

Internal Audit

Annual Audit Report 2014-15

Devon County Council
Audit Committee

June 2015



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 2014/15 was presented to and approved by the Audit Committee in March 2014. The following report and appendices set out the background to audit service provision; reviews work undertaken in 2014/15 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.

Robert Hutchins
Head of Devon Audit Partnership

Assurance Statement

Overall, and based on work performed during 2014/15 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 2014/15 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 2014/15.

Work has been affected by notable planned changes this year where the plan for People was significantly changed early in the year and a number of Corporate Services audits were 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 2014/15, 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 2014/15, 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

Risk management continues to strengthen and embed across the organisation. The Council is actively benchmarking with local risk leads, work which has been supported recently through Devon Audit Partnership. Commitment by CLT to quarterly review of the risk strategy should ensure that it remains fluid, reflecting priorities, emergent risks, opportunities and projects across the Council as a whole.

Governance Arrangements

The use of Impact Assessments in decision making processes is becoming more embedded across the organisation;

Devon Audit Partnership has been supporting the development of audit and assurance on contract management arrangement relating to the South West Devon Waste Partnership, to ensure that the County Council's interests are protected.

Economy Efficiency & Effectiveness

Audit support as the Council looks at ways of cost effective identification and continuous monitoring of duplicate creditor payments;

Audit support as the Council and contractor strive to improve the efficiency of works under the Highways Contract and achieve savings through the target costing mechanism.

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, HR audits and Business Strategy & Support 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 2014/15, including those audits carried forward from 2013/14;

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 authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.....”
- “.....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.

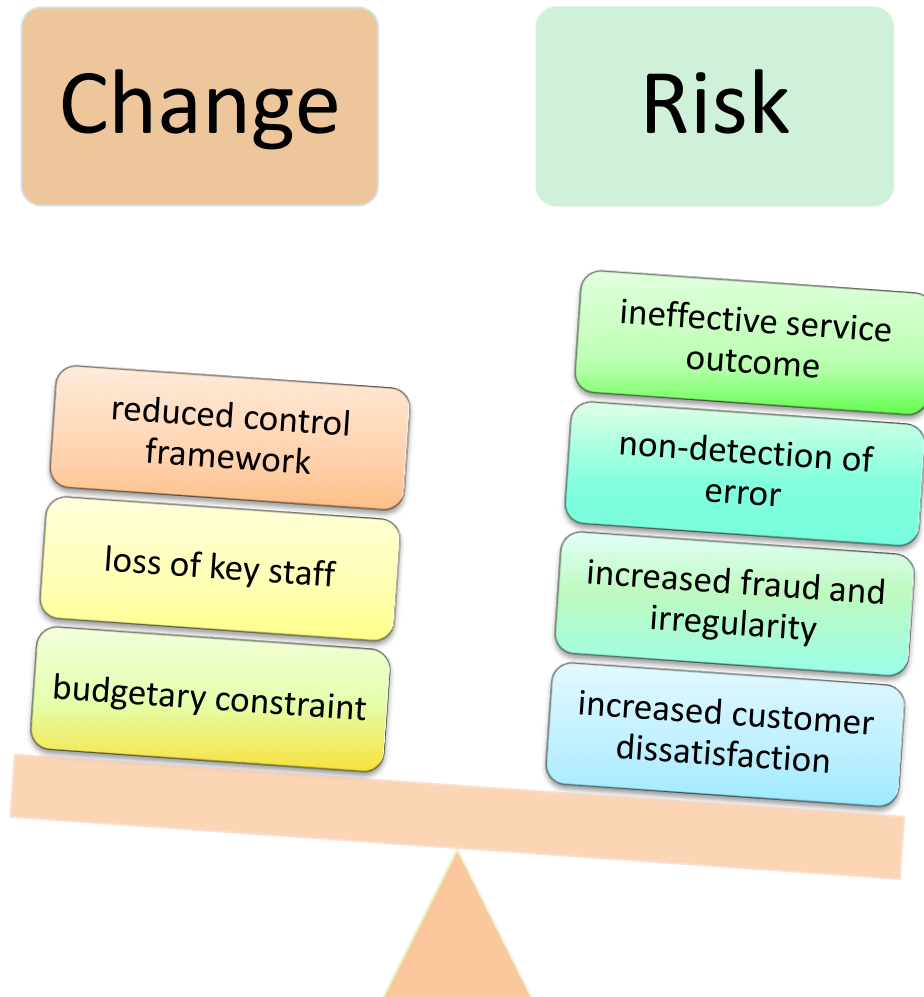
Professional Guidelines

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 significance. Some key areas of change that has seen audit involvement include:

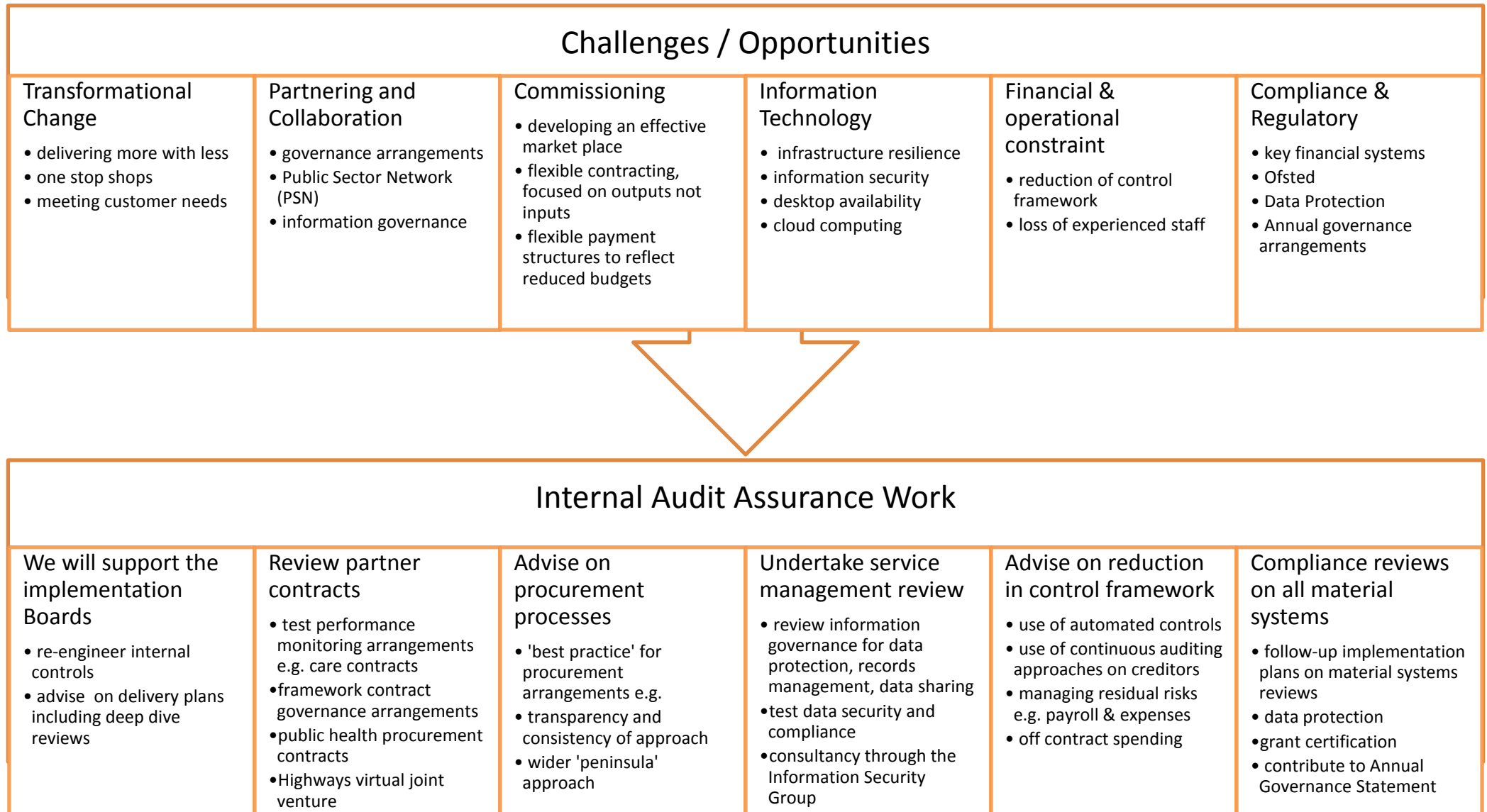
- introduction of Payroll Self Service for staff;
- performance management framework;
- merger of Devon and Somerset Trading Standards;
- optimisation of claims under the Bellwin Scheme;
- introduction of new accounts payable process;
- introduction of new budget planning process.

Audit are able to report that in these areas the potential risks have been carefully managed throughout the period of change so that their impact has been minimised.

