

Internal Audit

Half Year Report 2017/18

Devon County Council
Audit Committee

November 2017



Auditing for achievement

Contents

INTRODUCTION	1
OPINION STATEMENT	2
VALUE ADDED	3
PROGRESS AGAINST PLAN	4
SUMMARY AUDIT RESULTS	5
FRAUD PREVENTION AND DETECTION	6
CUSTOMER VALUE	7
CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)	7
PERFORMANCE INDICATORS	7
CUSTOMER SERVICE EXCELLENCE	7
APPENDIX 1 - SUMMARY OF AUDIT REPORTS AND FINDINGS FOR 2017/18	8
APPENDIX 2 - ANNUAL GOVERNANCE FRAMEWORK ASSURANCE	19
APPENDIX 3 - BASIS FOR OPINION	20
APPENDIX 4 - AUDIT AUTHORITY	21
APPENDIX 5 - PERFORMANCE INDICATORS	22
APPENDIX 6 - CUSTOMER SERVICE EXCELLENCE	23

Devon Audit Partnership

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

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

Confidentiality and Disclosure Clause

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

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

Introduction

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

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2017/18 was presented and approved by the Audit Committee in March 2017. The following report and appendices set out the background to audit service provision; reviews work undertaken to date in 2017/18 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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

Expectations of the Audit Committee from this half year report

Audit Committee members are requested to consider the:

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

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see Appendix 2) and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Robert Hutchins
Head of Devon Audit Partnership

Opinion Statement

This statement of opinion is underpinned by:

Overall, based on work performed during 2017/18 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 2017/18 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 2017/18.

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.

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 were 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 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. Key changes are escalated through the Corporate Risk Management Group. Further development is planned to 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.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can.

We believe internal audit activity has added value to the organisation and its stakeholders by:

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

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

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

Corporate Services

- Ongoing involvement in HR / Payroll system development projects ensuring that control issues are highlighted and resolved before implementation;
- Ongoing ad hoc advice provided to HR / Payroll relating to internal process controls, outside of system development projects;
- Cyber security and assurance upon IT processes supporting the Council's key financial systems;

Adult Care and Health

- Reviewing the Practice Quality Review process to provide assurance the process is embedded and making an impact.

Children's Services

- Reviewing Legal Care Proceedings across Devon, Plymouth and Torbay and the identification of best practice and opportunities for improving processes and procedures.

Schools

We have supported the School Information 'Dashboard' process by providing the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit's performance data provides a greater focus on schools causing concern in the wider control environment. This information is to be used in assessing overall status for schools through FIPS, vulnerable budget reviews and school improvement. The result of our input has been:-

- termly meetings with the VAT team, Revenue and Babcock LDP highlighting issues on income and VAT accounting;
- completion of follow-up audits in 2017/18.

The culmination of this work will lift the performance of these schools.

