

Phil Norrey
Chief Executive

To: The Chair and Members of the
Audit Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 6 November 2019
Please ask for : Dan Looker, 01392 382232

Email: dan.looker@devon.gov.uk

AUDIT COMMITTEE

Thursday, 14th November, 2019

A meeting of the Audit Committee is to be held on the above date at 2.15 pm in the Committee Suite - County Hall to consider the following matters.

P NORREY
Chief Executive

AGENDA

PART I - OPEN COMMITTEE

- 1 Apologies for absence
- 2 Minutes

Minutes of the meeting held on 29 July (previously circulated).

- 3 Items Requiring Urgent Attention

Items which in the opinion of the Chair should be considered at the meeting as a matter of urgency.

- 4 Annual Audit Letter 2018/19 (Pages 1 - 22)

Report of Grant Thornton (CT/19/115), attached.

- 5 External Audit Update (Pages 23 - 24)

Report of Grant Thornton (CT/19/116), attached.
Attached report referred to to follow.

- 6 Internal Audit Half Year Report 2019/20 (Pages 25 - 44)

Report of the County Treasurer (CT/19/104), attached.

7 2019/20 Risk Management Annual Report (Pages 45 - 54)

Report of the County Treasurer (CT/19/105), attached.


8 Future Meetings

Please use link below for County Council Calendar of Meetings:

<http://democracy.devon.gov.uk/ieListMeetings.aspx?CId=161&Year=0>

**PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND PUBLIC ON THE
GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED**

*Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s).
Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.*

Membership
Councillors J Clatworthy (Chair), I Hall (Vice-Chair), J Berry, J Brazil, R Peart, A Saywell and H Ackland
Declaration of Interests
Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.
Access to Information
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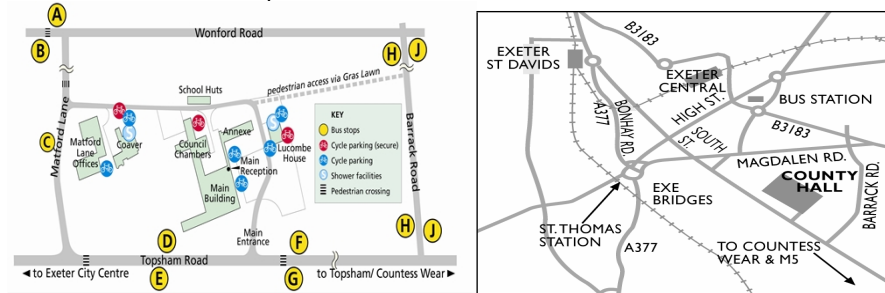
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NB   Denotes bus stops

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EXTERNAL AUDIT – ANNUAL AUDIT LETTER FOR DEVON COUNTY COUNCIL 2018/19
Report provided by Grant Thornton via the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

Recommendation: that the Committee notes the attached report and findings within.

1. The attached report, provided by the Council's External Auditors (Grant Thornton), sets out the key findings arising from the work that they have carried out at the County Council for the year ended 2018/19.

Mary Davis
Electoral Divisions: All
Local Government Act 1972
List of Background Papers

Contact for Enquiries:

[David Bray](#) | Senior Manager | Audit

For Grant Thornton UK LLP

2 Glass Wharf | Bristol | BS2 0EL

T (direct) +441173057889 | **T (internal)** 57889 | **T (office)** +44 (0)1173057600

E David.Bray@uk.gt.com | **W** grantthornton.co.uk

Background Paper: None

The Annual Audit Letter for Devon County Council

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Year ended 31 March 2019
29 August 2019



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Your key Grant Thornton
team members are:

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Jon Roberts

Key Audit Partner

T: 0117 305 7699

E: jon.roberts@uk.gt.com

David Bray

Senior Manager

T: 0117 305 7889

E: david.bray@uk.gt.com

Sean Galbraith

Executive

T: 0117 305 7898

E: sean.ws.galbraith@uk.gt.com

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- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Devon County Council (the Council) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 29 July 2019.

Our work

Materiality

We determined materiality for the audit of the Council's financial statements to be £23.8m, which is 1.9% of the Council's gross expenditure for the prior year. We used this at the planning stage and the year on year consistency of the Council's expenditure meant that this continued to be relevant.

Financial Statements opinion

We gave an unqualified opinion on the Council's financial statements on 30 July 2019.

Whole of Government Accounts (WGA)

We completed work on the Council's consolidation return following guidance issued by the National Audit office (NAO) and made the necessary submission to the NAO on 29 August 2019.

Use of statutory powers

We did not identify any matters which required us to exercise our additional statutory powers.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 30 July 2019.
Certification of Grants and returns	We also carry out work to certify the Council's Teachers' Pensions return. Our work on this return is not yet complete and will be finalised by 30 November 2019. We will report the results of this work to the Audit Committee separately.
Certificate	We certified that we have completed the audit of the financial statements of Devon County Council in accordance with the requirements of the Code of Audit Practice on 29 August 2019 after the completion of our work on the Council's Whole of Government Accounts consolidation return.

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's financial statements to be £23.8m, which is 1.9% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £1.2m, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements and the narrative report and annual governance statement to check it is consistent with our understanding of the Council.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, when producing our audit plan we determined that the risk of fraud arising from revenue recognition could be rebutted because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Devon County Council, mean that all forms of fraud are seen as unacceptable. 	<p>We did not consider this to be a significant risk for Devon County Council.</p> <p>We reviewed this assessment during the course of audit and no new information has come to light to change our original assessment.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. .</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determine the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work did not identify any issues in respect of the management override of controls.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£1.4 billion at 31 March 2018) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; wrote to the valuer to confirm the basis on which the valuation was carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; tested revaluations made during the year to see if they had been input correctly into the Authority's asset register and correctly reflected in the financial statements; met with the valuer and reviewed a sample of revaluations in detail; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. 	<p>Our audit work did not identify any issues in respect of valuation of land and buildings.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1.1 billion in the Authority's balance sheet at 31 March 2018) and the sensitivity of the estimate to changes in key assumptions.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to its expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurance from the auditors of the Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>Our audit work did not identify any issues in respect of valuation of the pension fund net liability.</p>

Audit of the Financial Statements

Pension Fund Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Improper revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, in our audit plan we stated that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> • there was little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition were very limited; and • the culture and ethical frameworks of local authorities, including Devon County Council and Devon Pension Fund, mean that all forms of fraud are seen as unacceptable. 	<p>We did not consider this to be a significant risk for Devon Pension Fund at the planning stage. Our audit work confirmed this assessment.</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and stewardship of funds and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>

Audit of the Financial Statements

Pension Fund Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of Level 3 investments</p> <p>The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (c£100m at 31 March 2018) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2019.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> evaluated management's processes for valuing Level 3 investments reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the Code are met challenged the basis of valuations considered the competence, expertise and objectivity of the management experts used reviewed the qualifications of the experts used to value Level 3 investments at year end and gained an understanding of how the valuation of these investments has been reached considered the reports on the internal controls in place for each of the fund managers for all Level 3 investments we tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date reconciled those values to the values at 31 March 2019 with reference to known movements in the intervening period formed our own expectation on the value of level 3 investments at year end and compared these to the year end confirmations provided by the various fund managers. 	<p>Our audit work did not identify any issues in respect of the valuation of Level 3 investments.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 30 July 2019.

Preparation of the financial statements

The Council presented us with draft financial statements in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit. We will work with the Council to improve the process further in future years.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 29 July 2019.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website and in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. After some minor amendments to the Annual Governance Statement, we confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Pension fund accounts

We gave an unqualified opinion on the pension fund accounts of Devon Pension Fund on 30 July 2019. We also reported the key issues from our audit of the pension fund accounts to the Council's Audit Committee on 29 July 2019.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which did not identify any issues for the group auditor to consider on 29 August 2019.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Devon County Council in accordance with the requirements of the Code of Audit Practice on 29 August 2019.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in July 2019 we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Key findings

We set out below our key findings against the significant risk we identified through our initial risk assessment.

Significant risk from the audit plan

Securing a sustainable financial future

The Council's medium term financial strategy shows that future savings will be required in order to set a balanced budget.

Audit work and Findings

The Council's budget for 2019/20 and its medium term financial strategy were agreed February 2019. 2019/20 is the last year of the Government's four year settlement and so whilst there is certainty over that year, beyond that the picture across the whole of the Local Government sector is unclear. There is a therefore a significant level of risk associated with the Council's funding arrangements from 2020/21 onwards.

