>Since inheriting the mobile phone estate, the Central Support team have made good progress in ensuring that there are formal processes in place. There are still a number of areas which are undergoing significant change, and further improvements are required in relation to updating the centralised database; introducing a formal process for monitoring leavers and movers; contractual arrangements with other mobile phone providers; managing mobile phone renewals; and monitoring non-business use of mobile phone.</p> <p>We note that these weaknesses had already been identified by the Central Support team and that they were undergoing a number of changes to improve current processes.</p>	
Car Hire Booking System	Client Request	Draft – final report to be issued very shortly.	Good Standard	<p>Access to both car hire booking systems is limited to an appropriate number of officers. There has been a move towards a central billing process which should help to mitigate the risk of delay or non-payment to their suppliers.</p> <p>Car hire guidance notes are clear and easily available. There is also a link to the Corporate Business Travel Policy; however, whilst the Vehicle Hire Terms & Conditions state that “all hires must be authorised by your</p>	

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>line manager before making a booking”, this is not reflected in the Corporate Business Travel Policy.</p> <p>There are still approximately 40 officers who can make bookings outside of the central booking process, allowing vehicles to be hired without line manager approval. Controls would be strengthened if this number were to be reduced further.</p>	
Procurement and Contract audit – consultancy / advice as required to include ‘Deviant’ / Off Contract spending	Client Request	Ongoing	N/A	N/A	Not Applicable
‘Deviant’ / Off Contract spending	Client Request	Draft	Improvements Required	<p>The basic elements for the Authority to be able to effectively manage of the risk of off-contract or "deviant" spending exist. Policies and procedures are in place together with a contracts database and spend data is available. However the Corporate Procurement Team needs to make better use of the financial data available, in conjunction with the contracts database in order to better monitor off-contract or "deviant" spending.</p> <p>It is the responsibility of whole organisation to ensure goods and services are procured in the appropriate manner. Devolved decision making and payment processing means there is a need to train and monitor.</p> <p>In order for procurement related objectives, policies and procedures to be followed effective communication, interdepartmental co-operation and awareness and buy-in are key. For example procurement were not informed of recent changes to code of business conduct documentation to which they have links on their intranet pages. Compliance is imperative and an element of policing is required involving Corporate Procurement.</p>	 *

Corporate Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

The following audits have yet to be started

- Strategic & Operational internal information management (Client Request)
- Finance & Banking Services – review of contract (Client Request)
- Financial Resilience of Significant Suppliers (Client Request)

The following audits are in progress at year end.

- HR – Records Disclosure Service (Client Request)

It is anticipated that the reports will be issued & agreed in the first quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.

The following audits were deferred

- Payroll – Benefits realisation of improvements to the Oracle Platform (Client Request)

Corporate Services – Public Health

Public Health - PH Public Payments	Client Request	Final	High Standard	<p>Payments made were supported by a contract, and paid via Finest by periodic payment schedule. Public Health has applied robust financial procedures that are compliant with DCC's Financial Regulations and PH's own detailed procedure notes.</p> <p>There are good monitoring procedures in place for payments for services made to GP Surgeries and Pharmacies. Reconciliation will be completed at the end of the financial year between planned payments made and actual payments earned. For Providers who have been overpaid, the amount will be set against future payments in 2014/15, for Providers who have been underpaid, the amount will be paid immediately, supported by a remittance advice to indicate what the payment is for.</p>	
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The following audit has been deferred

- Public Health – Ongoing delivery of services (Client Request)

The following audit was cancelled

- Health and Wellbeing Board – cancelled (client request as this duplicated 2013 LGA Peer Review of Health and Wellbeing Board)

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Corporate Services – Legal Services					
Democratic Services – Members Travel and Allowances	Client Request	Final	Good Standard	<p>In terms of the content of the member’s allowances scheme, its approval, and its publication, the majority of statutory requirements have been met.</p> <p>Payments reviewed were considered appropriate, however there is no requirement for review of receipts for reimbursed expenses, so testing was limited accordingly. Without an inspection of at least a sample of receipts, there’s a risk that inappropriate or inaccurate claims may be processed, however no recommendation has been made in this respect as Council wide rules on expenses submitted via CarPlan do not require these checks to be undertaken. It would therefore not be appropriate to recommend that more stringent rules are applied to members.</p> <p>Recommendations have been made to clarify guidance in a number of areas, and we have also suggested that the scheme is amended to cover all expenses relating to members’ duties, ensuring that amounts are properly approved and subject to public scrutiny.</p>	
Registrars	Client Request	Final	Good Standard	<p>Processes exist to store, record and reconcile income and certificates. The audit revealed some areas where these could be improved to provide greater security or improved documentary evidence of transactions. Inconsistency in processes between offices would be addressed by the development and dissemination of comprehensive procedural documentation.</p> <p>The Service anticipates expanding options for customers to make on-line payments and we have facilitated initial discussions to enable a more efficient service.</p>	