The number of irregularity investigations has increased this year as the Council continues to face the consequences of continued reduction in the Authority's resources due to budgetary constraint, resulting in a perpetuating cycle of a reducing control framework. In some cases Audit have recommended changes to controls as a result of its investigations and management have taken disciplinary action where appropriate.

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.

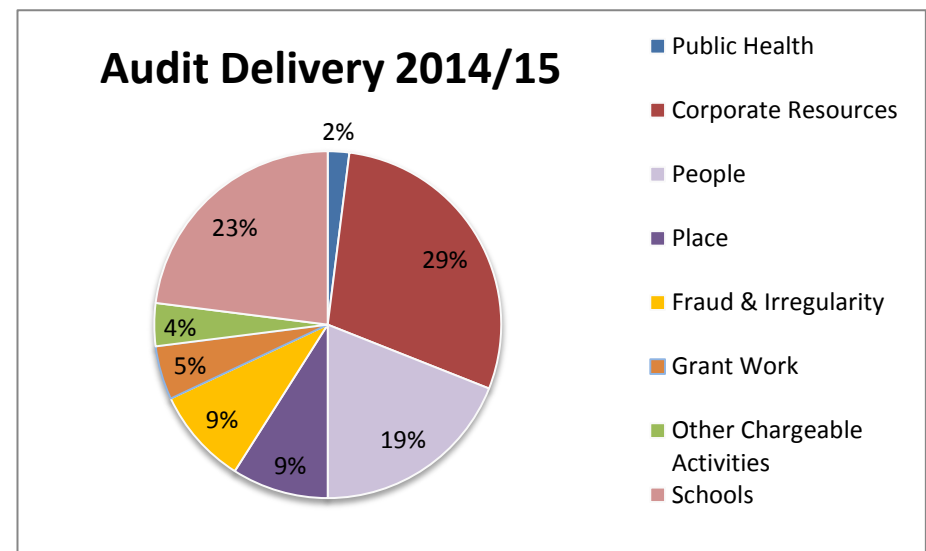
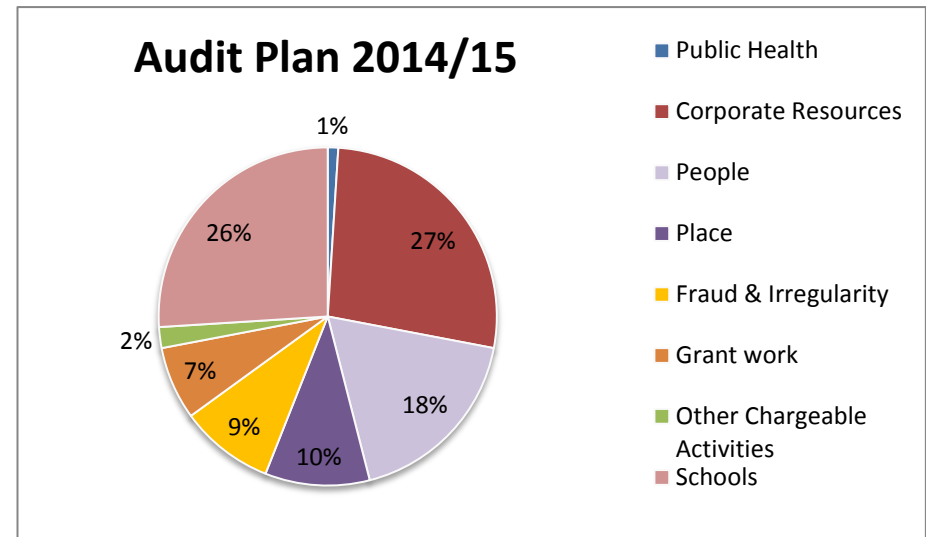


Audit Coverage and performance against plan

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 2014/15 against the revised audit plan. It will be noticed that there was a small variation 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 2014/15, 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.



Customer Value

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 2014. 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 November 2014.

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 2014.

Performance Indicators

Overall, performance against the indicators has been very good with improvements made on the previous year (see appendix 3). 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 further areas where performance in this area can be improved.

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 99% 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.

Added Value

We have had some very complimentary feedback some of the specific examples of where our team have been able to add value to the Council include:-

'The findings were instrumental in helping to stimulate the response by the Council ...'

'The process allowed us to reflect on all our systems and identify strengths and potential for improvement.'

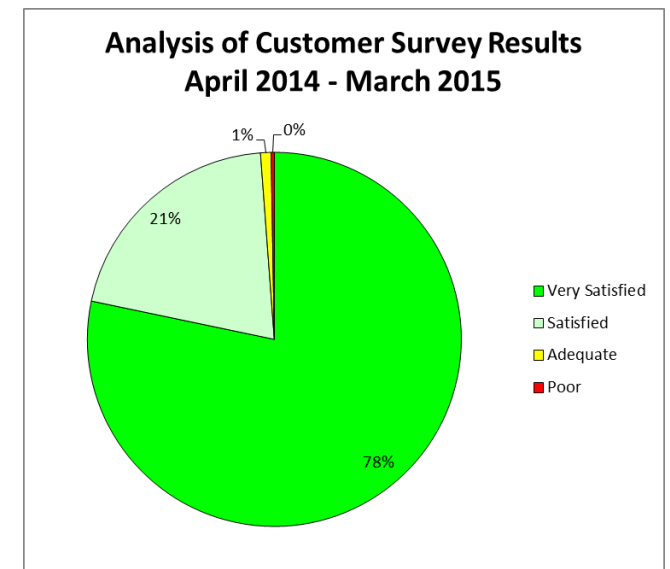
'Excellent introductory discussions involving professional officers from key areas of interest'

'The auditor was particularly well skilled at establishing a personal, yet professional rapport which created a relationship based on mutual trust and respect.'

'Full discussion with the professional leads involved ensured there was an all-round unified outcome for the actions points identified'

'The recommendations are helpful and I am keen that Corporate Leadership Team (CLT) have the opportunity to consider them and any subsequent responses or actions we wish to put in place'

'The planning and conduct of the report was informative and allowed for some self-reflection on processes. Useful to confirm some areas for improvement and prompted us to progress action''.



Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:-

- providing objective and relevant assurance
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes

Senior Management has found our engagement, support as a “trusted advisor” effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following areas:

Corporate Services

- consultancy work in relation to means of cost effective identification and continuous monitoring of duplicate creditor payments;
- involvement in HR One / Payroll system development projects ensuring that control issues are highlighted and resolved before implementation;
- supporting HR One in resolving prior year issues regarding Teachers Pensions contribution;
- ICT Service Strategy Plan – direction of travel for new plan;
- advising on process efficiency changes in relation to returned cheques;
- best practice sharing from other partners in relation to reconciliation of financial systems ;
- providing assurance that projects are realising the benefits originally intended within business cases;
- providing advice on how the Council conducts financial appraisals of prospective contractors and suppliers.
- helping to improve the SLA with Torbay Council and Plymouth City Council with respect to recharging of coroner’s costs and standardising the information received.
- providing advice on improvements that could be made to the Schools Finance Manual in relation to guidance on capital expenditure.
- identifying approximately £10k of previously unidentified duplicate payments

People

Being part of the “lean review” project team, where our detailed demand analysis provided a framework to identify and measure the impact of process change introduced at the Multi-Agency safeguarding hub (MASH).

Public Health

A benchmarking exercise was undertaken seeking details from other Public Health Local Authorities as regards any ‘District Offer’ provided to their districts. The benchmarking responses provided details of how other authorities undertook such an exercise and gave insight into potential best practice improvements which could be considered in future; the findings were used at a Public Health District event in September.

Place

- providing assurance that there is evidence that the use of Impact Assessments in decision making processes is becoming more embedded across the organisation;
- “audit partner” support in the development of audit and assurance on contract management arrangements and the Financial Allocation Mechanism relating to the South West Devon Waste Partnership, to ensure that the County Council’s interests are protected.
- audit “trusted advisor” support to the Highway TMC Cost Monitoring Board providing real time support and challenge as the Partnership strives to improve the efficiency of works under the Highways Contract and achieve savings through the target costing mechanism;
- “audit partner” support to the Corporate Risk Management Group and with shared information from a partner organisations on benchmarking of risk activities;
- audit “trusted advisor” support to the Performance Management Team on accessibility of performance management information in the new performance framework and one of the tasks has been to develop a way of presenting information in a more accessible format. .

Schools

Provision of financial management information to support the School Information Dashboard to improve the performance information. This has highlighted schools intervention requirements from governor support, school improvement and internal audit.

Internal audit coverage and results

Corporate Services

In our opinion, and based upon our audit work completed during the 2014/15, '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.

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.

Our ICT Audit work has been received positively with all areas reviewed providing assurance and challenge. Audit resources will continue to support ICT in aligning service delivery processes with ITIL best practice to meet the financial and technological challenges that lie ahead.

No significant concerns have been identified from our work including that on grants & management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 2.