The Council's anticipated savings in the coming years, as set out in its medium term financial strategy, are as follows:

	2019/20	2020/21	2021/22	2022/23
Net Budget (£000)	509,988	539,870	538,435	541,775
Savings already identified and reflected it net budget (£000)	13,398	2,155	1,464	100
Savings still to be identified (£000)	0	26,391	22,234	22,901
Total savings to be delivered (£000)	13,398	28,546	23,698	23,001
Total savings as percentage of net budget	2.6%	5.3%	4.4%	4.2%

The savings target for 2019/20 is the lowest required in the last nine years, although this rises significantly based on the Council's predictions for the next three years. Given the scale of the future savings and the time taken to develop effective savings plans, the Council may need to use some of its reserves in 2020/21 in order to achieve a balanced financial position. However, this is clearly not a sustainable position and the County Council will need to exercise restraint if it decides to use its reserves for this purpose.

The Council's transformation programme is still underway but has not delivered any savings to date nor is it expected to do so in 2019/20 and so any potential benefits of this programme have not been reflected in the Council's medium term financial strategy. It is essential to ensure that the transformation programme is kept under review to ensure that its original aims are achieved from both a service delivery and financial perspective.

Key findings

We set out below our key findings against the significant risk we identified through our initial risk assessment.

Significant risk from the audit plan

Securing a sustainable financial future (continued)

Audit work and Findings

As far as 2018/19 is concerned, the Council achieved a small underspend of £63,000, although was after transfers to and from reserves are taken into account. This positive outturn also reflects a number of one-off gains such as the business rates pilot and a revision to the minimum revenue provision and achieving savings in year was difficult, with Children's Services overspending by almost £10m.

These one-off gains enabled the Council to strengthen its balance position significantly, with its General Fund and other earmarked reserves increasing by over £21m in the year. These reserves can provide a short-term buffer once the Government's settlement for 2020/21 and beyond is known.

Conclusion

The Council has adequate arrangements in place to set a balanced budget.

Key findings

We set out below our key findings against the significant risk we identified through our initial risk assessment.

Significant risk from the audit plan

Managing demand-led services

All upper tier authorities, including Devon County Council, are experiencing significant pressures with demand-led services, especially with children's and adult's services.

Audit work and Findings

As noted on the previous page, children's services overspent by almost £10m in 2018/19 (£2.6m in 2017/18) and this area is also considered a risk in 2019/20, despite the action being taken by the Council to try to manage demand and control expenditure.

Children in care remains a key pressure for all upper tier authorities, with individual care packages for the most vulnerable children often being a significant weekly cost for each placement. Although the spend has increased in Devon, the Council's analysis shows that it is still below nearest neighbours.

The Council has invested in 'Edge of Care' initiatives to help address issues at source and to prevent entry of children into care in the first place. Where this is done effectively, better outcomes – both in the short and long term – can be achieved for the child, their families and the Council Tax payer. The Council has also invested funds to provide a more speedy exit from care and to support children better once they move on from being the Council's responsibility. Again, this can have a positive impact for everyone involved. The benefits of these initiatives are expected to be realised in 2020/21 and the Council should ensure that these they are closely managed in order to ensure that these initiatives are delivering the expected outcomes.

Adult Care and Health Services achieved an underspend in 2018/19 of almost £700,000 in 2018/19. Although adult's services, as with children's services, is a demand-led service, this underspend has been achieved through a combination of additional funding and managing demand, with the number of cases for older people being less than in previous years.

The Council recognises it needs to do more to manage demand and reduce the total costs for those aged 18 to 64 and it acknowledges that, being demand-led, the services remains a risk in 2019/20. This therefore needs to be closely managed.

Conclusion

The Council has adequate arrangements in place to identify demand pressures within key services and to take remedial action.

Key findings

We identified the following significant risk after we had completed our initial risk assessment.

Significant risk identified since our audit plan was issued

Ofsted and Care Quality Commission (CQC) visits

During 2018/19 Ofsted and the CQC carried out a Joint Area SEND Inspection and Ofsted also undertook a two day focussed visit.

Audit work and Findings

In December 2018 a Joint Area Inspection was undertaken in Devon.

The inspection included Ofsted inspectors and Inspectors from the CQC to judge the effectiveness of the area in implementing the disability and special educational needs reforms as set out in the Children and families Act 2014. This involves services for children and young people with special educational needs and / or disabilities – known as SEND.

The inspection determined that a Written Statement of Action was required because of significant areas of weakness in local area's practice and noted that the local area had been too slow to implement the 2014 SEND reforms. The Council and NHS Devon CCG were jointly responsible for this Written Statement of Action. However, Ofsted considered the initial joint response as 'not appropriate' and have asked for a revised response from the Council and the CCG, strengthening some aspects.

In May 2019 Ofsted Inspectors undertook a two day focussed visit to Devon County Council looking at the Council's arrangements for children in need and those who are subject to a child protection plan. Ofsted reported that senior leaders, including elected members, have focussed their time and energy on creating an environment in which children can receive a better service than when the County Council's children's services were last inspected by Ofsted in 2015. The Council's workforce has been stabilised at all levels and social work caseloads have been brought down to a manageable level. In all areas covered by the visit, Ofsted concluded that the Council knows its strengths and weaknesses well.

However, Ofsted did report that Devon County Council has three main priorities for improving the lives of children who live in the County: timely assessments, accurate planning and consistent supervision. Ofsted reported weaknesses in all three of these areas that require decisive attention now that the infrastructure is secure. The following areas need to improve:

- the quality of assessments so that these include an analysis of all presenting risks and what these mean for a child
- the focus of children in need and child protection plans so that they link directly to and address the risks identified in assessments
- the level of challenge and scrutiny that managers give to social workers
- the accuracy of performance management data and the consistency of quality assurance audits.

Ofsted will take the findings from this focussed visit into account when planning their next inspection or visit.

Conclusion

We have concluded that the issues raised by Ofsted and the Care Quality Commission do not warrant a qualification of our VFM conclusion. Nevertheless, the issues raised during the reviews are important and we made recommendations in that respect.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and the provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	February 2019
Audit Findings Report	July 2019
Annual Audit Letter	August 2019

Fees

	Planned £	2017/18 fees £
Statutory Council audit	81,066	105,281
Audit of Pension Fund	22,024	28,603
Total fees	103,090	133,884

Audit fee variation

As outlined in our audit plan, the 2018-19 scale fees above published by PSAA of £81,066 and £22,024 assume that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Area	Reason	Fee proposed
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	£3,000 (Council) £1,500 (Pension Fund)
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	£3,000
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	£3,000
Objection costs	We received an objection to the County Council's accounts in both 2016/17 and 2017/18. Both have been concluded. The fee for 2016/17 was £7,993. We have not yet determined the fee for 2017/18 and will advise the Audit Committee separately about this.	£7,993
Total		£18,493

A. Reports issued and fees continued

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table below summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

Fees for non-audit services

Service	Expected Fee £
Audit related services	
- Teachers' Pensions Certification	4,200
Non-Audit related services	
- Pension Assurance Letters	10,000
Total	£14,200

EXTERNAL AUDIT – UPDATE

Report provided by Grant Thornton via the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

Recommendation: that the Committee notes the attached report and findings within.

1. The attached report, provided by the Council's External Auditors (Grant Thornton), sets out the progress in delivering their responsibilities as the County Council's external auditors and includes a summary of emerging national issues and developments relevant to the Council.

Mary Davis
Electoral Divisions: All
Local Government Act 1972
List of Background Papers

Contact for Enquiries:

David Bray | Senior Manager | Audit

For Grant Thornton UK LLP

2 Glass Wharf | Bristol | BS2 0EL

T (direct) +441173057889 | **T (internal)** 57889 | **T (office)** +44 (0)1173057600

E David.Bray@uk.gt.com | **W** grantthornton.co.uk

Background Paper: None

2019/20 Internal Audit Mid-Year Progress Report

Report of the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

Recommendations:

- i. that the Committee reviews and notes the overall assurance opinion.
- ii. that members review and consider the performance of Devon Audit Partnership in the first half of the year.
- iii. that members review and consider the outcomes of the work completed to date.
- iv. that members review and note the ongoing commitment to counter fraud activities.

The key objective of Internal Audit is to provide assurance to Members, Leadership Group and the County Treasurer (as the Council's "section 151 responsible officer"), on the adequacy and security of those systems on which the County Council relies for its internal control, both financial and management.