Progress against Plan

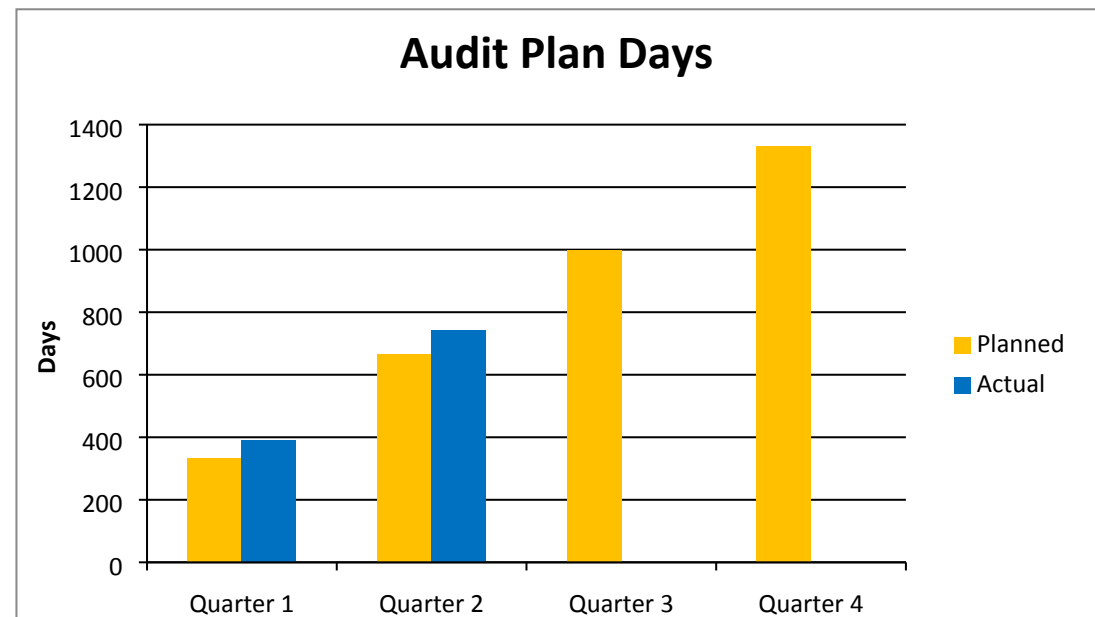
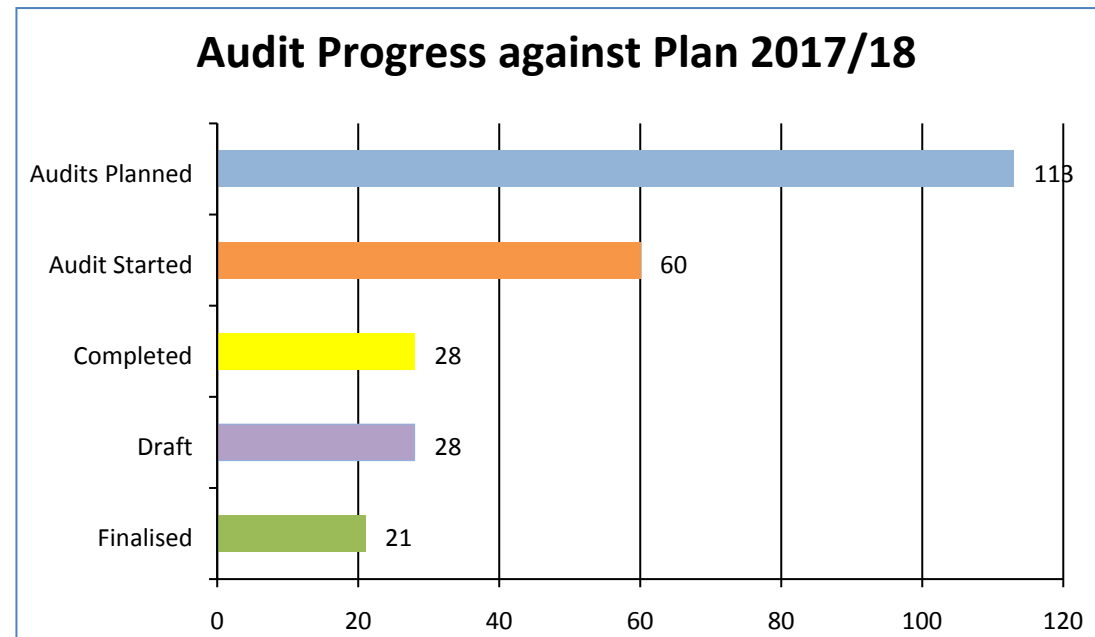
This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit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

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

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year. The level of irregularity work has been low which has not impacted on completion of the plan. The progress chart includes other audit work and performance reports issued in addition to the planned audits.

The bar charts right show the status of audit progress against plan and the audit days delivered against target planned. The charts demonstrate that progress is largely in line with expectations and that the number of audit days delivered has exceeded that planned.

Appendix 5 provides further performance information for the first six months of 2017/18.



Summary audit results

Corporate Services

In our opinion, and based upon our audit work completed during 2017/18, 'trusted partner' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

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

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.

Adult Care and Health

In our opinion, and based upon our audit work completed we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Audit has undertaken review of the recommissioning of unregulated care through the Supporting Independence procurement.

Children's Services

The review of Placement Stability found movement in the right direction towards the key measure of the percentage of children in care who experience three or more moves within a twelve month period. There was good evidence of a number of activities that have occurred and are designed to address and improve on stability of placements.

Communities, Public Health, Environment and Prosperity

Undertaking the review of Learn Devon and meeting a range of staff across four different sites provided a number of positive impressions of the service. However a number of areas were identified where improvements are required relating to data protection and IT support systems.

Highways, Infrastructure Development and Waste

The audit review of Shared Savings (Waste) completed within in the first six months of the year was given an assurance opinion of high standard. The review found adequate controls in place to ensure that accurate data is provided by the waste collection authorities (district councils). The Shared Savings Scheme calculation spreadsheet was found the savings accurately.