Corporate Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Corporate Services - Other					
Data Protection (Compliance and Improvement)	Client Request	Final	Good Standard	<p>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. 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, there is a potential gap in the knowledge and understanding of those staff handling sensitive and high-risk data.</p> <p>The effectiveness of the framework should be subject to rigorous compliance monitoring by management to ensure that awareness is embedded in day-to-day working practices and a programme of regular reminders to staff.</p> <p>We have made recommendations to improve the overall governance framework for data protection, records management and the sharing of data outside of the European Economic Area (EEA).</p>	
Risk Management	ANA - Critical	Final	Working	<p>A significant amount of activity has been undertaken across all departments in response to the audit recommendations. This has included zero-based reviews of risk registers, identification of officers to work with management teams to identify record and escalate risks as necessary, refreshing the terms of reference of the Corporate Risk Management Group, updating the Risk Management Policy Statement and the requirement for risk owners to complete an e-learning package.</p>	
Grants – the majority of which relate to 2012/13, but audited as part of the 2013/14 plan					
Skills Funding Agency	Client Request	Completed	Certified	No issues identified	
Active Devon	Client Request	Completed	Certified	No issues identified	
Education SCITTS	Client Request	Completed	Certified	No issues identified	

Corporate Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
East of Exeter	Client Request	Completed	Certified	Findings passed to Grant Thornton who signed off the claim without amendment or qualification.	
Teachers Pensions	Client Request	Completed	Certified	<p>Issues were identified and resulted in external audit qualifying the annual return and the Authority devising an action plan for the TPA.</p> <p>Recent follow up activity by Internal Audit confirmed that the action plan is being implemented. The audit of the 2013/14 return is planned for August 2014; following this we will be able to provide an assurance opinion for the 2013/14 return and the effectiveness of the action plan.</p>	
South Devon Link Road	Client Request	Completed	Certified	Findings passed to Grant Thornton who signed off the claim without amendment or qualification.	
Local Transport Capital Block Funding	Client Request	Completed	Certified	No issues identified	
Troubled Families (two submissions)	Client Request	Completed	Certified	No issues identified	
Making it Local & Rural Enterprise Gateway	Client Request	Completed	Certified	No issues identified	
Local Sustainable Transport Fund – Breaking the Links	Client Request	Completed	Certified	No issues identified	
Local Sustainable Transport Fund – Access to Education	Client Request	Completed	Certified	Qualified declaration made due to one item of expenditure having been identified which had not been incurred during the financial year to which the grant monies related.	
Local Infrastructure Fund	Client Request	Completed	Certified	No significant issues identified	
The following grant audits were deferred				The following grant audits were cancelled	
<ul style="list-style-type: none"> - Growing Places Fund 				<ul style="list-style-type: none"> - Unlocking Our Coastal Heritage - Flood Resilience Community Pathfinder - Capital Pinch Point Money - Rural Growth Network 	

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<u>Interim Head of Children's Social Work Service & Child Protection (Fiona Fitzpatrick)</u>					
Children's Centres	ANA - Low			Assurance was reported in the half year report; please refer to that report for details.	
ECI – Countess Wear / Chestnut / Flying Start		Final	Improvements Required		
Barnardos – Tavistock		Draft	Good Standard		
AFC – Two Moors / Wilcombe		Draft	High Standard		
Children's Homes - financial audit	ANA – Low			Assurance was reported in the half year report; please refer to that report for details.	
Birchen Lane		Final	Good Standard		
Community Budgets 'Troubled Families'	Client Request	Ongoing	N/A	Checking and certification of periodic grant claims.	
Care Leavers – Training Flat	In year request	Draft	Improvements Required	The contractual arrangements around the current flat are perceived to leave the Local Authority at risk of reputational damage and possibly financial loss. Whilst the service provision should continue, it should only do so when there are proper contractual arrangements in place. This is likely to require a change in provider for the flat itself. Training flats per se can be a valuable tool in Social Care provision for care leavers.	
The following audits have been deferred as agreed into the 2014/15 financial year:-					
<ul style="list-style-type: none"> - Fostering Service - Adoption Service 					