The attached report provides the mid-year audit opinion of the Council's Internal Audit Service (Devon Audit Partnership) and describes the progress to date against the internal audit plans for 2019/20 that were approved by the Audit Committee in March 2019.

This work and the continuing contribution of Devon Audit Partnership to both risk management and anti-fraud arrangements within the Council, lead to an opinion that the Council continues to have an effective framework of control which provides reasonable assurance regarding the effective, efficient and economic achievement of its objectives. The Committee can take assurance from these findings.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

List of Background Papers

Contact for Enquiries: Robert Hutchins
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report.



devon **audit** partnership

Internal Audit

Audit Committee Half Year Monitoring Report 2019/20

Devon County Council

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November 2019
Official

CUSTOMER
SERVICE
EXCELLENCE



CSE



Auditing for achievement

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Devon Audit Partnership	Confidentiality and Disclosure Clause
<p>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.</p> <p>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 .</p>	<p>This report is protectively marked in accordance with the Government Security Classifications. 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.</p> <p>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.</p>

Introduction

This report provides a summary of the performance against the internal audit plan for the first half of the 2019/20 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls where the reports have been finalised.

The key objectives of the Devon Audit Partnership (DAP) have been to provide assurance to Devon County Council on the adequacy, security and effectiveness of the systems and controls operating across the Council and to provide advice and assurance to managers and staff.

The Internal Audit plan for 2019/20 was presented to and approved by the Audit Committee in March 2019. The following report and appendices set out the half year position.

The Public Sector Internal Audit Standards require the Head of Internal Audit to prepare a report providing an opinion at the end of each year that can be used by the organisation to inform its governance statement. This report provides a position statement on the progress towards that.

The level of risk associated with each of the areas in Appendix 1 has been determined either from the Local Authority's Risk Register (LARR), or the Audit Needs Assessment (ANA). Where the audit was undertaken at the request of client, it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on achievement of corporate / service goals.

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09

Expectations of the Audit Committee from this half year report

Members are requested to consider:

- The assurance statement within this report;
- the completion of audit work against the plan;
- the scope and opportunity of audit to complete the audit work;
- progress impact against strategic aims;
- any audit findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of these the Audit Committee are required to consider the assurance provided alongside that of Corporate Risk Management and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive for governance requirements.

Robert Hutchins
Head of Devon Audit Partnership

Opinion Statement

Overall, based on work performed during 2019/20 and that of our experience from previous years audit, the Head of Internal Audit's Opinion is of 'Significant Assurance' on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration of the Annual Governance Statement.

The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value-added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework. Heads of Service have been provided with details of Internal Audit's opinion on each audit review carried out in 2018/19 to date. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2018/19.

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 rests with management and these are reviewed during subsequent audits or as part of a specific follow-up.

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 the year, core financial and administrative systems are reviewed by Internal Audit either through specific reviews (e.g. debtors, creditors, payroll & Main Accounting) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework has operated effectively during the year. Where internal audit work has highlighted instances of none or part compliance, none are understood to have had a material impact on the Authority's affairs.

Risk Management

Risk management is utilised widely across the Council and monitored by officers and through to members. Key risks are recorded in Risk Registers, allowing a co-ordinated and consistent approach to minimise exposure and to ensure objectives are met. Devon Audit Partnership has taken a lead role in supporting and facilitating the process to further enhance and embed risk management.

Governance Arrangements

Scrutiny Committees have sought audit assurance and are developing links with audit plans and progress reviews alongside their planned business. Governance arrangements are considered in audit of key areas including contracting and commissioning of services to ensure that the County Council's interests are protected.

Performance Management

The strategy is key to the successful delivery of services and is established for 'business as usual' and transformation programmes. Reporting is made regularly to management; leadership and the Council should ensure effective management. This is of particular importance as the Council commissions and contracts new services.

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.	Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.	No Assurance	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.
		4	

Progress Against Plan

This report compares the work carried out with the work that was planned through risk assessment, 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.

It 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 the findings for the reviews completed;
- 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.

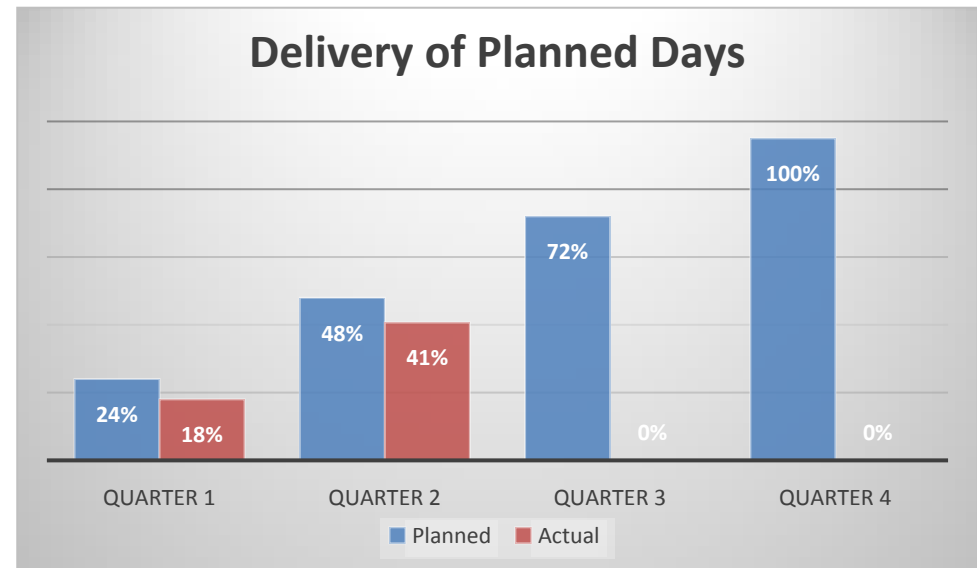
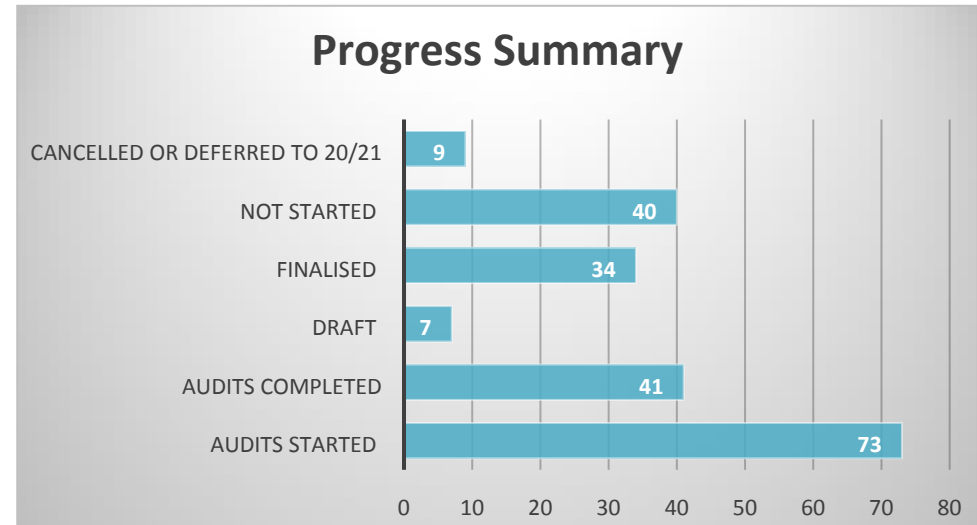
The extent to which our work has been affected by changes to audit plans has been slightly more than expected as several reviews have been deferred and then cancelled, necessitating the reallocation of resources.

The progress chart includes other audit work and performance reports issued in addition to the planned audits and grant certifications.

Performance in the year has also included completion of work from 2018/19 necessarily spanning year end; and undertaking follow up audits on areas where significant findings were made in the previous year.

The bar charts on the right show the status of audit progress against plan and the audit days delivered against target planned. They demonstrate that progress is largely in line with expectations and that the number of audit days delivered is nearly on par with those planned and is in line with our resource allocations for the year.

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Value Added

We know that it is important that the internal audit services seek to "add value" whenever it can. We obtained feedback from those audited during the year who considered we were able to add value by:

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

Summary Audit Results

Adult Care and Health

In our opinion there are two clear areas where recommendations for improvements have been made in relation to Direct Payments, specifically there are control weaknesses in respect of Care Plans which are not being reviewed annually, resulting in possible over specification of care packages and increased costs to the authority. Additionally, in Continuing Health Care there is not sufficient availability of performance information linked to spend and legal requirements on outcomes. Action plans have been agreed or are in the process of being finalised with management.