Schools

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

The key matters arising from the audits are the:

- specific areas relating to the Schools Financial Value Standard (SFVS) including governance and business continuity;
- maintenance of inventory records.

With regard to the 2016/17 Schools Financial Standard the fourteen schools who had not submitted their SFVS self-assessment by 31 March 2017 sent in their self-assessment prior to the Chief Finance Officer's statement being submitted to the Department for Education in May 2017.

The schools audit plan is under constant scrutiny with further schools submitting applications to become academies as part of multi academy trusts.

Fraud Prevention and Detection

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability.

Work has continued coordinating the review of the various data sets involved with the NFI from the 2016/17 exercise. The majority of the data matches have been reviewed.

Proactive anti-fraud work

Various pieces of proactive anti-fraud work have been undertaken during the first six months of the 2017/18 financial year:-

- A Fraud Bulletin has been produced, published on the DAP website and sent to all staff through the weekly Friday 'Inside Devon' email;
- The annual Accounts Payable data analysis to identify instances of duplicate payments has yielded results. Finalising review of 2015/16 Accounts Payable data has led to the recovery of a further £5,000; whilst work upon 2016/17 Accounts Payable data is currently ongoing a number of potential duplicate payments have been referred to the Payments team and we await feedback. Identified and confirmed to date is one duplicate payment of £35,134.06 which has been recovered.

Irregularities - During the first half of the 2017/18 financial year, Internal Audit has carried out or assisted in 5 investigations at Devon County Council. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Theft	1
Theft of IT equipment	1
Employee Conduct	2
IT Misuse	1

Issues ranged from theft of a laptop from an officer's vehicle, money going missing from an employee's purse at a day centre to employee conduct issues around use of IT equipment.

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 2017. 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 is 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 2016.

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.

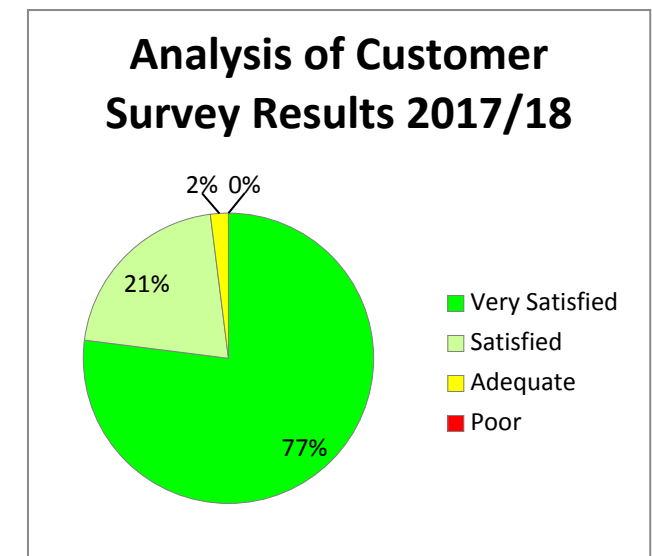
Customer Service Excellence

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

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services, see Appendix 6. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

Added Value

We have had some very complimentary feedback of where our team have been able to add value to the Council these may be found upon our webpage.



Appendix 1 - Summary of audit reports and findings for 2017/18




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.

Direction of Travel Assurance Key

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

CORPORATE SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Corporate Services - Finance			
Income Collection ANA - Medium	Good Standard Status: Final	As has been the case for a number of years, income collection and allocation processes are operating effectively within a reasonably sound overall control environment. Transactions are uniquely identified within the system and reconciliation processes ensure that income is completely and accurately recorded in Finest.	
Treasury Management ANA - Low	High Standard Status: Final	Approved procedures are in place, and our review found that these had been adhered to in terms of both placing an investment and taking out short term borrowing. Testing confirms the controls in place are adequately robust to mitigate the inherent risks present leading to one minor recommendation.	
Construction Industry Scheme ANA - Low	Good Standard Status: Final	The authority has developed good processes within their payments systems and teams to enable the identification of payments which may require a CIS deduction.	
Tax Compliance Forum ANA - Client Request	Value Added Status: Ongoing	The Group discusses HMRC 'hot topics' and their implications on the authority and the impact of organisational and systems changes on tax compliance. No significant unmitigated risks have been identified to date.	N/A
Grants x 5 ANA: n/a	Certified Status: Complete	Grants certified without amendment - Active Devon, Bus Subsidy, Local Growth Fund, Local Transport Capital Block Funding and Targeted Family Support Programme.	N/A

The following reviews are currently in progress:-

- Debtors / Debt Recovery (ANA - Medium)
- Fixed Asset Register (ANA - Low)
- New Payments Gateway (ANA - Low)
- Accounting for VAT (People) (ANA - Medium)

CORPORATE SERVICES

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

- Business Continuity Project (Client request)

It is anticipated that the reports will be issued & agreed in the third quarter of 2017/18. No issues of major concern have been identified from our fieldwork to date.