Public Health

During the 2013/14 financial year a review of Public Health Payments was completed and an assurance of Good Standard provided. The operation of internal control within this area was found to be effective. In the first year of Public Health being within Devon County Council this was the only audit work undertaken within the directorate.

The District Offer £20k Allocation audit has an assurance of Improvements Required. Despite this lesser assurance rating from the more recent work undertaken it is felt that the general internal control environment within Public Health works effectively based upon the review of Payments last year.

Further to transfer of Public Health to Devon County Council on 1st April 2013, 2013/14 was the first year the £20k District Offer had been made and it has been acknowledged as a period of learning. Lessons learned from what worked well and where a clear lack of control and documented procedures exist leading to action being taken to remedy this along with relationship building and learning opportunities around procedures, policy and understanding. A potential for a more joined up approach across districts exists where resources / funding could be pooled for example to provide joint training initiatives.

Where recommendations for improvements have been made, actions plans have been agreed with management and management have responded positively to any recommendations for improvement.

Place

In our opinion, and based upon our audit work completed during the 2014/15 year, '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.

DAP's long association with this project continues. A Contract Manager was appointed during the year and we have been providing them with support and challenge on the contract management arrangements as well as participating in discussions on how the Financial Allocation Mechanism (FAM) will operate in practice. In addition, DAP have been developing a programme of audit and assurance checks and reporting that can be used by the Contract Manager and Internal Audit in the future

DAP were able to certify that the Council had fulfilled its obligations with regard the submission of data and compilation of supporting evidence for the CRC Energy Efficiency Scheme Annual Certificate issued 31 July 2014.

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

People

In our opinion, and based upon our audit work completed 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.

Any concerns identified through our work leading to recommendations for improvement are responded to positively by management.

Appendix 1 details the assurance opinions for individual audits. Definitions of the assurance opinion ratings are given in Appendix 2.

Findings from work in connection with our involvement in the various safeguarding alerts in which Audit has been involved are being collated and will shortly be provided in the form a report to management.

Schools

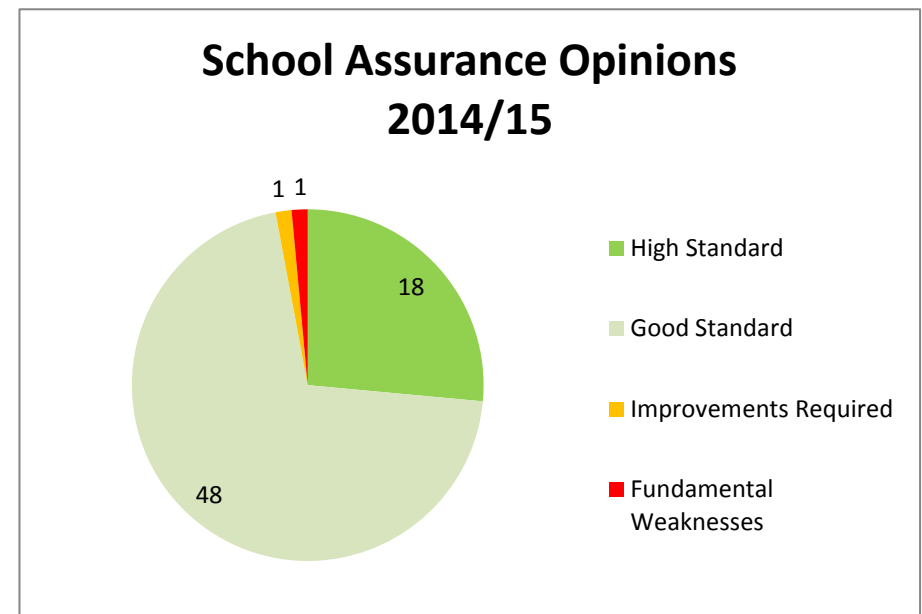
Our overall opinion is one of Good Standard. In general, the systems and controls in schools mitigate the risks identified in many areas. However, there are risks exposed in key areas which reduce overall assurance.

The key matters arising from the audits are the:

- quality 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; and,
- absence of financial benchmarking;
- financial controls inc. imprest, lettings and inventory

There are two schools where overall assurance is of concern, one of which we have reported fundamental weaknesses and the other improvements require. Both schools will receive support through a follow-up audit. 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 2015, seven signed returns had still not been submitted (all now received at the time of this report). The Head of Learning, through the financial Intervention Panel are considering what remedial actions should be taken for the schools who failed to submit their return on time.



Fraud Prevention and Detection

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. For the 2014/15 exercise, Internal Audit co-ordinated with Council departments the extract of relevant datasets, and then uploaded onto the NFI secure website. The subsequent matching reports were received back at the end of January 2015, and these are currently being examined either by Internal Audit or provided to relevant departments for their investigation.

Proactive anti-fraud work undertaken during the year; Three Fraud bulletins have been produced and published on DAP's website. A review of mileage claims identified anomalies. A review of Accounts payable data identified instances of duplicate payment totalling in excess of £9.000 and these were reported to officers for recovery.

Irregularities - During 2014/15, Internal Audit has carried out or assisted in 36 investigations throughout the combined service areas of DCC. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Total
Employee Conduct	13
Financial Irregularity	6
Bribery and Corruption	1
IT Misuse	6
Thefts	9
Tenders & Contracts	1

DAP provided evidence of an employee accessing non work related sites during work time. One financial irregularity (also reported to the Police) concerned an alleged fraudulent/fake invoice. DAP completed an investigation into allegations of bribery dating back five years, for which no evidence was found, and additionally, a recent procurement involving the same company found nothing untoward or of concern.

DAP provided data confirming that certain library users were accessing inappropriate images on library PCs, resulting in one user being banned from using the library, and PC access removed for 6 months. Advice has been provided on the use of GPS data to confirm the whereabouts of an employee, when they were supposed to be undertaking their duties, as well as forensic analysis of the employee's work mobile phone. The employee has since been dismissed. Mileage and expense claims were analysed and provided to HR to support another conduct investigation; the employee was dismissed.

Safeguarding issues regarding work in connection with four care providers has been investigated where financial abuse of clients was suspected. Audit has investigated the alleged overcharging by a Community Care provider involving several clients over a four month period. As a result, no more clients are being allocated to the provider. Additionally during the year Internal Audit has been notified of a number of thefts involving the loss of Council or client monies as well as equipment, from Council establishments including residential care homes, respite units and libraries. In most cases the Police were informed and Internal Audit provided advice to management on improvements to security and procedures. Audit continue to be asked to review mailboxes and internet logs to identify possible misuse or provide evidence as part of investigations into employee misconduct.

Appendix 1 - Annual Governance Framework Assurance

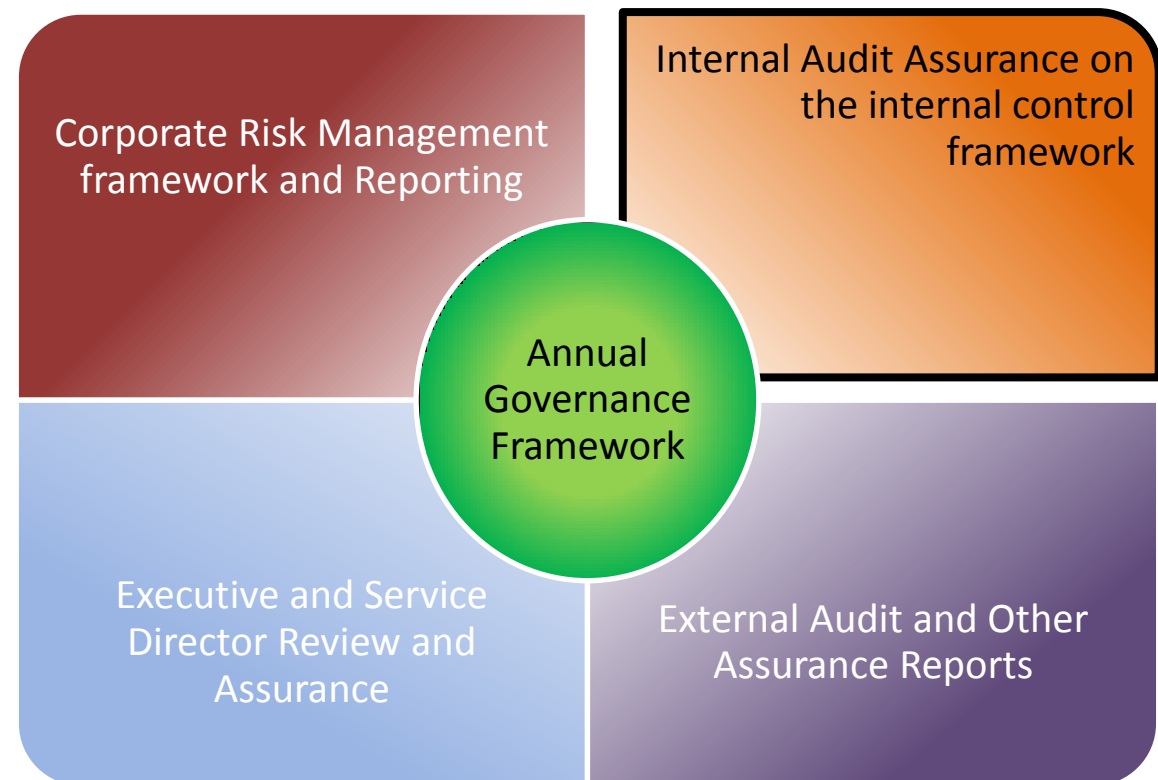
The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

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.