The follow up of audits previously rated as Improvements Required also confirmed that positive action had been taken.

Communities, Public Health, Environment and Prosperity (CoPHEP)

In our opinion and based upon our audit work completed during 2019/20 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 work linked to libraries identified positive actions in respect of the improvement of monitoring the performance of the provider against Council expectations.

Children's Services

As part of the review of comparison with recommendations made within the Nary report, we were able to confirm that there was a good level of compliance already in place. We have also undertaken the certification of

a number Grants from the Troubled Families Programme and the service are making good progress in relation to the intervention target set by central government.

Material Systems

Based on audits completed and on indications from previous and on-going work, we can report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses.

No significant concerns have been identified from our work to date, including that on grants and management have responded positively to any recommendations for improvement.

Digital Transformation and Business Support

Our work to date in this area has focused on the follow up of previous reports with a rating of Improvements Required. We can confirm that the service area has indicated that positive action has been taken in respect of the recommendations made, although each remains as Improvements Required. Our reviews for the remainder of the year will assist us in confirming the application of agreed management actions.

Highways Infrastructure Development and Waste

In our opinion and based upon our audit work completed during 2019/20 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 focus of work in the area to date has confirmed that the service and main contractors such as Skanska work collaboratively to resolve challenges and issues where they occur.

Legal Services and Communications

Our activities in this area have been and continue to focus on the implementation of a replacement payroll system. We have worked collaboratively with the project team to provide assurance in areas such as comparison of net pay runs, initial system controls and the overall payroll processes.

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

Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. With the support of our Counter Fraud Team we have drafted a revised anti-fraud and corruption strategy which is to be considered by Leadership in the near future. This is supported by a plan of work on prevention and detection including awareness training. This plan has been accepted in principle but awaiting approval before commencement of work.

The National Fraud Initiative (NFI) is a national data matching exercise and it is a statutory obligation for DCC to take part. It is organised by the Cabinet Office. The 2018/19 data matching exercise began in October 2018 with the extraction of the required data from the Councils systems and submission to NFI for processing.

The data is matched against data from other public sector bodies and organisations and the match results are published via a secure web facility in early 2019 to be reviewed/investigated.

The match investigation work is almost complete with only a small number of queries (7) outstanding across the various match reports. We are awaiting confirmation of the investigation of matches based on Resident Parking Permits v Deceased persons. The Traffic Management Team Leader has been reminded of the need for the results.

The outcomes from the investigations have not been financially material, details of monies recovered from the exercise are detailed below.

- Duplicate Creditor Payments - £10,151;
- Overpaid Pension - £169;
- VAT Overclaimed (monies paid back to HMRC) - £935.

In addition, 463 Concessionary travel passes and 70 Blue Badges have been cancelled following investigation.

Client Finance Services, who review the Personal Budgets vs Pension matches have referred a number of clients who receive personal budgets for re-assessment.

Investigations and Irregularities

During the first six months of the 2019/20 financial year, Internal Audit was made aware of 16 irregularities across the Council. Analysis of the types of investigation and the number undertaken is shown in the following table.

Fraud / Irregularity Summary		
Case classification	Number of cases	Summary Details
Theft / Loss of IT equipment	Eight	Six cases relate to lost or stolen mobile phones, the remaining two cases relate to stolen laptops.
Employee Conduct	Six	Cases related to concerns regarding employee use of internet during work hours and audit support to Information Governance Team investigations.
Poor Procedures	One	This case related to the working patterns of a member of staff.
Financial Irregularities	One	This allegation is still under investigation – We have no further comment at this time.

There were two further reports which resulted in some form of investigation (Adult Health and Social Care), these were linked to the activities of staff within external care organisations, not Council staff.

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 2018. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment - through external assessment December 2016 'DAP is considered to be operating in conformance with the standards. External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS). The Head of Devon Audit Partnership also maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement are supported by a development programme.

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 2019.

Performance Indicators

Overall, performance against the indicators has been very good with improvements made (see Appendix 5). 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 continue to review where performance in this area can be improved.

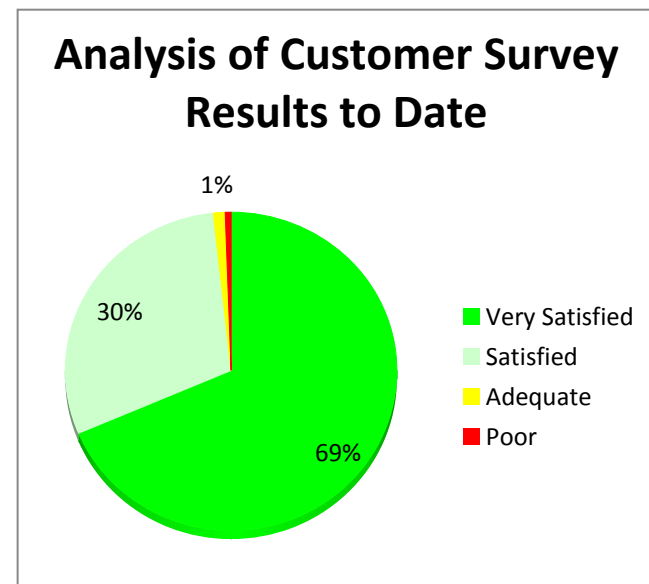
Customer Service Excellence

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year. We have had some very complimentary feedback of where our team have been able to add value to the Council these may be found upon our webpage.

The chart on the right of this page summarises the customer satisfaction results received to date during 2019/20.

Inherent Limitations

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









Appendix 1 - Summary of audit reports and findings for 2019/20

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

-  - action plan agreed with client for delivery over appropriate timescales & is progressing;
 -  - action plan agreed and is being progressed though some actions are outside of agreed timescales or have stalled
 -  - action plan not fully agreed, or we are aware progress has stalled or yet to start;
 -  - 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.

Adult Social Care and Health			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Continuing Health Care and Complex Care Commissioning Project (ANA – Medium) Page 35	Improvements Required Status: Draft	Continuing Health Care (CHC) is a package of care provided outside of hospital that is arranged and funded solely by the NHS for individuals aged 18 years and older who have significant ongoing healthcare needs. Persons assessed as eligible for CHC have their health and social care costs paid for by their Clinical Commissioning Group (CCG) in Devon. This audit was targeted to specific areas to provide assurance that the additional leadership and assessment capacity within the project will have a beneficial impact on the quality and timeliness of the social care assessments. We have found that risk mitigation is improving and there is evidence to show that assessments are improving and being completed more promptly – this evidence is, however, not strong in all areas where there is incomplete information. We have identified that management and monitoring control is weak or there is little evidence available to provide assurance that: <ul style="list-style-type: none"> - the number of formal disputes and time taken to resolve disputes reduced; - analysis of spend on CHC and joint packages of care has been undertaken and compared with other LAs / CCGs; - reporting systems around activity in relation to CHC are sufficient to assure the LA of its compliance with legal limits. Management have accepted our findings and are in the process of agreeing an action plan.	
Direct Payments (ANA – Medium)	Improvements Required Status: Draft	The Care Act 2014 requires annual re-assessment of all clients care needs. However, we have found that this is not happening in all cases where due to resourcing issues the focus of resource is on reviewing new clients to ensure that they get a package of care as quickly as possible. This also includes an annual financial assessment of a client’s ability to contribute to their care. The annual care assessment is also for monitoring the outcomes of care to ensure that care packages are achieving the required objectives and benefiting the client. The absence of the care assessments means that outcomes are not being monitored. Clients who receive funding through direct payments are responsible for sourcing their care. The Direct Payments Team monitor the use of the funds against the care and recover unspent funds.	 *

Adult Social Care and Health

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>This monitoring is not consistent in the three areas and thus unspent funds are not always being recovered. This also highlights potential issues with over funding or an inability to obtain the care required. This suggests that care packages are not being directly targeted to best meet the clients needs.</p> <p>The direct payment contract has been revised over time where previous contracts did not state what funds were to be used for and thus resulted in occasional misuse. The absence of the annual reviews means that the revised contracts are not being utilised for ongoing client care. This reduces risk mitigation and the ability of recovery of funds by the Authority.</p> <p>Management have accepted our findings and are in the process of agreeing an action plan.</p>	
Technology Enabled Care Support (TECS) Follow Up of 2018/19 review	Good Standard Final	A considerable amount of work has been completed to improve guidance and processes. The majority of recommendations have been completed and other improvements have also been made.	
Living Well at Home (LWAH) - Follow Up	Improvements Required Final	There were a large number of recommendations relating to a primary provider. In light of the audit findings and concerns from the Service, the primary function delivered by the provider is moving back to Council direct management during November 2019. The assurance opinion remains as Improvements Required although progress is being made.	