The following reviews will be commenced in the second half of 2017/18:-

- Payroll (ANA - High)
- Bank Reconciliation (ANA - Medium)
- Finest System Administration (ANA - Low)
- Creditors (ANA - Medium)
- Main Accounting System (ANA - Medium)
- Usage of new Budget Monitoring System (ANA - Medium)

Corporate Services - Human Resources

The following reviews are currently in progress:-


- Off Payroll Working (ANA - Low)
- DBS Update Service (ANA - Medium)
- Payroll - Apprenticeship Levy (ANA - Low)

It is anticipated that the reports will be issued and agreed in the third quarter of 2017/18. No issues of major concern have been identified from our fieldwork to date.


The following reviews will be commenced in the second half of 2017/18:-

- Mini Temp Banks operating outside of HR (ANA - Medium)
- New recruitment process (ANA - Low)
- New electronic leaver process (ANA - Low)
- Redundancy / exit cap changes (ANA - Low)
- Consultants / Interims and employment status (ANA - Medium)
- Payroll - Teachers Pension Return (ANA - Medium)
- Payroll - Online Adjustments (Earlier Year Updates) (ANA - Medium)
- Ethics & Culture (ANA - Medium)


Digital Transformation and Business Support

Service Operation - Processes (Incident & Problem)	Good Standard	IDEA Data Analysis work was undertaken leading to analysis of the data to identify if there are 'problems' occurring that are being missed by the human	
--	---------------	---	---


CORPORATE SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
ANA - High	Status: Final	intervention approach.	
Procurement: Tender Evaluation Tool Review	N/A	Upon completion of the review an email was issued with an annotated copy of the spreadsheet (evaluation tool) stating that it was fit for purpose and advised on some minor improvements, namely format and some of the guidance wording.	
The following reviews are currently in progress:- <ul style="list-style-type: none"> • ICT Legacy Systems (Client request) • Cyber Security (ANA - Critical) 			
The following reviews will be commenced in the second half of 2017/18:- <ul style="list-style-type: none"> • Service Strategy (ANA - High) • Service Operation - Function (ANA - High) • CareFirst / Eclipse - Social Care Business Systems (ANA - Critical) • Procurement: Contract Management strategy and process (ANA - High) • Procurement: Resilience of significant / strategic suppliers to ensure service provision in face of Public Sector cuts (ANA - High) • Procurement: Governance protocols in relation to contract award procedures and contract lifecycle (ANA - High) 			
HRMS Project - Procurement & Implementation	Added Value Status: Ongoing	Audit has provided support and challenge as the Council have procured and implement a replacement HR and Payroll system. Audit continues in a Project Assurance role during 2017/18 with particular attention being paid to the tender evaluation and subsequent system implementation phases.	N/A


ADULT CARE AND HEALTH

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Safeguarding ANA - Medium; Client request	Good Standard Status: Draft	There has been an increasing focus on safeguarding of adults at risk over the years and recent well-publicised cases of institutional abuse of adults and the elderly has raised the public and professional awareness of this. "Making Safeguarding Personal" Guide was produced by the Association of Directors of Adult Social Services (ADASS) which was intended to support councils and their partners to develop outcome-focused, person-	

ADULT CARE AND HEALTH

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>centred safeguarding practice.</p> <p>An independent review was commissioned by Devon County Council on Adult Safeguarding arrangements in 2014; the report produced offered a number of recommendations to strengthen adult safeguarding arrangements moving forward.</p> <p>The audit has confirmed that a number of changes have been made in the overall structure of safeguarding delivery following this review: good progress has been made in implementing the recommendations made, and there is clear evidence that the service has become more effective as a result.</p>	
Practice Quality Review ANA - Low; Client request	<p>N/A</p> <p>Status: Draft</p>	<p>The objective of the audit was to provide assurance that the Practice Quality Review process is embedded and having impact:</p> <p>In particular we considered the following questions:</p> <ul style="list-style-type: none"> • Are managers and staff complying with Practice Quality Review? • Are the right practice standards being assessed? • Is the assessment of managers consistent? • Is feedback given to individuals and is it making a difference to their practice? • Are lessons learned leading informing senior management decision making? <p>Whilst our initial work has gone some way in answering the questions, the overall assurance in this area will be concluded following our second tranche of work which, it is anticipated, will take place in Spring 2018.</p> <p>The aim of the first review was to set a benchmark, and provide feedback to management on:</p> <ul style="list-style-type: none"> • Consistency of the undertaking and approach of the practice quality reviews; • Impact of the practice quality reviews on service delivery and outcomes; • Time taken to complete. <p>This was carried out through holding meetings with staff / managers who volunteered to participate, including staff within Management Information.</p>	