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Head of Education & Learning (Sue Clarke)					
Children Missing in Education	ANA – Medium	Draft	Improvements Required	Assurance was reported in the half year report; please refer to that report for details.	
Access to Education Services (Traded Services for Schools).	ANA – Medium	Draft	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Special Schools Residential Review	In year request	Final	N/A	<p>A review of the residential element of special school funding was undertaken the purpose of which was to consider if the current funding model for the residential provision at the three DCC maintained residential special schools was fit for purpose.</p> <p>The review identified significant concerns on the financial viability of Oaklands Park (OP) with a carried over deficit of £210k in 2012/13 and currently forecasting a deficit of £363k for 2013/14. Additionally, OP did not operate at full occupancy during 2012/13 and this trend looks similar for 2013/14. As such it is highly unlikely they will receive their maximum top-up funding and their financial situation will worsen if the 'safety net' is removed.</p> <p>Social Care currently fund 52 week placements and respite care at OP. These placements are commissioned at a different rate and on a different basis from that of the weekly/termly residential boarders at the school. We recommend that CSET and Social Care commissioning arrangements are aligned to ensure that the funding reflects the needs of the student.</p> <p>Marland is one of the few local authority maintained schools that offer termly residential provision; only three others were identified (Bristol City Council, Lancashire County Council and Wandsworth Council). The trend appears to be more towards a flexible boarding arrangement as such</p>	

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>DCC and the school may want to explore future residential provision at Marland.</p> <p>In 2012/13 Ratcliffe residential provision operated with a surplus however without the 'safety net' for 2013/14 they would be in a deficit position. Ratcliffe offers a flexible boarding arrangement which appears to be popular with the parents and is consistent with the current trend by other local authorities. This potentially could be an expensive method of operating a residential special school as currently an individual is allocated a bedroom regardless if they use this room one, two, three or four nights a week. Ratcliffe and DCC may wish to explore the option of these bedrooms being utilised to full capacity; an approach used by a significant number of other local authorities.</p>	
<p>The following audit has been deferred as agreed into the 2014/15 financial year:-</p> <ul style="list-style-type: none"> - The Virtual School - Children in Care - SEND Implementation & Delivery 					
<u>Head of Social Care Commissioning (Tim Golby)</u>					
Framework Contracts	ANA - High	Ongoing			
PLUSS	In year request	Draft	Improvements Required	<p>Limited procedures are in place to ensure that the monthly PLUSS invoice is for goods and services that have been received and are of the quality and quantity ordered. The audit trail at DCC from order to receipt of delivery to payment needs to strengthen considerably.</p> <p>Testing a sample of deliveries made to individual clients and satellite stores identified a number of issues, the key ones being: -</p> <p>:</p> <ul style="list-style-type: none"> • A significant number of deliveries to satellite stores were incomplete owing to a number of SADL equipment items being out of stock at time of order. As a result, some equipment had to be re-ordered at a higher delivery priority. • No effective ordering tracking system in place. The 'prescriber' ordering 	

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>the equipment has minimal information about what is out of stock and what has been delivered. Testing identified two duplicate orders - one to an individual client and one to a hospital.</p> <ul style="list-style-type: none"> • Three orders were made via telephone BUT not followed up with an order form. Signed delivery notes exist for two of the orders and DCC was charged for the equipment delivered. No delivery note was found for one of these orders delivered at the highest delivery priority (urgent). Without the authorised order form or signed delivery note we are unable to verify that the charges incurred upon this transaction were correct. • In the majority of cases, SADL equipment are ordered via the community equipment prescription the design of which is suitable for the retail model but not for equipment being ordered via the CES. The form is too short and does not permit bulk orders which sometimes results in number of order forms being processed all of which result in a delivery charge. In addition, the form does not allow the delivery priority to be clearly stated meaning it is difficult to verify whether the equipment had been delivered as per the instructions on the order form. <p>Significant amounts of SADL equipment is ordered via the CES rather than via the retail model; review is required as this is not in line with expectations when the retail model was rolled out.</p>	
<p>The following audit has been deferred as agreed into the 2014/15 financial year:-</p> <ul style="list-style-type: none"> - Contract Management 					
<u>Head of Adult Social Care (Sally Slade)</u>					
Care Direct Plus (CDP)	ANA - Medium	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Administrative Support	ANA - Medium	Final	Improvements Required	Assurance was reported in the half year report; please refer to that report for details.	
Reablement	ANA - High	Ongoing			