The following audits are due to commence in the second half of 2019/20 either as planned, or as a result of service area deferment requests. The scoping of some audits has commenced:

- Transitions (joint audit with Children's Services) (ANA – Medium)
- Workforce Strategy / Recruitment (ANA – Medium)
- Promoting independence for people with disability (including Supporting Independence contract) (ANA – Medium)
- Revised arrangements around Personal Care (ANA – Medium)



The following audits have been cancelled or deferred into 2020/21 at the request of the service area:

- Preparing for implementation of Liberty Protection Safeguards (ANA – High)
- Technology Enabled Care Support (TECS) (ANA – Medium) - Deferred to the 2020/21 Audit Plan
- Health, Social Care and Housing Collaboration with District Councils (ANA – Medium)
- Implementation of new Social Care Funding arrangements (ANA – Medium)

Communities, Public Health, Environment and Prosperity (CoPHEP)

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance

Communities, Public Health, Environment and Prosperity (CoPHEP)

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Primary Authority - Trading Standards (ANA – Medium)	Good Standard Status: Final	The Service has experienced considerable change for several years prior to this following the joining together of Devon and Somerset Trading Standards departments in 2013, and then Torbay joining in 2017. It is, therefore much to the credit of the department as a whole that the services provided to consumers and businesses are considered to be professional and well regarded, during these periods of significant change.	
Libraries Service – Contract management	Good Standard Status: Draft	The governance arrangements are generally sound and are monitored through performance and financial management processes. We found opportunities for improvement in future commissioning controls via clearer agreement of service fees, KPIs and efficiencies. There is an annual provider service plan in place, though the Council has no overview strategy to measure this against. The Commissioning Team have started work on a strategy and requested facilitation from Audit on Risk Management for the service.	

The following audit review is currently in progress and it is anticipated that the report will be issued and agreed in the third quarter of 2019/20.

- Greater Exeter Strategic Plan (GESP) (ANA - High)


The following audits are due to commence in the second half of 2019/20:

- Domestic and Sexual Violence and Abuse (DSVA) (ANA – Medium)
- Post 16 Transitions Contract (ANA – Medium)



The following audits have been cancelled or deferred into 2020/21 at the request of the service area:

- South West Exeter (ANA High, Client Request)

Children’s Services

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Fostering - Narey Report and Fostering Network Report, Recommendation Compliance (ANA – Medium)	Status: Final	Our Audit of the Councils Fostering Services looked at how it compares against recommendations made within the recent Narey and Fostering Network reviews upon fostering. The draft report has been issued and there are no material concerns in relation to conformance.	

Children's Services

Insourcing Plans (ANA – High)	Opportunity Status: Draft	The audit reviewed the due diligence exercise and lessons learnt of the Insourcing of Public Health Nursing, Short Breaks, Portage and Rehabilitation Officers of Visually Impaired Children's Service (ROVICS). The project was well structured and delivered on time with the Service transferring on 1st April 2019. The project closed in July and the Service moved into Business as Usual in July 2019. The Service's Project Closure Report included lessons learnt which has formed part of our review. An action plan is being drafted to take lessons forward for possible future insourcing needs. The audit has found that the project was well structured and there was good evidence of the due diligence undertaken. The lessons learnt reported in the project closure report concurs with the audit findings so far, and includes items on data systems, data quality and information transfer. The audit is still being concluded, and findings are in the process of being clarified with management.	
Troubled Family Support Programme Grants x 7	Status: Certified with amendment	Grants claims have been submitted for April, May, June, July, August, September and October to audit for testing, verification and certification.	

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The following audit reviews are currently in progress and it is anticipated that reports will be issued for these in the third quarter of 2019/20.

- Contracting & Placements (ANA – Medium)
- Insourcing Plans (ANA – High)
- Continuing Health Care and S117 Aftercare (ANA – Low)
- Children's Services Management Information Team: CareFirst to Eclipse, Data Quality - controls / validity (ANA – Medium)
- Regional Adoption Agency (ANA – Medium)
- High Needs Funding (ANA – Medium)



The following audits are due to commence in the second half of 2019/20:

- Services for Disabled Children (ANA – Medium)
- Preventing Adolescents from Coming into Care / Edge of Care (ANA – Medium)

The following audits have been cancelled or deferred into 2020/21 at the request of the service area:

- Ability to Deliver Services for Disabled Children (ANA – Medium) – *Combined with Services for Disabled Children Review*
- Early Help (ANA – Medium)

Material Systems - 2019-20

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Payroll (ANA – High)	Good standard Status: Final	With regard to the risk of potential fraud, it has been established that HR Payroll does not maintain authorised signatory lists of officers authorised to submit instruction to payroll, particularly in regard to the processing of changes and additional pay, or other payroll instructions where forms are available to staff over the Intranet. This weakness has been mitigated through additional control checks by the Payroll Compliance Team. The new payroll system HR iTrent - HRMS project currently being implemented has built in on-line authorisation processes which will mitigate this risk. Further review will be completed in Q3-4	
Grants x 7 Risk / ANA: N/A	Status: Certified	Grants certified without amendment: <ul style="list-style-type: none"> • Active Devon; • Bus Subsidy; • Local Growth Fund; • Local Transport Capital Block Funding; • NPIF - Exeter & Eastern Growth and Main Street Sherford; • Engaging Rural Micros for Increasing Productivity; • Connecting Actively to Nature. 	

The following audit reviews are currently in progress and it is anticipated that reports will be issued and agreed in the third quarter of 2019/20.

- Treasury Management (Risk / ANA – Low)
- Main Accounting System (Risk / ANA – Medium)
- Accounting System (Risk / ANA – Medium)
- Bank Reconciliation (Risk / ANA - Medium)
- Income Collection (Risk / ANA Medium)





The following audits will commence in the second half of 2019/20:

- Finest System administration (Risk / ANA - Low)
- Creditors (Risk / ANA - Medium)
- Fixed Asset Register (Risk / ANA - Low)
- Payroll (Risk / ANA Medium)
- Debtors / Debt Recovery (Risk / ANA - Medium)

Digital Transformation & Business Support - 2019-20

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance

Digital Transformation & Business Support - 2019-20

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Cyber non-technical Follow Up	Improvements Required Status: Final	We recognise that progress has continued in relation to key areas to provide a more robust framework. Furthermore, that there has been notable user awareness work provided via the resources that have been added to the Inside Devon Cyber Security awareness pages. As a number of areas are not yet fully in place, we are unable to provide assurance as to the effectiveness in addressing the original risks identified and the associated required actions. We are, however, able to provide advice and support as these projects progress. Further review of cyber security is currently in progress.	
ScoMIS Contract Management Follow Up	Improvements Required Status: Final	Management has advised that some progress has been made which has improved the contract management processes, and these improvements continue. We have yet to fully evaluate effectiveness of this though it will be subject to further review. Regular contract meetings between ScoMIS and Commissioning teams have been established, which include continuous service improvement. Progress against actions is also linked through the annual ISO27001 audit process.	
Casefirst OLM Follow Up	Improvements Required Status: Final	Management has advised that good progress has been made and we still consider the hosting arrangement with OLM to be delivering the benefits which were identified in the business case. However, the hosting arrangement remains complex in terms of current services and ongoing projects making ongoing review of value and contract management crucial. As originally reported, the Council is reliant on OLM and needs to maintain management of the contracts as a commissioning authority. Good progress has been made in relation to ensuring alignment to contract including monitoring of service costs and it is pleasing to note that progress has also been made in relation to security of hosted data.	
Adoption and Change Follow Up	Improvements Required Status: Final	Management has advised us that progress is being made, we are pleased to note that funding has been secured for a permanent Adoption and Change team which addresses one of the key risks identified. We further understand that a project has been created and is ongoing, intended to address the remainder of the Adoption and Change Programme. This project will also include identification, consideration and management of associated risks, and ongoing monitoring, reporting and development of associated performance measures.	

The following audit Follow-up reviews are currently in progress and it is anticipated that the follow-up reports will be issued and agreed in the third quarter of 2019/20.