ADULT CARE AND HEALTH

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Forecasting future spend adult social care transitions ANA - Low; Client request	Improvements Required Status: Draft	<p>There are very few processes in place with regard to this area and a more joined up working approach needs to be put in place, allowing all of the interested parties to be aware of the young people who may transition from Children's Services to Adults.</p> <p>At the time of the audit, there were a lot of outstanding reviews in the North Locality due to a lack of resource. If this backlog continues the situation will only get worse when the next group of Year 10's are identified.</p> <p>The Eclipse system used by Children's Services does not "talk" to CareFirst used by Adult Services and discussions have been undertaken to identify how information will continue to be shared. The result of this is not ideal and will create additional input work for Adult Services. In addition, there are no unique identifiers covering all of the systems currently in use to enable records to be matched, including those used by CCG.</p> <p>There was limited information available in respect of financial planning and how DCC will forecast the financial impact of transitions in future. However, there are short and medium term proposals which should start to address this issue.</p>	
Recommissioning of unregulated care through the Supporting Independence procurement ANA - Low; Client request	Good Standard Status: Final	<p>Preparation for the procurement exercise has been robust, with a detailed and documented needs analysis undertaken which has looked at historical service levels in order for prospective bidders to consider the future levels of service that they may be expected to provide.</p> <p>Engagement with stakeholders has been good, with presentations made to various groups including clients and contractors prior to the start of the procurement exercise as well as a number of 'tender surgeries' designed to ensure that interested parties were provided with all necessary information and clarification provided to any queries they may have.</p>	

The following reviews are currently in progress:-

- Recommissioning of Residential and Nursing Care (ANA - Medium, Client request)
- Short Term Interventions (ORR TG30; ANA - Medium; Client request)
- Spend on Individuals / Management Information (ANA - Medium; Client request)


ADULT CARE AND HEALTH

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

The following reviews will be commenced in the second half of 2017/18:-

- Preparing for Adulthood Strategy (ANA - Low; Client request)
- Services for People with Sensory Disabilities (ANA - Medium; Client request)
- Promoting Independence (ANA - Low; Client request)
- Independent Reviews (ANA - Low; Client request)
- Assistive Technology (ANA - Medium; Client request)

CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Placement Stability ANA - Medium	Improvements Required Status: Final	<p>Unavailability of key staff and information has had an impact during the current review, with the placement and information management teams being unable to assist with the audit due to other commitments. In other instances, no responses were received from officers contacted for information. As a result, our testing and opinion is based on the limited information available during the audit.</p> <p>We confirmed with the commissioning team that periodic procurement exercises take place to source various placements, with placement types being tendered as separate lots. We also confirmed by way of the website that the Authority actively promotes its fostering and adoption services. These are all effective means of ensuring adequate placements are available.</p> <p>Despite this however we note that there are still placements being made outside of the area due to the necessary placement not being available. Based on the figures that were made available during the audit, 11% of current placements for the locality in question were outside of the area. This suggests further improvements are necessary going forward. It was suggested that there are plans for 'stepping down' these placements over time (i.e. moving them to a location within the geographical area).</p> <p>The Authority has performed less than optimally with regard to placement stability for a number of years. A key measure of this is the percentage of children in care who experience three or more moves within a twelve month period. Whilst there has been some slight improvement in this metric during 2016/17, the current figure of 11.9% remains higher than the target of 10%, which represents the average score for 'good' authorities. Nevertheless the movement is in the right direction and there is good evidence of a number of activities within the service that have been taking place and are designed to address and improve on the stability of placements.</p> <p>In summary, the limited evidence available suggests that the Authority is making progress in addressing placement stability issues, however it will take some further amount of time before the Authority achieves its goals and provides a stronger service for looked after children for which it has a statutory responsibility.</p>	
Legal Care Proceedings ANA - Medium	Improvements Required	From discussions, we verified that casework is managed or overseen by professionally qualified and experienced staff. On the legal side, casework is managed by qualified lawyers supported by paralegals. On the social care side, cases are managed by fully	

CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
	Status: Draft	<p>qualified social workers. Whilst the experience level of social workers varies widely, all are subject to regular supervision meetings with line managers at which cases are discussed and reviewed.</p> <p>Whilst court 'bundles' were generally presented well and in the format required by the judiciary, questions exist around the quality and timeliness of documentation prepared during and prior to proceedings. Untimely, missing or low quality assessments, statements and other supporting paperwork can and has resulted in the courts requesting further assessments or information which then results in delays in concluding proceedings. A request for further assessments is not always an indication of poor preparation however as we note that there have been occasions where assessments deemed by most parties to be of a good standard were nonetheless rejected by the judge.</p> <p>It is important that going forward, Social Care staff ensure that they provide the Legal team with all necessary documents in a timely way and that the Legal Team works to ensure these are then submitted promptly to the courts.</p> <p>Additional training and awareness raising for Social Care staff may also be beneficial in improving the quality of key supporting evidence, such as the Social Work Evidence Template form.</p>	

The following review is currently in progress:-

- SEN - High Needs Funding (ANA - Medium; client request)


The following reviews will be commenced in the second half of 2017/18:-

- Children Asylum Seekers (ANA - Medium; client request)
- Homelessness in 16/17 year olds (ANA - Low; client request)

CHILDREN'S SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
It has been agreed the audit of 'Preventing Adolescents from coming into care' (ANA - Medium; client request) be placed on hold due to the project currently being under review and that the review be deferred until the 2018/19 financial year.			
Early Help for Families Grant (Troubled Families)	N/A	DAP have verified and certified one claim to date this financial year.	
Schools Financial Value Standards (SFVS)	N/A	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2016/17 submitted to the Department for Education	

COMMUNITIES, PUBLIC HEALTH, ENVIRONMENT AND PROSPERITY

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Learn Devon - Enrolment Process ANA - Medium	Improvements Required Status: Final	<p>In order to inform our overall opinion of the service we visited four separate sites and conducted meetings with a range of administrative and business support staff.</p> <p>A number of positive impressions were obtained during the audit.</p> <ul style="list-style-type: none"> • We found Customer Support Officers to be welcoming, helpful and supportive when dealing with clients by telephone or in person at the centres. • We found the locations of centres conveniently placed to ensure service provision across the whole county. • We found a number of mechanisms were in place to capture student feedback and course suggestions. • We found the process for preparing and submitting monthly returns to the principal funding agency to be working well overall. Whilst the process does lead to the identification of errors within student records which then have to be excluded from the returns, these are investigated and corrected on an ongoing basis, minimising the number of excluded records. <p>The audit has also been able to confirm and identify a number of areas where improvements are deemed necessary.</p>	

COMMUNITIES, PUBLIC HEALTH, ENVIRONMENT AND PROSPERITY

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>IT support systems including EBS and the Learn Devon website were identified as having a range of issues varying from serious data protection concerns to concerns regarding functionality and user experience (both for service users and staff). Data Protection matters if not addressed could lead to significant fines from the Information Commissioner's Office in the event of a data breach whilst system functionality issues lead to frustration for both service users and staff who try to use the systems for their various needs (e.g. enrolment, payments, record keeping).</p> <p>Other issues involve the need for clear procedures for day to day operations such as the scanning of manual records and the processing of card payments.</p>	

The following reviews are currently in progress:-


- Total Transport - PTAS (ANA - High)
- Management of Industrial Estate Portfolio (ANA - Medium)
- Early Help for Mental Health (ANA - Client Request)

It is anticipated that the reports will be issued and agreed in the third quarter of the 2017/18 financial year. No issues of major concern have been identified from our fieldwork to date.

The following reviews will be commenced in the second half of 2017/18:-

- Domestic Homicide Reviews (ANA - Medium)
- Channel & Prevent (ANA - Medium)
- TCS (ANA - Medium)
- Careers South West (ANA - Low)
- Public Health - Young Peoples Substance Misuse Service (ANA - Medium)

HIGHWAYS, INFRASTRUCTURE DEVELOPMENT AND WASTE

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Shared Savings (Waste) ANA - Medium; Client Request	High Standard Status: Final	There are effective controls in place to ensure that accurate data is provided by the District Councils (WCAs). DCC undertake annual audits of the District Councils waste data.	