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
RCH / Day Centres – establishment / financial audit	ANA - Medium				
Charlton Lodge		Final	Improvements Required	<u>St Lawrence</u> Areas for improvement were identified within the following areas:- <ul style="list-style-type: none"> • Not raising purchase orders for all goods and services; • Client Suspense accounts going overdrawn; • Incomplete audit trail regarding the management and banking of Official Income (Staff/Visitor Meals); • Incomplete management of Client Property; • Large number of items held where ownership unknown; • Ineffective stock control procedures; • Fuel Card not retained securely. 	
Daw Vale		Final	Good Standard		
St Michaels Day Centre		Final	Good Standard		
St Lawrence RCH & Day Centre		Final	Improvements Required	<u>Harewood</u> Areas for improvement were identified within the following areas:- <ul style="list-style-type: none"> • Completing purchase/requisition orders for all goods and services; • Inconsistencies with regard to item codes leading to incorrect codes being used; • Imprest account reconciliation procedures and the recording of VAT; • Evidence supporting additional hours claims by Day Centre staff; • Confirming the Inventory review covers both the day centre and residential home; • Transfer of the suspense account from Nat West to Barclays; • Closer monitoring regarding ordering and recording of stock / cleaning materials; • Periodic checks of driver's log books. 	
Bodley CCSC & Day Centre		Final	High Standard		
Harewood RCH & Day Centre		Final	Improvements Required		
Tumbly Hill DC		Final	Good Standard		
Tiverton Fulfilling Lives		Final	Good Standard		
Care Home Quality Improvement Programme	ANA - Low	Final	High Standard	There is sufficient evidence that the current quality improvement programme is being effectively managed. Robust, timely quality assessments are undertaken based on methodology that is fit for purpose. Unit Managers are held accountable for findings from these assessments and are required to include them within their Unit Improvement Plan. The Provider Management Group receives regular	

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>updates on findings from these assessments including areas of best practice. A Quality Improvement Board is in place providing an effective forum against which progress to address significant weaknesses can be monitored.</p> <p>A comprehensive and current Whole Improvement Plan and an effective risk register are in place both of which are monitored and updated by the Provider Management Group.</p>	
Assistive Technology across Devon		Draft	n/a		
<u>Finance / Cross Cutting</u>					
Mental Health Team Processes	ANA - Low	Final	Improvements Required	Assurance was reported in the half year report; please refer to that report for details.	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Place – Services for Communities					
Risk Management incl. Partnership Registers		Final	Working	<p>Zero-based review of risk registers in People, Place and Corporate Services have been completed with the Corporate Risk Register being updated accordingly. Principle partnerships have been assessed during the zero-based review and a partnership register is being developed.</p> <p>Public Health colleagues, being a new responsibility of the Council, have produced an assurance framework aligned to the draft strategic framework for Public Health; risks have been identified and a risk register is now in place.</p> <p>The Risk Management Policy Statement has been updated and approved and Terms of Reference for the Corporate Risk Management Group have been refreshed. Risk owners are now expected to complete the risk management e-learning module provided by the Council or be able to evidence completion of suitable alternative training.</p>	
Libraries – Compliance with Payment Card Industry Standards	ANA - High	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.	
Members Locality Budgets and Town and Parish Fund	ANA - Medium	Final	Good Standard	<p>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.</p> <p>There are procedures in place to enable the Council to monitor the outcomes of both of the schemes, which will be further with the implementation of the agreed action plan.</p>	
Relationships with Vol & Community Organisations	ANA - High	Complete	Not applicable	There are a number of complications when identifying the DCC spend made with voluntary and community organisations as there is no single linking factor. Using data analysis software, Internal Audit were able to identify spend against pre-identified organisations which provided more accurate data for use by the service.	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Trading Standards Partnership	ANA - Medium		Deferred	The focus of the work was to be a 'critical friend' following recruitment to the Intelligence Unit but delays in the recruitment process has resulted in this work being deferred until June 2014.	
Libraries – Self Service Kiosks, Hubs (WDDC & Pymts), Library Mgmt System	ANA - Medium		Cancelled	There has been on-going dialogue with the Operational Service Manager regarding Libraries service development. Audit input was originally due to commence in September but due to changes in the scope and scale of the projects audit involvement was no longer required.	
Adult & Community Learning Team	ANA - Medium		Cancelled	There is a new service manager in post and a Management Information System has been procured to replace the aging AQUA system and it was agreed that the planned review was not appropriate at this time.	