- Data Protection & Cyber (Control Malware), (ANA – Medium, Client Request)
- Procurement: Resilience of significant / strategic 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 lifecycle (ANA – High, Client Request)

Digital Transformation & Business Support - 2019-20

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance

The following audits will commence in the second half of 2019/20:




- Data Management Project (ANA – Medium, Client Request)
- ICT Roadmap (ANA – Medium, Client Request)
- Digital Platform (ANA – Critical, Client Request)
- Key Financial Systems (ICT elements) (ANA – High, Client Request)

The following audits have been cancelled or deferred into 2020/21 at the request of the service area:

- Target Operating Model (ANA – Medium, Client Request)

Highways, Infrastructure Development and Waste Services

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance

Infrastructure (ANA – Critical)	Good Standard Status: Final	Both Highways and Built Environment projects adopt a similar methodology and principles for managing the steps of a project (RIBA). Overall, we found some good processes in place to identify and manage risks to Infrastructure projects, though there could be opportunity to enhance current practice.	
Skanska - Review of contract reconciliation (ANA – Medium)	Good Standard Status: Final	Our review and opinion are focused on the reconciliation process related to surplus gain / loss on service areas. At present, Skanska are not undertaking quarterly reconciliations to highlight profit and loss against the contract. This reconciliation would be considered a useful tool in helping to inform both parties on the financial health of the contract and service components, as well as determining the total pain/gain share. It can also be used to inform both parties on potential risks.	
Street Lighting system – Client Request	Improvements Required Status: Draft	We completed a 'light touch' assessment of a new street lighting systems for asset management and maintenance of street lights. The system is hosted by the service provider and meets its objectives for management of the streetlighting jobs and infrastructure. However, the system does not have adequate authorisation control built into the software and would not currently comply with the Council's Financial Regulations for payment control. The Service and the Software Provider are working together to resolve this issue.	

The following audit reviews are currently in progress, it is anticipated that reports will be issued and agreed in the third quarter of 2019/20.

- Waste - Savings Sharing Scheme (Joint Review with Mid Devon District Council)


The following audits are not due to commence until the second half of 2019/20:

- Maintenance Contract (ANA – Medium)

Highways, Infrastructure Development and Waste Services

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
<ul style="list-style-type: none"> Viridor End of year sign off (ANA – Medium) Highways – Well maintained highways infrastructure (ANA – Medium) Data Breaches (ANA – Medium) Collaboration with Others (ANA – Medium) 			

Corporate – Legal Services and Communications

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
HR: iTrent – HRMS Project	Status: Ongoing	Input as the project progresses through to finalisation / go-live stages.	N/A
Corporate Procurement Cards	Opportunity Status: Final	The corporate procurement framework for the Council is established through a number of policies, review of which identified some inconsistencies, which may lead to conflicting application if the purchasing cards in use. Recommendations have been made which should strengthen the policy framework. Our review of the detailed activity identified incidents of spending outside the corporate purchasing framework as well as VAT recovery not being maximised. A review of the number and use of cards by the service in conjunction with updated policies would improve effectiveness and benefit of their use.	

The following audit reviews are currently in progress, it is anticipated that the report will be issued and agreed in the third quarter of 2019:

- Health and Safety Governance (ANA - Medium Client Request)
- HR: iTrent Data Migration (Client Request)

The following audits are due to commence in the second half of 2019/20:

- Coroner Recharges (Client Request)
- HR: ITRENT - New Human Resources Management System (HRMS), to be combined with annual payroll audit. (Risk /ANA - Medium Client Request)

The following audits have been cancelled or deferred into 2020/21 at the request of the service area:

- HR - Ill Health Process (Risk / ANA Medium, Client Request)
- Communications and Media - Effect of social media on DCC (ANA - Medium Client Request)

Appendix 2 – Definitions

Definitions of Audit Assurance Opinion Levels

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




Definition of Recommendation Priority

High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.

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

Direction of Travel Indicators

Indicator	Definitions
	- action plan not agreed, or we are aware progress on key risks is not being made and remain outstanding.
	- amber - action plan not fully agreed, or we are aware progress has stalled or yet to start;
	- amber - action plan agreed and is being progressed though some actions are outside of agreed timescales or have stalled.

Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk



- action plan agreed with client for delivery over an appropriate timescale, progress is being made.

2019/20 Midyear Risk Management Report

Report of the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

Recommendations:

- i. that the committee reviews the current risk management position as summarised in this report.
- ii. that the Committee reviews the changes and updates to the risk management process as supported by Devon Audit Partnership, particularly the increased use of visual and interactive Risk Management Dashboards (Appendix 2).
- iii. that members consider the risks currently ranked the highest shown in Appendix 1.

The attached report sets out the current risk management position and confirms the role of the Audit Committee as per the Risk Management Policy. It further summarises the existing risk position and links to visual reporting via power BI.

Appendix 1 Shows an extract of the top risks at the time of writing this report.

Appendix 2 Shows the Risk Management Dashboard that has been created for ongoing use by the Committee.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

Contact for Enquiries: Robert Hutchins
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
Nil		

There are no equality issues associated with this report



CIR Risk Management

10th ANNIVERSARY AWARDS 2019

shortlisted



Risk Management

2019/20 – Mid Year Update Report

November 2019



Support, Assurance & Innovation

Introduction

Devon Audit Partnership (DAP) is continuing to support and facilitate the development of the Council's risk management framework and processes. This support is assisting members, senior management and staff in identifying risks, recognising and recording the "true" risk, mitigation thereof, and promoting effective monitoring and reporting of those risks.

This report has been designed to present a mid-year summary and key information for those risks which have been identified, analysed, and recorded in the Risk Register, along with their mitigating actions and controls. As per the Risk Management Policy & Strategy document, the role of the Audit Committee in Risk Management is as shown below.

Audit Committee

The Audit Committee is responsible for ensuring that the council's Risk Management process is carried out effectively. It will not normally examine specific risks to objectives in detail but satisfy itself that risks are being monitored appropriately by the risk owner and relevant Scrutiny Committee. The Audit Committee may also consider the "top ten" risks to ensure that action is being taken to mitigate these risks.

The Risk Information in this report is supplemented by a Power Bi Dashboard as per the embedded link and Appendix 2.

Summary Risk Position

In respect of the risk that are known, assessed and being managed, there were 117 risks recorded in the Devon County Council Risk Register on 4th November 2019, a net decrease of one since the last report to Audit Committee in May. 87 of the risks had an Inherent risk rating of High or above; this indicates that the register is correctly identifying the more significant risks and is not diverting management attention to low level risks. Positive management action has reduced the Current risk score for 62 of these to Medium or lower. An extract of the 10 highest rated risks has been included as Appendix 1.

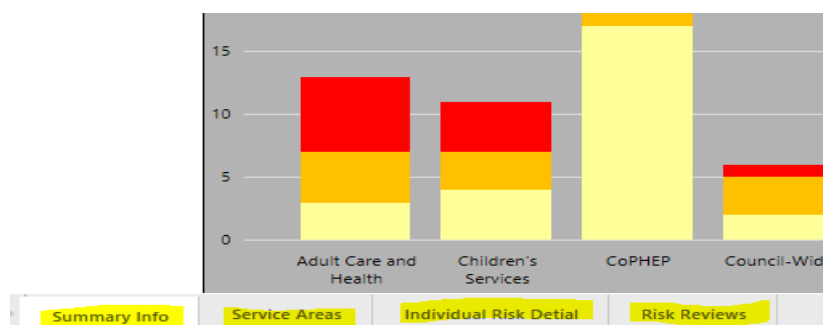
PowerBI

A Dashboard, showing the current risk position, has been created in Power BI and can be accessed via the link below, the main elements of that dashboard are shown in Appendix 2. This process for presentation of risk information is being rolled out across the Council and was last used for presentation to the Leadership group in October 2019

[Link to LG Power Bi Risk Management Dashboard](#)

The dashboard contains four Tabs (Highlighted in the image below).

- The first is an initial summary screen, showing risks by Service Area;
- The second provides more information on the risks within each service area;
- The third allows a more detailed review of individual risks; and
- The final tab allows scrutiny of risk reviews against corporate policy expectations.



We will run through each tab individually at the Audit Committee meeting, advising how information that has in the past been extracted and summarised, can now be seen via a few mouse clicks. Please do not let this revised approach preclude you from clicking on the link and exploring the risk information.