The following reviews will be commenced in the second half of 2017/18:-

- Infrastructure (ANA - Critical; Client Request)
- Highways (ANA - Critical; Client Request)
- Civil Parking Enforcement (ANA - Medium; Client Request)
- Failure to maintain C class and unclassified roads effectively (CRR HTM1, ANA - Medium; Client Request)
- Collaboration with Others (ANA - Low; Client Request)
- Footway Maintenance (ANA - Medium; Client Request)

Appendix 2 - Annual Governance Framework Assurance

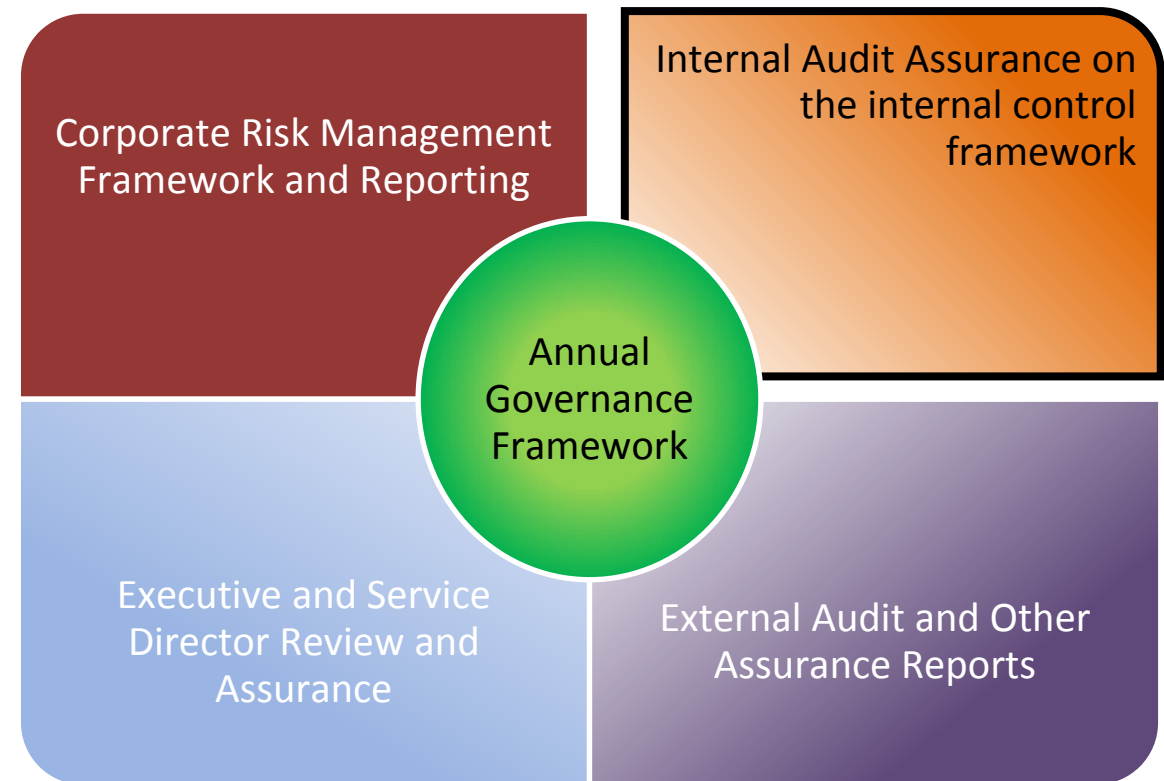
The conclusions of this half year report and the annual report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement provides assurance that:-

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

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

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



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

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

Appendix 3 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

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. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

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

The extent to which our work has been affected by changes to audit plans has not been as notable this year as in previous financial years. Although certain changes have been made from the plans originally agreed this has been due to changes in operational business needs.

The scope of our audit work to date within this year has not been adversely affected as a consequence of investigatory works required to be undertaken and does not reduce the level of assurance that we are able to offer.

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



Appendix 4 - Audit Authority

Service Provision

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

Regulatory Role

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

- **Section 5 of the Accounts and Audit Regulations (England) Regulations 2015** which states that ".....a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance....."
- **Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

Professional Guidelines

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards (PSIAS).

DAP through external assessment demonstrates that it meets the PSIAS.

Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.