Place - Highways Capital Development & Waste Management

ECC Routine Maintenance System	ANA - Low	Final	Good Standard	The audit opinion of a “Good Standard” reflects the positive findings of the process in how the RMS system satisfies DCC financial regulations and the historical records maintained within it. We have made some recommendations over the general maintenance of the system that will provide better safeguards for those who are responsible for the administration of the system.	
Jacobs Contract – KPI's	ANA - Medium	Final	N/A	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. 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.	
Highways Virtual Joint Venture	ANA - Medium	Complete	N/A	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.	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
SWH - Orders & Payments	ANA	Final	N/A	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. The review considered how SWH had the capacity to carry out such a significant amount of additional unplanned work; whether there has been any duplication in the invoicing of 'storm' works and a review of 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.	
WDM - ELMS (Tree Management)	ANA - High	In Progress		This audit remains in progress at year end but no major concerns have been identified from our fieldwork to date.	
Waste Recycling Centres (new operators - SITA)	ANA - High	Draft	High Standard	The Intelligent Client responsible for this contract conducts a complete analyse of all waste movement through the recycling centre using the weighbridge tickets submitted by the Contractor. This information is recorded in a spread sheet which is used to inform returns to the Environment Agency as well as being used to verify the claim for payment information submitted by the Contractor. Due to basic management information systems and a lack of quality assurance of information, the contractor provides incomplete and inaccurate information to the Intelligent Client who are then undertaking a full analyse to establish the correct recycled tonnage values in order to make payment to the Contractor.	 *
Highways Deep Dive	Client In-Year Request		Ongoing	A project was set up to look at a number of services within Highways. The purpose of the project is to facilitate different thinking about a future vision for the service and to validate current savings strategies and consider opportunities to generate as of yet unrealised savings. Internal audit was part of a larger project team. The results of the project will be presented to the Corporate Leadership Team in the summer.	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Place - Planning, Transportation and Environment					
Climate Change – Carbon Reduction Scheme	Statutory Requirement	Complete	Certified	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 31 July 2013.	
Flood Response	ANA - High	Final	Good Standard	<p>The audit opinion is that the internal review and report to PLT in March 2013 represents an honest and frank assessment of the experiences of responding to the 2012 / early 2013 flood events and a proactive approach to developing and improving the response to future events. The issues highlighted and recommended improvements are considered a comprehensive action plan, and when fully implemented, should provide a much improved framework for responding to major flood events. There are effective governance arrangements in place regarding the status of the Council’s flood management arrangements through regular reporting to PLT and Scrutiny.</p> <p>Overall, since the action plan was first submitted to PLT in March 2013 good progress has been made in moving forward the recommended improvements although some remain work in progress.</p>	
Local Transport Plan	ANA - High		Ongoing	The Local Transport Plan has been developed jointly with Torbay Council. Some work has been undertaken in 2013/14 and time has been allowed in the 2014/15 audit plan to build on this work.	
Civil Parking Enforcement	ANA - Medium		Deferred	Civil Parking Enforcement is to be delivered in-house from April 2014 with CPE officers being TUPE’d across from the District Councils to the County Council. Due to the impending changes, It was agreed with management that it would be more beneficial to defer the review to mid 2014/15.	

PLACE

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

Place - Economy and Enterprise

The following audit reviews were no longer required:-

Devon Urban Growth Network
Measuring the Benefits of Funding.

Public Health

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Contract Payments	ANA - High	Final	High Standard	The systems and controls in place adequately mitigate the exposure to risks identified. Robust financial procedures have been applied consistent with DCC's financial regulations	

Appendix 5 - Customer Service Excellence

Customer Survey Results April 2013 - March 2014

The charts below show a summary of 75 responses received.