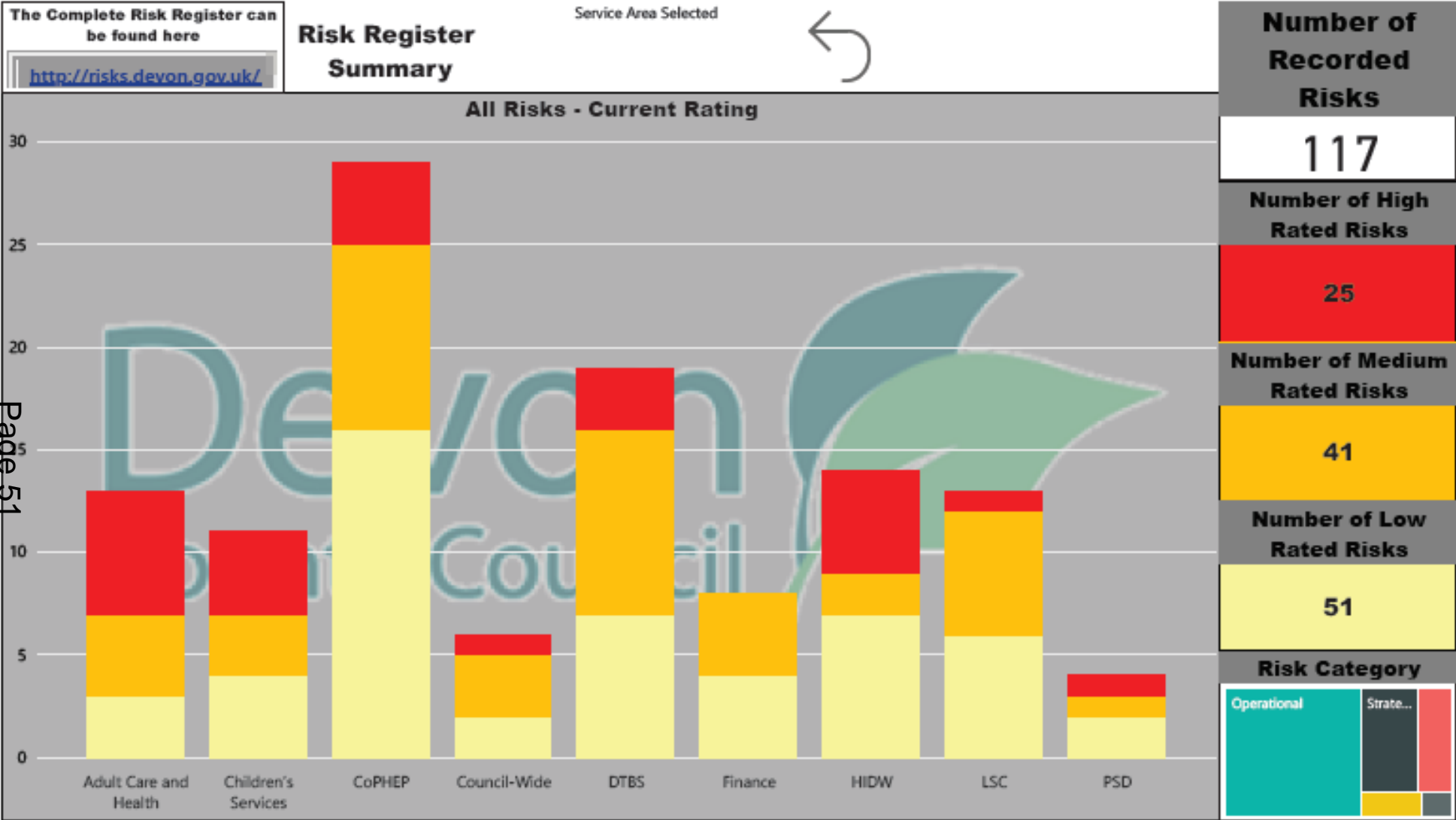
For queries related to risk management please contact Tony Rose tony.d.rose@devon.gov.uk or the risk management mailbox finance.riskmanagement-mailbox@devon.gov.uk.

Service area	Risk Title	Description	Risk category	Current score	Risk Owner	Accountable Officer	Latest review	Score change since last review	Change direction
Digital Transformation	BI21 - Cyber Attack	Successful Cyber Attack on the Authority resulting in reduced ability to deliver council services.	Operational	20: High	Martin Lawrence	Gary Dempster	16 Oct 2019	+8	↑
Council Wide	Brexit - The UK's exit from the European Union results in pressures which directly impact the Council's delivery of services	<p>Cause - Referendum Decision to Leave the EU.</p> <p>Event - New arrangements need to be agreed for the relationship between the UK and the EU from 29 March 2019.</p> <p>Impact/s <u>No Deal Brexit</u> Return to WTO Rules, reduced trading, return to WTO Rules, increased cost of trading. Increased uncertainty on employment and residency for EU citizens. Decrease in labour market availability to support care needs. <u>Brexit with Deal</u> Additional work to ensure future compliance with EU Rules and Regulations that may still be in force or require adherence to for specific activities, along with increased costs to ensure compliance with all future legislation. <u>Both</u> Increased costs due to lost funding to EU funded programmes, including economic growth and regeneration, employment, environmental protection, research and development. Impact on local business / population and knock on effect to areas such as business rates and council tax. Greater pressure on labour markets if EU nationals are not available to fill posts.</p>	Strategic	20: High	Keri Denton	Leadership Group	16 Oct 2019	0	↔
OPHEP	Climate Change	<p>Cause - Climate change is projected to increase global temperatures by 1.5 degree Celsius as a minimum. Impacts for Devon include potential sea-level rise of 90cm by the end of the 21st century, current extremes of weather becoming the norm, greater flooding risk and impacts on biodiversity that could lead to a reduction in natural services such as pollination.</p> <p>Event - In Devon, this will lead to up to 1m sea level rise; drier, hotter summers; warmer, wetter winters; and more intense storm events.</p> <p>Impact/s <u>Health</u> – Increased heat-related morbidity, vector-borne disease, mental health issues <u>Reputation</u> – DCC is being looked to as a community leader. 25% of local authorities have now declared climate emergencies. <u>Legal</u> – There is no direct legal requirement on the authority to reduce carbon emissions or adapt to climate change, but not acting will make it more difficult to meet other legal requirements due to the impact of climate change on our services and infrastructure. <u>Financial</u> – The Stern Review identifies the cost of climate change to the global economy to be 5% - 20% per year. The costs of mitigating the worst effects can be delivered for just 1% of GDP. <u>Performance Standards</u> – Climate change will affect many of the council's performance standards <u>Stakeholders</u> – Climate change will affect all of the authority's stakeholders and partners. Service Users – Climate change will affect all of DCC's services and its service users</p>	Strategic	20: High	Doug Eltham	Dave Black	30 Sep 2019	0	↔

Service area	Risk Title	Description	Risk category	Current score	Risk Owner	Accountable Officer	Latest review	Score change since last review	Change direction
HIDW	HTM1: Deterioration of minor road network due to insufficient maintenance.	Injury and delays to road users and damage to vehicles resulting from deterioration of C Class and Unclassified road network due to insufficient planned and Routine Maintenance.	Strategic	20: High	Joe Deasy	Meg Booth	03 Sep 2019	0	↔
HIDW	HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of highway assets. This could be brought about by deteriorating highway condition, inability to meet policy level of service, inadequate procedures or poor staff/contract performance.	Operational	20: High	Joe Deasy	Meg Booth	03 Sep 2019	0	↔
HIDW	HTM3: Lack of capacity or capability to effectively respond to extreme weather events	Flooding, obstruction and structural damage to the highway or other transport infrastructure affecting citizens and property causing traffic disruption, economic and health impacts.	Operational	20: High	Joe Deasy	Meg Booth	03 Sep 2019	0	↔
Children's Services	Demand for Children's Services exceeds the financial provision	Due to an increase in demand for the different services provided by the Children's Services teams, the budget set for the current financial year may be exceeded, resulting in a potential reduction of service delivery or the possibility of a failure to deliver statutory responsibilities.	Strategic	16: High	Darryl Freeman	Jo Olsson	23 Sep 2019	0	↔
Adult Care and Health	KS29: Inability to recruit appropriately qualified adult social care professionals	<p>Cause - Lack of suitable and appropriately qualified professionals available across the health and care system locally, regionally and nationally. High levels of competition across organisations which often offer better remuneration and terms and conditions than Devon County Council. Ageing internal workforce of Approved Mental Health Professionals (AMHP) and within the Emergency Duty Service.</p> <p>Event - That the numbers of professionally qualified staff fall below that required to offer a safe and secure service. Care management throughput, particularly with regard to the timeliness of assessment and review are impacted adversely putting services users at risk of harm.</p> <p>Impact - That referrals leading to assessment are not undertaken in a timely fashion leading to people waiting longer for the support they require, which could potential lead to heightened risk of harm. Reviews not undertaken in a timely manner leading to service users with possibly inappropriate packages of care (too high or too low) with associated financial consequences. Patients unnecessarily delayed in hospital longer due to inability to assess needs and procure services in a timely manner.</p>	Operational	16: High	Social care management information adults	Keri Storey	05 Sep 2019	0	↔
Adult Care and Health	KS30: Investment in workforce capacity and skills mix is insufficient to meet the changing nature and intensity of demand	<p>Cause - Increased acuity of need for people who require support and intervention from community health and care services. Only short-term investment and targeted initiatives, e.g. Invest to Save, have been used to grow the workforce in recent years.</p> <p>Event - That these initiatives increase the risk of destabilising teams required to deliver core care management functions.</p> <p>Impact There is a significant risk that the workforce is unable to deliver safe services to the required standard. Without properly planning ahead to meet projected changes in demand the workforce will not be developed and built to meet future requirements.</p>	Operational	16: High	Social care management information adults	Keri Storey	05 Sep 2019	0	↔
Adult Care and Health	KS9: Demand for adult social care and health for working aged adults (aged 18-64) exceeds financial provision putting the Council at risk	<p>Cause – Due to advances in medical practice more young people are surviving into adulthood with increasingly complex needs, living longer and out living their careers.</p> <p>Event – Significant cost and volume pressures are being placed on the adult social care system. In addition to the increasing numbers of young people transitioning from children's services there are additional and increasing pressures to support people with mental health needs, particularly in</p>	Strategic	16: High	Social care management information adults	Keri Storey	05 Sep 2019	0	↔