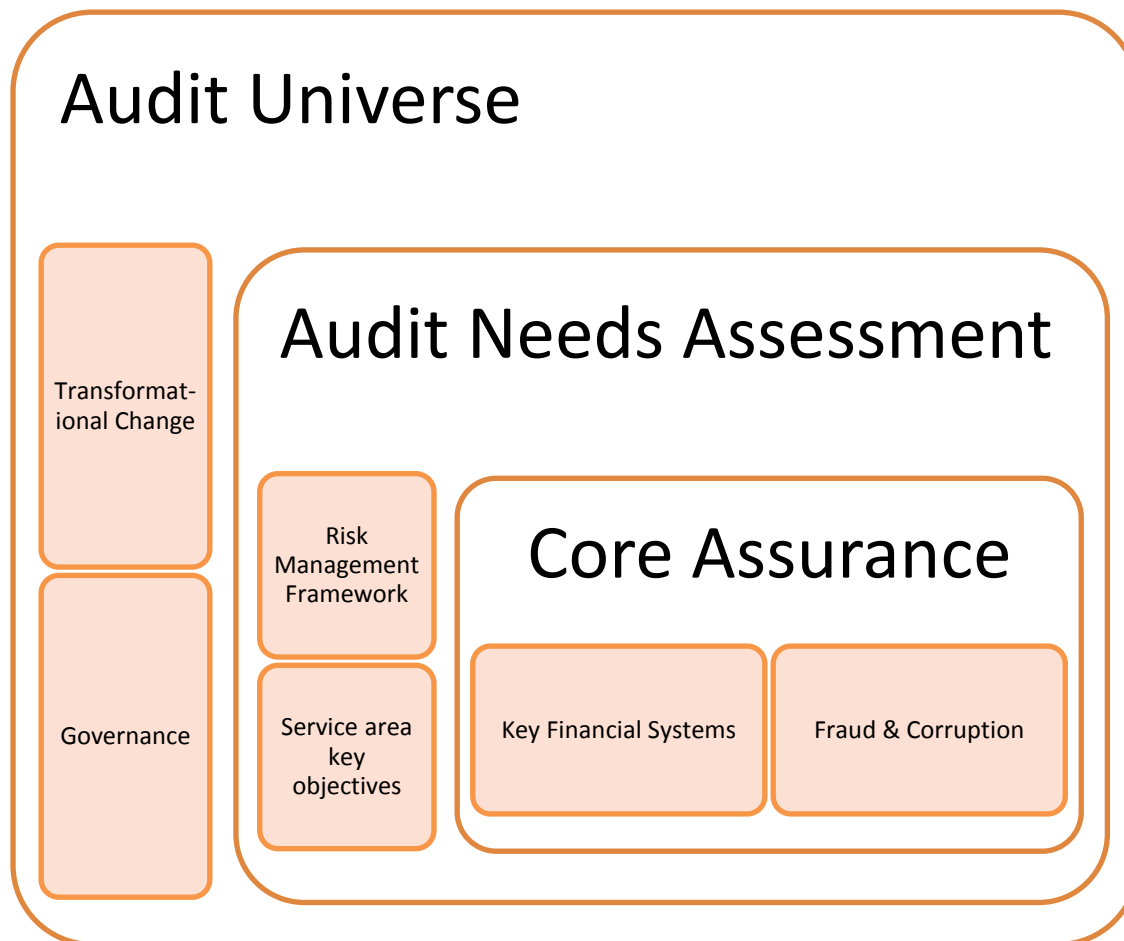
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

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.

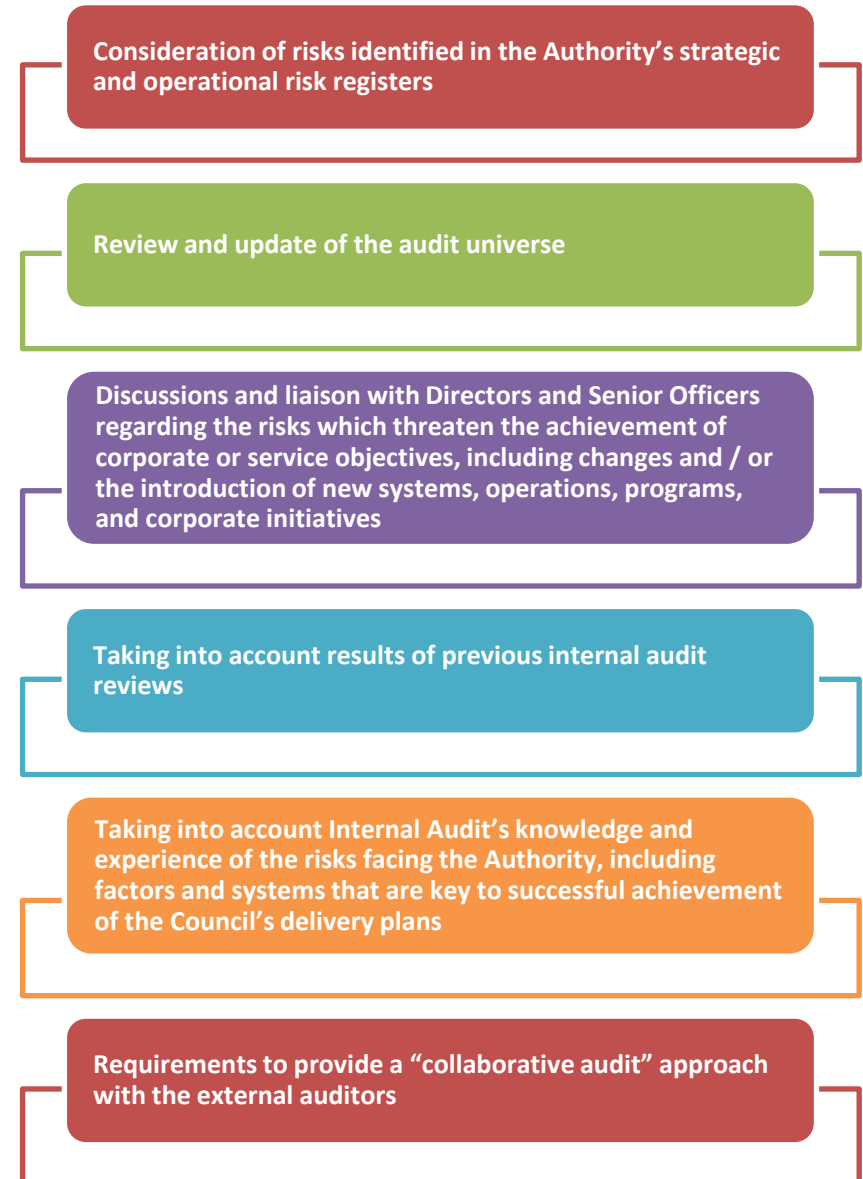
Appendix 2 - Audit Needs Assessment

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 2014/15 was built from this assessment.



The audit plan for 2014/15 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)	2013/14	2013/14	2014/15	2014/15	DAP 2014/15
	Target	Actual	Target	Actual	Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	96.5%	100%	100%	96.9%
Percentage of Audit plan Completed (Inc. Schools)	93%	94.6%	93%	96.2%	92%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	97.5%	95%	97.7%	97.8%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%
Percentage of chargeable time	65%	69.3	65%	67.8%	67.8%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	99%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	80.1%	90%	84.5%	87%
Final reports produced within target number of days (currently 10 days)	90%	89.1%	90%	94.9%	97%
Average level of sickness absence (DAP as a whole)	2%	3%	2%	5.5%	5.5%
Percentage of staff turnover (DAP as a whole)	5%	3%	5%	16.6%	16.6% (6 people)
Out-turn within budget	Yes	Yes	Yes	Yes	Yes

Overall, performance against the indicators has been very good and has shown a marked improvement on 2013/14 in relation to the issue of draft and final reports to the customer within the agreed timeframe. We continue to work with our staff to ensure that further improvement is achieved.