Appendix 5 - Performance Indicators

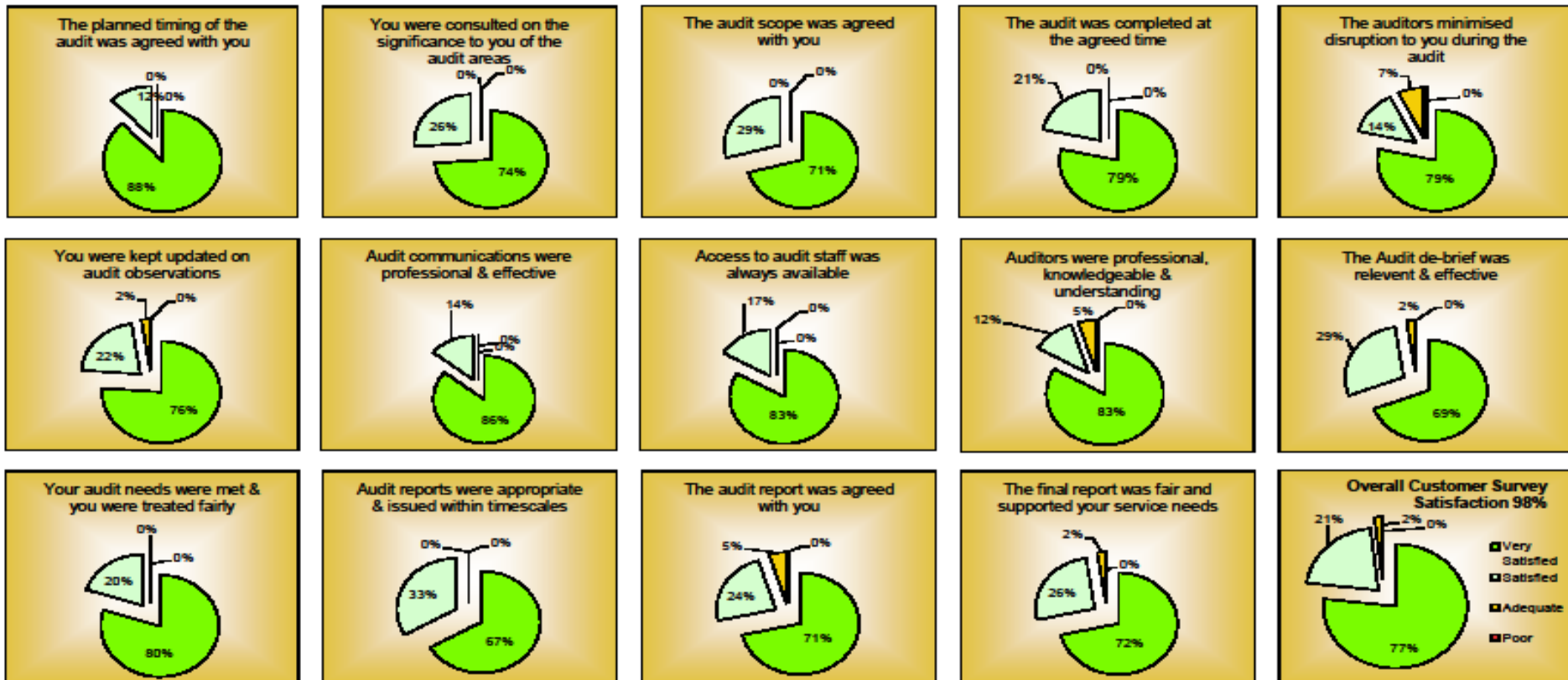
There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPis:

Local Performance Indicator (LPI)	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18
	Target	Actual	Target	Actual	Full Year Target	Six Month Actual
% of Audit Plan Commenced (Inc. Schools)	100%	100%	100%	97%	100%	58%
% of Audit Plan Completed (Inc. Schools)	93%	97%	93%	92%	93%	35%
Actual Audit Days as % of planned (Inc. Schools)	95%	101%	95%	107%	95%	51%
% of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	On target
% of chargeable time	65%	69%	65%	70%	65%	66%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	99%	90%	97%	90%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	87%	90%	89%	90%	87%
Final reports produced within target number of days (currently 10 days)	90%	94%	90%	97%	90%	93%
Average level of sickness absence (DAP as a whole)	2%	2%	2%	3.2%	2%	3.2%
% of staff turnover (DAP as a whole)	5%	5%	5%	21%	5%	7%
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes

Appendix 6 - Customer Service Excellence

Customer Survey Results April - September 2017

The charts below show a summary of 42 responses received.



This page is intentionally blank.