Service area	Risk Title	Description	Risk category	Current score	Risk Owner	Accountable Officer	Latest review	Score change since last review	Change direction
		residential care settings. Impact – Significant demand and financial pressures are evident within the system. Overall more of the adult social care NET budget is now being spent on supporting working aged adults (aged 18-64). Based on 3-year retrospective modelling, additional cost pressures of c.a. £1m are anticipated in supporting young people transitioning into adult care services. There is also significant pressure within the mental health system for residential care placements with demand and cost outstripping budget capacity.							


Agenda Item 7



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Agenda Item 7

<ul style="list-style-type: none"> Adult Care and Health Children's Services CoPHEP Council-Wide DTBS Finance HIDW LSC PSD 	Risk Description	←	Accountable Officer Amanda Palm...													
	<p>A Disaster Recovery (DR) plan is currently in place detailing the steps to be taken in the event of a disaster that rendered County Hall – and in particular the IT resources therein - unusable. The scope of this plan is driven by a list of business critical services that has been agreed with the DCC commissioning team. The current DR plan was originally commissioned in 2011 and apart fro...</p>		High	Risk Owner Andrea Morris												
	<p>Risk Title</p> <ul style="list-style-type: none"> Animal Health Disease Control BI02 - Lack of "Volunteers" to run a Rest Centre BI06 - Data Protection breaches BI07 - Call answering priority during an emergency BI09 - Loss of the CSC Building BI13 - Reputational damage BI14 - Maladministration by the LGO BI17 - Loss of connectivity to Public Services Network (PSN) BI20 - Physical / verbal abuse BI21 - Successful Cyber Attack BI22 - In-sourcing of Services into DCC Brexit - The UK's exit from the European Union results in pressures which v 															
	<table border="1"> <tr> <td style="background-color: #00A69A; color: white;">Operational</td> <td style="background-color: #333333; color: white;">Strategic</td> <td style="background-color: #FFC000; color: white;">Fina...</td> </tr> <tr> <td style="text-align: center;">70</td> <td style="text-align: center;">24</td> <td style="text-align: center;">6</td> </tr> <tr> <td></td> <td style="background-color: #E67E22; color: white;">Compliance</td> <td style="background-color: #333333; color: white;">Cha...</td> </tr> <tr> <td></td> <td style="text-align: center;">14</td> <td style="text-align: center;">3</td> </tr> </table>		Operational	Strategic	Fina...	70	24	6		Compliance	Cha...		14	3		
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	<p>All Risks - Current Rating</p> <table border="1"> <caption>All Risks - Current Rating Data</caption> <thead> <tr> <th>Rating</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>25</td> </tr> <tr> <td>Medium</td> <td>41</td> </tr> <tr> <td>Low</td> <td>51</td> </tr> </tbody> </table>				Rating	Count	High	25	Medium	41	Low	51				
	Rating	Count														
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Medium	41															
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<p>Risk Description</p> <p>A Disaster Recovery (DR) plan is currently in place detailing the steps to be taken in the event of a disaster that rendered County Hall – and in particular the IT resources therein - unusable. The scope of this plan is driven by a list of business critical services that has been agreed with the DCC commissioning team.</p> <p>The current DR plan was originally commissioned in 2011 and a...</p>			<p>Inherent Rating</p> <p style="font-size: 24px; text-align: center;">High</p>		<p>Last Review Date</p> <p style="font-size: 24px; text-align: center;">02 July 2018</p>	
			<p>Current Rating</p> <p style="font-size: 24px; text-align: center;">High</p>		<p>Score Change - Last Review</p> <p style="font-size: 24px; text-align: center;">-66</p>	
					<p>Accountable Officer</p> <p style="font-size: 24px; text-align: center;">Amanda Palmer</p>	
<p>Objective Impacted</p> <p style="font-size: 24px;">Adequately resource contract teams to mitigate overspends</p>					<p>Risk Owner</p> <p style="font-size: 24px; text-align: center;">Andrea Morris</p>	
<p>Ongoing Communicatio...</p> <p>First Mitigation 1</p>	<p>Amber</p> <p>M1 RAG Rating</p>	<p>(Blank)</p> <p>Mitigation 2</p>	<p>(Blank)</p> <p>M2 RAG Rating</p>	<p>(Blank)</p> <p>Mitigation 3</p>	<p>(Blank)</p> <p>M3 Rag Rating</p>	
<p>A multi-agency task forc...</p> <p>First Mitigation 1</p>	<p>Green</p> <p>M1 RAG Rating</p>	<p>(Blank)</p> <p>Mitigation 2</p>	<p>(Blank)</p> <p>M2 RAG Rating</p>	<p>(Blank)</p> <p>Mitigation 3</p>	<p>(Blank)</p> <p>M3 Rag Rating</p>	
<p>Service Engagement Leads</p> <p>First Mitigation 1</p>	<p>Green</p> <p>M1 RAG Rating</p>	<p>2014/17 Budget Setting ...</p> <p>Mitigation 2</p>	<p>Green</p> <p>M2 RAG Rating</p>	<p>Improved use of impact ...</p> <p>Mitigation 3</p>	<p>Green</p> <p>M3 Rag Rating</p>	
<p>DCC Flu Pandemic plan</p> <p>First Mitigation 1</p>	<p>Completed</p> <p>M1 RAG Rating</p>	<p>ACS Flu Pandemic plan</p> <p>Mitigation 2</p>	<p>Completed</p> <p>M2 RAG Rating</p>	<p>LRF Influenza Pandemic ...</p> <p>Mitigation 3</p>	<p>Completed</p> <p>M3 Rag Rating</p>	

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Agenda Item 7

Risk Title	Current Rating
Animal Health Disease Control	High
BI02 - Lack of "Volunteers" to run a Rest Centre	Medium
BI06 - Data Protection breaches	High
BI07 - Call answering priority during an emergency	Medium
BI09 - Loss of the CSC Building	Low
BI13 - Reputational damage	Medium
BI14 - Maladministration by the LGO	Low
BI17 - Loss of connectivity to Public Services Network (PSN)	Low
BI20 - Physical / verbal abuse	Low
BI21 - Successful Cyber Attack	High
BI22 - In-sourcing of Services into DCC	High

Filter By Current Score

Low Medium High

Filter By Review Date

02/07/2018 04/11/2019

Animal Health Disease Control	
Last Review Date	Score Change - Last Review
02 July 2018	-66
Accountable Officer	Risk Owner
Amanda Palmer	Andrea Morris

Risk Description

A Disaster Recovery (DR) plan is currently in place detailing the steps to be taken in the event of a disaster that rendered County Hall – and in particular the IT resources therein - unusable. The scope of this plan is driven by a list of business critical services that has been agreed with the DCC commissioning team. The current DR plan was originally commissioned in 2011 and apart from minor reviews ...