Appendix 4 – Summary of audit reports and findings for 2014/15

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					
Bank Reconciliation	ANA - Medium	Final	Good Standard	<p>No significant issues identified. Only minor recommendations have been made to improve clearance of a number of reconciling items within the GP1 account, and ensure that independent review of the Pension Fund and Salaries and Wages accounts is undertaken in a more timely manner, or in the case of LPS schools, effectively recorded.</p> <p>Recommendations were made last year in relation to user management procedures for the Barclays.NET, however, although not deemed to be significant, a number of risks remain in this area. Sample testing undertaken this year found that access rights of current users of the Barclays on-line banking system were appropriate.</p>	
Treasury Management	ANA - Low	Final	Good Standard	<p>The control environment relating to the Council's Treasury Management function is generally robust. There are comprehensive procedures in place, including an approved TM Strategy, and relevant officers are knowledgeable and experienced. Investments placed are appropriate, with the transfer of monies being independently checked and authorised. With the exception of Pension Fund investments, TM activity is regularly reconciled to the main accounting system; and it is pleasing to note that only a small number of recommendations have been made in this year's report.</p> <p>Sample testing of Pension Fund investments placed did not identify any issues.</p>	



CORPORATE SERVICES



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Income Collection	ANA - Low	Final	Good Standard	<p>We are pleased to report that we have no significant concerns resulting from our work, and only a small number of recommendations have been made to improve what is essentially a robust control environment. Weaknesses identified include a lack of separation of duty in terms of the system administration and operational roles of team members; and less than effective security relating to the taking of direct payments from the public; and improvements have been suggested accordingly.</p>	
Capital Programme	ANA - High	Final	Improvements Required	<p>Procedural guidance in place to assist schools in the correct allocation of expenditure to either capital or revenue was not being used by schools. However, it was also identified, that the available guidance was found to be inconsistent in places, and in need of update / consolidation, to enable schools to follow proper process and correct coding.</p> <p>School staff responsible for the classification decision were, on the whole, unclear on the relevant definitions, and how to apply them to specific purchases, and consequently a number of errors in coding such expenditure were identified during the audit. It should be noted that the value of these errors was minor in comparison to the schools budgets for capital and revenue.</p> <p>In order to provide added value to this work, Audit reviewed the Schools Finance Manual (SFM) section providing capital expenditure guidance (section 8), with the school's capital accountant. From this review, Audit subsequently annotated the areas where improvements could be made or inconsistent guidance addressed, and provided this to the school's capital accountant. A further recommendation has been made in the Appendix to draw together other procedural guidance under section 8 of the SFM.</p>	

The following audits are in currently in progress:

- Debtors / Debt recovery (ANA – Medium)
- Finest System Administration (ANA – Medium)

CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<ul style="list-style-type: none"> • Creditors (ANA – Medium) • Main Accounting System (ANA – Medium) • Fixed Asset Register (ANA – Low) <p>It is anticipated that the reports will be issued & agreed in the first quarter of 2015-16. No issues of major concern have been identified from our fieldwork to date.</p> <p>The following audit has been deferred to 15/16:</p> <ul style="list-style-type: none"> • Strategic Financial Planning (ANA – High) 					
Corporate Services – Human Resources					
HR - LGPS Changes	ANA – Low	Final	High Standard	<p>Controls in relation to identifying, implementing and testing changes to processing for the new LGPS Regulations 2014 were found to be robust and comprehensive. Guidance has been documented and monitored to ensure that it is complete and maintained. The guidance was found to be comprehensive and suitable for the staff who will be using them. Documentation and evidence to support actions taken were also found to be complete and easy to follow.</p>	
Payroll – RTI (Real Time Information)	ANA - Medium	Final	High Standard	<p>Controls in relation to identifying, implementing and testing changes to processing for the new RTI requirements were found to be robust. The effectiveness of these controls is confirmed through Internal Audit's full reconciliation and sample testing of returned data to the HMRC.</p> <p>Changes are supported by comprehensive guidance notes and processing checklists. The implementation of changes is effectively managed and records exist to support the decisions, resolution of issues and UAT (User Acceptance Testing).</p> <p>Minor recommendations have been made in relation to the retention of UAT evidence, versioning of procedural documentation, and resolution of inaccurate cumulative values reported in the system FPS reports.</p> <p>The HMRC dashboard error in reporting payments received from Local Authorities is a wider issue affecting many local authorities and is not indicative of a problem with the processes or resulting data from DCC.</p>	

CORPORATE SERVICES					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Payroll – Advance Payments	ANA - Low	Final	Good Standard	Assurance was reported in the half yearly report; please refer to that report for details.	
Payroll	ANA - Medium	Final	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, as the signatory is not checked before such amendments are processed. This could result in inappropriate changes to the system being made. This was discussed with management and reported in 2012-13; 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 the 2012-13 audit found that these had not been reviewed during the year. Since then, significant work has been undertaken by the Council to clear outstanding balances, however work remained at the time of the audit to both complete this process, and to introduce procedures to ensure the situation is not repeated; we understand that balances have since been cleared.</p>	
Payroll – Self Service Project	ANA – High	Ongoing	N/A	Initial involvement in the project to introduce a new self service system to claim for travel and expenses. The system went live in November and is programmed for audit review as part of the 2015/16 audit plan.	N/A


CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
HR – Contracts of Employment	Client Request	Ongoing	N/A	Initial involvement in the project to establish on line contracts of employment for staff with network access to provide a more efficient and automated process which it is hoped can be rolled out to all managers in the future. The system is in the design phase and audit will continue to be involved throughout the next year.	N/A
Tax Compliance Forum	Client Request	Ongoing	N/A	Tax Compliance Group reformed as a result of a recent HMRC visit notifying DC of a change to the way HMRC will conduct their reviews. The group formulated a response document for HMRC which showed how DCC was actively monitoring payments and salaries to ensure VAT, Tax and NI have been dealt with correctly. The group will meet quarterly and include representation from Exchequer & VAT, Procurement, Capital, Payroll & HR and Audit.	N/A



The following audits have been cancelled:

- Payroll - Bike Scheme (ANA – Low: client request)
- Payroll - Car Loans (ANA – Low: client request)
- HR - Absence Management and Recording (ANA – Medium: client request)
- HR - CRB Checks (ANA – Low: client request)


Corporate Services – IT Audit

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 recommended a number of points that should be taken into consideration during this review The Council's smartcard access control system appears to be well-managed in terms of smartcards issued and the areas to which they permit access. However, we identified issues relating to staff awareness in adhering to guidelines designed to ensure that the system is not compromised. Although we have given this audit an overall assurance opinion of Good Standard, it should be noted that current arrangements lie on the boundary between this rating and Improvements Required.	
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CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
ICT Audit – Service Transition (Change Management)	ANA - High	Final	Good Standard	<p>The implementation of ITIL and its individual processes and functions is best achieved by taking an evolutionary process in order to bring about the necessary operational and cultural changes over an appropriate and deliverable period of time. Whilst the change management culture and associated procedures are relatively immature, the key finding is that the journey has commenced and the increase in the submission of change requests provides demonstrable evidence that the initial steps have been successful.</p> <p>Following this initial success, it is important that care should be taken to maintain momentum in order to deliver incremental value to the business. Processes and functions within the ITIL framework need to compliment and support each other to add most value and periodic re-affirmation of goals and objectives will assist in ensuring that change management processes continue to benefit ICT and its customers. As with any procedural and cultural change, continued effective communication with all stakeholders remains vitally important.</p>	
ICT Audit – Service Strategy	ANA - High Client Request	Final	Improvements Required	<p>The current ICT strategy (nearing the end of its cycle) was 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. Our review has built upon this in consideration of the future strategy, yet to be fully documented and implemented, by reviewing the strengths / weaknesses of various service delivery models. In terms of best practice, the proposals closely mirror the strengths of industry best practice, ITIL, 'Service Design' and the adoption of a lifecycle approach to service delivery. This would 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>Strengths, weaknesses, opportunities and threats have been identified by audit along with a number of critical success factors (CSF). The most important of these is obtaining wider corporate buy-in and understanding</p>	

CORPORATE SERVICES




Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				of what ICT offers as a vehicle for transformational change. The key risks and CSF's are being considered by ICT to help progress the strategy further as the delivery vehicle changes, pending approval by Business Solutions & Strategy Leadership Team.	
ICT Service Operation (Processes) – Incident & Problem Management	ANA - High	Draft	Good Standard	<p>The use of the Hornbill SupportWorks solution was again found to be effective and no significant weaknesses were identified. Processes are functional, but the introduction of customer self-help and password reset tools would also help reduce the number of calls and assist with the evolution of increasingly 'technical' Service and Support Desks.</p> <p>There is a clear need to create more meaningful metrics in terms of both operational SLA's and those measuring the achievement of operational targets. Incident KPI's were found to be somewhat redundant and did not contribute to understanding levels of operational effectiveness or contributing to continual service improvement. As ITIL processes further mature, improvements to contract and supplier management would assist in improving problem resolution.</p>	
NPS Data Security	(Client Request)	Draft	n/a	Our review included both the controls operated by MigSolv at the data centre in relation to physical security and those operated by NPS in relation to logical security. We found both physical and logical controls to be sound but were concerned by the absence of any penetration testing since the infrastructure was updated five years ago. Controls in other areas were not as effective and we are particularly concerned about the effectiveness of arrangements in respect of disaster recovery planning and the reporting and monitoring of security incidents.	*

The following audits have either been cancelled or postponed until 2015/16:



- ICT Audit - Service Design (ANA – High; client request) – Client request due to changes to operational structure, associated workloads and process maturity.
- ICT Audit - CareFirst 6 (ANA - Critical); client request) – Client request due to Ofsted Inspections and associated workloads.
- ICT Audit – ICT Backup (Client Request)

Time has been reallocated to Service strategy and change management plus two additional audits (Accounts Payable and Collaborative Planning systems (reported below).

CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Corporate Services – Business Strategy and Support					
Devon Assessment Framework IT System – Holistix	ANA – High	Draft	Improvements Required	<p>The Holistix system supports the Devon Assessment Framework (DAF), a single assessment and planning framework to assess young people and their families for their social needs. The Council recently completed the implementation of the new DAF IT system, QES HolistiX eCAF, which will be administered by the Early Help Coordination Centre and used by multiple agencies that provide a package of services to a child or family. Our review examined the arrangements put in place to ensure the data it contains is protected against unauthorised access or disclosure and to provide effective oversight and governance going forward.</p> <p>The key issues considered are around data security and access where systems controls are generally sound in principle however, there remain unmitigated risks due to the newness of the system including arrangements to add and remove users from the application, limited access restriction on reporting, alignment of responsibility through job descriptions and ensuring the new application is included in the Council's Retention Schedule.</p> <p>At present HolistiX is a standalone application, however, it is highly probable that a number of interfaces will be required to allow it to integrate with other corporate applications. Controls around these arrangements will need to be established at the appropriate time.</p>	
Property Disposal Programme	ANA – Medium Client Request	Draft	High Standard	<p>The governance arrangements, associated processes and financial reporting of property disposals are considered to be adequate and appropriate in providing relevant oversight and control. The associated revenue budgets were found to have been adjusted to reflect the reductions in expenditure following the disposal of the property. Minor improvements have been identified which should enhance the current arrangements.</p>	
Management of Mobile Phones – Follow Up	ANA - Low	Draft	Good Standard	<p>Good progress has been made by management in addressing the risks and issues identified in the original audit. The majority of agreed actions</p>	

CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				have taken place reducing the level of risk. There are still a small number of recommendations that remain to be completed but these should be addressed in the near future.	
Information Governance including PSN	ANA - High	On-Going	N/A	On-going support and advice has been provided throughout the year, including the provision of support for individual business areas in respect of information governance queries.	N/A
Accounts Payable Project	Client Request	On-Going	N/A	Internal Audit are providing the project with support and advice within the project procurement process, identifying audit requirements within any proposed Accounts Payable system. A supplier has now been selected and timetables and work streams identified. It has been recognised within the project team that the outline timetable was noted which the group agreed was very optimistic and this has been communicated to FLT.	
Collaborative Planning Project	Client Request	On-Going	N/A	Internal Audit are providing the project with support and advice within the project procurement process, identifying audit requirements Concerns remain about the concept and the project must recognise the need to optimise data quality and the need to ensure that any new solution is effective in supporting financial planning in areas that pose the greatest risk and require the greatest resources.	


The following audits have either been deferred until 2015/16 or cancelled:

- Procurement - Accessibility for SMEs and Third Sector (ANA - High: client request)
- Procurement - Financial resilience of significant suppliers to ensure service provision in face of Public Sector cuts (ANA - High: client request)
- Procurement - Governance protocols in relation to contract award procedures and contract life cycle (ANA - High: client request)
- Business Strategy & Support - Risks as a result of People and Place budget saving strategies (ANA - High: client request)

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




Coroners – Recharging of Costs	Client Request	Draft	Improvements Required	<p>The Service Level Agreement (SLA) in relation to the merger of Torbay & South Devon and Plymouth Coroners has not been agreed. This has resulted in a delay in recharging 2014/15 charges by Torbay Council, albeit that an agreement has now been reached to invoice Devon County Council for all charges.</p> <p>Recharges from Plymouth City Council were verified to supporting information enabling confirmation that recharges are in line with legislation, guidance and agreements. Such verification was not possible in relation to recharges from Torbay Council, and as such recommendations have been made to improve arrangements and ensure consistency in practice between the authorities.</p> <p>Similarly, as the SLAs with the mortuaries are currently being negotiated, recommendations have been made to establish consistent SLAs and fee structures to enable assessment of contribution levels and value of services received.</p>	
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The following audit is currently in progress












- Coroners – Expense Claims (Client request)

It is anticipated that the report will be issued & agreed in the first quarter of 2015-16. No issues of major concern have been identified from our fieldwork to date.

Grants – the majority of which relate to 2013-14, but audited as part of the 2014-15 plan

Making it Local	Client Request	Completed	Certified	No issues identified	
Local Transport Capital Block Funding	Client Request	Completed	Certified	No issues identified	
Additional Highways Maintenance Funding	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	
Local Pinch Point Fund x3	Client Request	Completed	Certified	Amendment to standard declaration made	
Local Sustainable Transport Fund	Client Request	Completed	Certified	No issues identified	
Rural Enterprise Gateway	Client Request	Completed	Certified	No issues identified	
Dartmoor Granite and Gears	Client Request	Completed	Certified	No issues identified	
Adoption Reform	Client Request	Completed	Certified	A number of amendments made	
Education SCITTs	Client Request	Completed	Certified	A minor issue identified and number of classification amendments made	
Skills Funding Agency	Client Request	Completed	Certified	No issues identified	
South Devon Link Road	Client Request	Completed	Certified	No issues identified	
Teachers' Pensions	Client Request	N/A	N/A	Consultancy work undertaken in advance of grant preparation. Previous issues with the Teachers Pensions claim were resolved resulting in an unqualified claim.	N/A
Active Devon	Client Request	Completed	Certified	Minor amendment made	
Targeted Family Support Programme x4	Client Request	Completed	Certified	No issues identified	
Local Infrastructure Fund	Client Request	Completed	Certified	No issues identified	

The following audits have either been cancelled, or been deferred until 2015-16

- Growing Places Fund (Client request)
- Rural Growth Network (Client request)


CORPORATE SERVICES

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



- Bikeability (Client request)
- Flood Resilience Community Pathfinder (Client request)
- S256 Reablement Fund (Client request)



PUBLIC HEALTH





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


District Offer £20k Allocation		Final	Improvements Required	<p>Lessons can be learnt from what areas worked well during the first year and where there is a clear lack of control and documented procedures in place, action can be taken in subsequent years to remedy this. Outcomes may be difficult to quantify as improvements may take several years to see. However, the public health district allocation is a good opportunity for relationship building between the LA and the Districts and this can be progressed forward in subsequent years if the recommendations made in this audit report are considered and implemented where felt necessary. Future years may also allow for a more joined up approach being adopted across the districts where it may prove beneficial for resources / funding to be pooled together to provide training etc across Devon.</p>	
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Sexual Health		Draft (shortly to be issued)	Good Standard	<p>All attendee visits to clinic drop-in centres are recorded on the Lillie system. Being an open access service attendees do not have to provide their personal information and can visit anonymously; although all are asked to provide their date of birth, postcode and name of their GP practice. Where an attendee's postcode / GP practice has been identified as outside Devon the relevant local authority can be charged (with exception of Wales & Scotland). Where attendees provide little or no information the NDHT make every effort to identify these 'anonymous' attendees through various LSOA tables to their correct local authority. If another local authority cannot be identified the cost of these visits defaults to Devon.</p>	
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PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Services for Communities					
Identification of Spend – Com & Vol. Sector Orgs.	Client Request	Complete	Value Added	Included in the 2013/14 annual report; please refer to that report for details.	N/A
Impact Assessments Review	Client request	Draft	Good Standard	The review found good progress in developing and embedding the use of Impact Assessments in decision make processes and from October 2013, Impact Assessment's have been uploaded and made available on line at https://new.devon.gov.uk/impact providing openness and transparency.	
Performance Management	ANA – High, Client Request	On-Going	Not Applicable	The Performance Management team are developing a new framework for reporting performance in light of the Council's new Vision, "Better Together: Devon 2014-2020". In order to track the delivery of new priorities the team are reviewing how performance and the realisation of key outcomes are monitored and managed. One of the tasks has been to develop a way of presenting information in a more accessible format. DAP have provided support and advice during the year and will continue to do so in 15/16.	N/A
Trading Standards - Strategic Intelligence	ANA - Medium	Final	Good Standard	<p>The Devon and Somerset Trading Standards (TS) Service is a sizeable team which is developing the use of the Intelligence Operating Model (IOM) to target their work more effectively. Data sharing takes place on a number of level's including in person, via formal communications and also through IT systems. Due to the historical need to share data as part of the day to day work of the service, sound processes were found to be in place and would be strengthened further if internal guidance is updated.</p> <p>The merging of two services with different cultures combined with the introduction of IOM are significant challenges. Management along with the rest of the team must take credit for the actions taken to date to embed the new arrangements to such a degree</p>	




PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				that we have been able to provide an audit opinion of “Good Standard” so early into the partnership.	
Trading Standards – Property and Evidence	ANA - High	Final	Good Standard	<p>Due to the merger of the Devon and Somerset Trading Standards services it is recognised that there would always need for a period of review and integration. Whilst the controls operate to a good standard, there are variations in the systems used to record items seized and stored across the different facilities and recommendations have been made to adopt one common approach. An electronic inventory/logging system could deliver efficiencies as data would be on-line and available across all locations.</p> <p>Seized cash was found to be managed and accounted for in compliance with the Proceeds of Crime Act (POCA).</p>	
Highways Capital Development & Waste Management					
Build Environments – St Leonards Primary	Client Request	Final	Value Added	Lessons learnt relating to the building project covering Phase 1 of the refurbishment and extension of St Leonard’s Primary School were identified at the request of the Head of Built Environments. The conclusions from our work mirror for the most part those which resulted from the Project Post Implementation Review. Recommendations were made regarding the tender process, the choice of the correct type of contract, the control of design changes, the need for formal handovers, contingency arrangements for resourcing such projects, the need for a communication strategy and change of contractor for the next phase of the project.	
Highways Deep Dive	Client Request	Completed	Value Added	Details of the project were reported in the 2013-14 annual report; please refer to that report for details.	N/A

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Waste Recycling Centres	ANA - High	Final	High Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details.	
Highways VJV Partnership	ANA - High	Ongoing	Not Applicable	Continued audit presence is provided on the Devon Highway TMC Cost Monitoring Board to provide real time support and challenge as the Partnership strives to improve the efficiency of works under the Highways Contract and achieve savings through the target costing mechanism.	N/A
Waste PFI	ANA - High	On-Going	Value Added	DAP's long association with this project continues. A Contract Manager was appointed during the year and we have been providing them with support and challenge on the contract management arrangements as well as participating in discussions on how the Financial Allocation Mechanism (FAM) will operate in practice. In addition, DAP have been developing a programme of audit and assurance checks and reporting that can be used by the Contract Manager and Internal Audit in the future.	
Tree Management	ANA - High	Final	Good Standard	An assurance opinion of "Good Standard" is given in respect of overall governance and the use of business systems utilised by the Highways Team. The audit review also considered the Corporate Trees Teams and identified a disparity regarding the degree of reliance on people, as opposed to process, to administer corporate trees. There could be an opportunity to explore closer working arrangements between the two teams as well as the offering of more extensive services to the public and the generation of additional income, which Highways are exploring.	
Highways Claims System	Client Request	Final	Good Standard	Through increasing the knowledge and experience of the Highways Business and Customer Management Team, Insurance Officers have been more able to use the evidence provided to take a decision thereby reducing the potential duplication of work across the two teams.	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>Current procedures and controls minimise the risk of unreasonable claims whilst providing statutory defence and fair route to redress. The process has been further strengthened this year with greater information being sought from the claimant and using the calculation of condition to pay a more appropriate amount.</p> <p>The system for compensation claims was found to be very customer focused. There is a conflict between having a system that is customer focused and efficient, and minimising public expenditure. Implementing a more proactive approach to sift potential weak cases early on in the process may further mitigate the risk to the Authority of unreasonable claims and reduce insurance costs.</p> <p>To maximise the opportunities to recover rechargeable costs the profile should be raised with senior officers across highways and a robust consistent approach to identifying rechargeable works implemented. However it would be prudent to undertake a detailed cost benefit analysis to determine at what point it would be viable for the Authority to instigate recovery of works costs from third parties.</p>	
RMS Works Ordering System	Client Request	Final	Good Standard	<p>The system is used by both the Client and contractor to manage the ordering, completion and payment of highways works and provide sufficient management information that will enable effective strategic and operational decisions to be taken. Overall the controls and procedures in place operate to a good standard; however barriers were identified that can prevent the smooth movement of works from planning to payment and this is exacerbated by the inconsistency of use.</p>	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				With the move to the new I-Ways system there is an opportunity to review internal system controls and management will be able to use the findings from the audit report to ensure controls remain fit for purpose and reinforce the risk of non-compliance by users.	
Optimisation of Bellwin	ANA - High	Final	Good Standard	<p>A robust process has been developed for identifying and recording eligible expenditure associated with appropriate emergency incidents. In June 2014 the Council submitted a successful claim for emergency financial assistance under the Bellwin Scheme for £789k.</p> <p>Highways Management, in association with Finance, should continue to raise the profile amongst senior highways officers of identifying potential incidents that meet the criteria of the Bellwin Scheme as knowledge and understanding is crucial to ensuring that the Council maximises claims for financial assistance. Once these incidents are identified the associated emergency works costs can be completely and accurately recorded. The subsequent challenge and review of costs incurred conducted jointly by Highways and Finance should continue to ensure that only eligible and demonstrable expenditure is included in the claim thus mitigating the risk of challenge and non-payment by Department of Communities and Local Government.</p>	
Civil Parking Enforcement	ANA - High	In progress		It is anticipated that the report will be issued & agreed in the first quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.	

- The following reviews were subsequently not required by Client:
- Capital Development Programme - capital monitoring of projects (ANA - High)
 - Waste Management - Deep Dive (ANA – High)

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Planning, Transportation and Environment					
Climate Change – Carbon Reduction Commitment	Statutory Requirement	Completed	Certified	No issues identified	
Local Transport Plan (Progress Review)	ANA - High	Draft	High Standard	<p>The Strategic Planning teams at Devon County and Torbay Councils have jointly developed shared Local Transport Plans 2006-2011 (LTP2), and 2011-26 (LTP3), that have been produced to a high standard, both in scope and detail. Operational delivery of the plans is the responsibility of the Highways sections of each Council who work jointly on the delivery of key shared schemes such as the South Devon link Road, where lead contractual responsibility is with Devon County Council.</p> <p>There was close and effective internal interworking at strategic and operational level within both Councils, with an open two way dialogue, that contributes to the effective and timely delivery of planned transportation works and initiatives.</p> <p>Both Councils have achieved significant success in obtaining new sources of funding which is channelled largely through the Heart of the South West Local Enterprise Partnership (LEP) in conformance with the Strategic Economic Plan. Both Councils have achieved significant success in the delivery of the Local Transportation Plans with key projects delivered on time.</p>	
Flood Response Follow-Up	ANA - High	Final	Good Standard	<p>Since the initial audit review in 2013/14 the Devon Local Flood Risk Strategy has been finalised and a final report issued by the Flooding Task Group set up by Place Scrutiny in March 2014. Significantly, it was noted that both of these documents are 'live' in respect of the updating arrangements set out in Chapter 15 of the strategy and the requirement for an annual overview to be provided to Place Scrutiny in respect of the Flooding Task Group's report. Both of the above documents have been reviewed and are</p>	

PLACE

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				considered to have further strengthened the Council's flood response arrangements which are operating to a good standard.	

The following reviews were subsequently not required by Client:

- Capital Development Programme - capital monitoring of projects (ANA - High)
- Waste Management - Deep Dive (ANA – High)

The following reviews were subsequently not required by Client.

- Public Transport Co-ordination - impact of changes on transport use (ANA - High)
- Transport - Deep Dive (ANA - High)


Economy and Enterprise

Connecting Devon & Somerset (assurance re BT Contract)	ANA – Medium Client Request	In progress		It is anticipated that the report will be issued & agreed in the first quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.	
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PEOPLE

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

Interim Head of Children's Social Work Service & Child Protection (Fiona Fitzpatrick)


Children's Centres	ANA - Low			Processes and procedures were found to be working adequately.	
Barnardos – Tavistock		Final	Good Standard		
AFC – Two Moors / Wilcombe		Final	High Standard		

PEOPLE


Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Care Leavers – Training Flat	In year request	Final	Improvements Required	<p>The use of a Training Flat is used by a number of local authorities to help prepare care leavers for adult life.</p> <p>Contractual arrangements highlighted potential risk of reputational damage and possible financial loss.</p>	
'Troubled Families'	N/A	Ongoing	N/A	Checking and certification of periodic grant claims.	N/A
Adoption Services	ANA - Low	Final	Improvements Required	<p>The audit found non-compliance with policies and procedures. A number of Children's Looked After case records included information in relation to the new identity or address of the child, allowing pre and post adoption identity to be linked.</p> <p>Children Adoption paper files were incomplete to some degree; mainly relating to absence of information on the matching process and also Later Life Letters</p> <p>.Inconsistencies were found in paperwork filing; some TRIMMED and filed under the child's care management record and some filed in a paper file. Examples found of the same record held in both places and some circumstances where key information was not in either.</p>	

Both the Early Help Offer audit and that of Back to Social Work were removed from the plan in November 2014. The audit review of Quality Assurance Procedures – Commissioning - Children's Social Care (ANA - Critical) has been deferred until 2015/16.

Education & Learning

Children Missing in Education	ANA - Medium	Final	Improvements Required	<p>Procedures require improvement to ensure data is entered into relevant systems both accurately and timely. Maintenance of such data should be undertaken on a timely basis ensuring data accurate and complete.</p> <p>Appropriate and timely action should be taken to follow up children identified as missing in education or at risk of missing an education.</p> <p>Regular reporting of CME cases to senior management will enable monitoring and appropriate action to be taken where necessary.</p>	
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PEOPLE


Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Access to Education Services (Traded Services for Schools).	ANA - Medium	Draft	Good Standard	<p>Benchmarking identified a wide range of services being offered to schools at varying costs; the quality and depth of the offer by authorities varies considerably making cost comparison difficult. However the high rate of return business by Devon Schools provides sufficient evidence schools are happy with services provided</p> <p>Awareness of potential competitors entering the market is required to ensure charges remain competitive.</p>	

The audit review of the Virtual School - Children in Care was commenced to draft report stage. However due to changes in the service provision following completion of the audit, a decision has been made to re-audit the area and provide an updated assurance opinion during 2015/16.

The audit of Children's Centres & Early Years (transformation project - 'critical friend') was removed from the plan in November 2014, whilst the audit review of SEND Implementation & Delivery - single point of assessment has been deferred to the 2015/16 financial year.

Social Care Commissioning

PLUSS	In year request	Final	Improvements Required	Assurance was reported in the 2013/14 annual report; please refer to that report for details.	
Client Finance Services Client Contributions - Non Residential Services	ANA - High	Draft	Improvements Required	<p>In May 2011 a policy for the charging of Non-Residential services was introduced. The policy identified clients previously assessed would need Transitional Protection with charges would remain static but reviewed on the anniversary of the policy; the policy has not been implemented. The policy also stated clients would have a new financial assessment every two years; this also has not been implemented.</p> <p>There are a number of IT issues that have an impact on the referral process and could result in a loss of funds unless addressed. All clients in receipt of care services are required to have a financial assessment; however there are no prompts within the management system (CareFirst) to ensure a Financial Assessment & Benefits (FAB) Referral is created or re-assessed upon amendments to the care package. There are no exception reports that assist management to identify missing or outstanding assessments.</p>	

PEOPLE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>Financial Assessments can be completed in various ways; the majority are conducted over the telephone, the risk accepted that evidence of income and expenses will not be seen. The policy stated random sampling would be conducted yearly on a small number of telephone assessments to confirm the outcome of the telephone assessment, this has not been completed. A copy of the completed assessment is forwarded to the client for signature and return, the majority of clients do not return the signed assessment agreeing to the charge; this could lead to DCC being unable to recoup monies owed re service agreements and lead to possible bad debts.</p>	
Information and Advice Service: Do we have the right platform? & 5 other Qs	LTP Request	Draft	Improvements Required	<p>The current Public Information and Advice Strategy is outdated. A revised strategy should be developed that is aligned to the Public Information Strategy, once approved. This strategy should outline how information and advice services relating to care will be commissioned by Devon County Council.</p> <p>It is recognised by DCC and by the current providers of information and advice that the commissioning of this service has not been co-ordinated across the Council and our findings from this review supports this view. DCC should continue to work with all key partners to develop a joined-up commissioning strategy for the provision of information and advice to the public.</p> <p>The Devon Community Directory has limited use to staff of the Council and Partners when trying to find care and support services in the local area. The main frustration with the directory is that it is not always up to date and the information can be unreliable. Many users have developed or have access to an alternative information source. A key theme arising from this review is that local knowledge is key when providing information and advice especially for members of the public who have yet to enter the care system.</p>	

PEOPLE

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

The audit review of Mental Health Commissioning Arrangements with the NHS (LD Partnership commissioning / arrangements with DPT) (LTP Request) has been deferred until the 2015/16 financial year.

Adult Social Care

The audit review of the Adults Assessment Process was cancelled by the client. The review of Quality Assurance Procedures- Commissioning - Adults (ANA - Critical) has been deferred to the 2015/16 financial year.

Council / People Wide

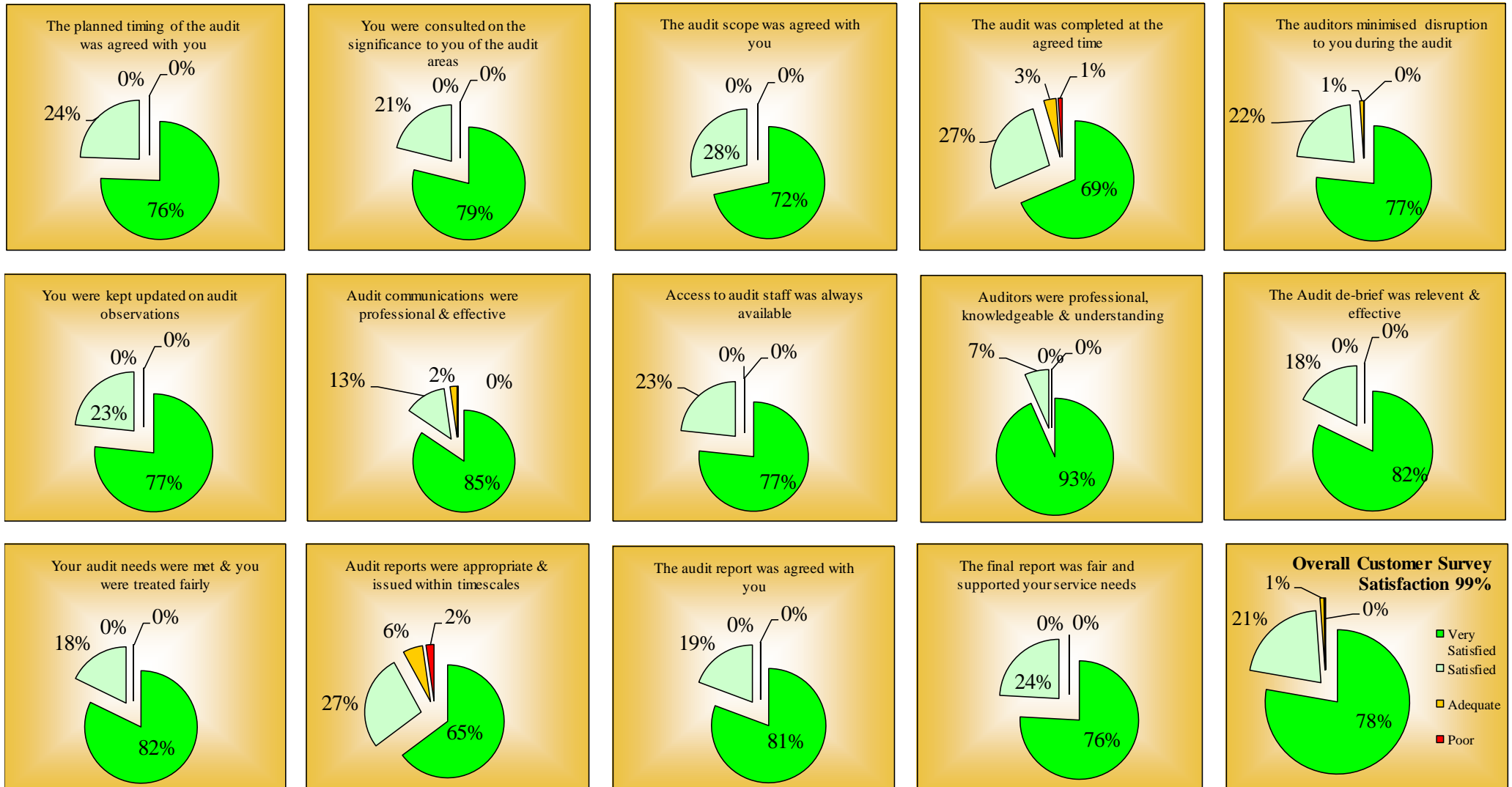
The undermentioned audit reviews have been deferred until the 2015/16 financial year:-

- Contract Management & Monitoring (ANA - High)
- Quality Assurance Procedures - Commissioning - Overall Theme Report (LTP Request)
- Implementation of the Care Bill - Advice / Consultancy (LTP Request)

Appendix 5 - Customer Service Excellence

Customer Survey Results April 2014 - March 2015

The charts below show a summary of 89 responses received.



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