



devon **audit** partnership

Internal Audit

Internal Audit Plan 2018/19

Devon County Council Audit Committee

March 2018

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

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| <p>Devon Audit Partnership</p> <p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon and Torridge 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>Confidentiality and Disclosure Clause</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> |
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Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Leadership Group. The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to consider the Internal Audit Plan to provide assurance to support the governance framework (see Appendix 2).

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at Appendix 1, and the scope of Internal Audit work. The PSIAS make reference to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Chief Audit Executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in Appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the County Treasurer (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2018/19.

In review of the above the Audit Committee are required to consider the proposed audit plan.

Robert Hutchins
Head of Audit Partnership

Annual Service Level Plans

Adult Care and Health

Audits within this area include; the timeliness of Safeguarding - cases from start of process, protection plan, and final close down; a review of the Devon wide strategy for the integrated arrangements for the provision of Health in commissioning and the provision of care; and a review of the “Accommodation with Care Strategy”, to provide assurance that the strategy is robust; well engaged; and that it will meet accommodation needs for adults with social care needs in the future.

Other work will include reviews of Autism, Continuing Health Care, section 117 agreements with Health and Direct payments.

Children’s Services

Work within Children’s Services will include how Devon works with the district councils in tackling homelessness amongst 16/17 year olds, looking at how the protocols and practices implemented are working in practice and their compliance with legislation.

We shall also review DCC’s resilience in the system for recruiting and retaining Foster Carers, and provide assurance on DCC’s response to the outcomes of the Narey fostering stocktake review.

We will also provide independent assurance that the Care Leavers service remains on track following the recent self-assessment peer review.

In relation to Early Help, we will provide an independent validation of where the Service has moved from the initial Early Help Assessment and where they are in relation to meeting the requirements of the new National Framework.

Communities, Public Health, Environment and Prosperity

Our work with regard Gypsies and Travellers will review aspects of current DCC delivery and explore opportunities and duties of partners.

We aim to review current practice, arrangements and approach to Channel and Prevent; statutory work around counter terrorism and extremism.

0-19 Public Health Nursing Service will soon be delivered by the Council; we will review and assess the proposed governance and assurance mechanisms to ensure that they are sufficient to provide DCC with confirmation that the national Public Health Grant Determination and the statutory responsibilities of the Director of Public Health can be upheld.

Corporate Services

Assurance work will be undertaken on areas termed as material systems that process the majority of income and expenditure of the Authority, and which have a significant impact on the reliability and accuracy of the annual accounts.

In addition to work on material systems, our work will include various other specific functions and projects within Human Resources, Payroll and Finance, and support to major system developments in relation to the new Payment Gateway and the new HR Management System (HRMS).

Highways, Infrastructure Development and Waste

A range of audits from across Highways, Infrastructure Development and Waste are included in 2018/19 plan. Audits range from a review of the Energy from Waste (EFW) scheme to management of significant infrastructure projects.

Value Added

All our work aims to “add value” the authority, be this by way of improving control and minimising risk, or making the most of opportunities in an effective manner.

We will undertake the annual follow up on all audit areas identified as ‘Improvements Required’ or ‘Fundamental Weaknesses’ in 2017/18.

Anti-fraud and corruption.

All of our work will contain elements to ensure that sound and effective arrangements are in place to prevent and detect fraud and / or irregularity. Where required, we will support management in the investigation of irregularity concerns, helping the Council to take the appropriate corrective action.

| Service Area Overview of Audit Coverage | | | | | Major Projects | Value Added |
|---|--|---|--|--|-------------------------|------------------------------------|
| Thematic Overview Audit Coverage | Adult Care & Health | Children's Services | Communities, Public Health, Environment & Prosperity | Highways, Infrastructure Development and Waste | | |
| | Safeguarding | Placement Stability | | | | |
| | Deprivation of Liberty Safeguards (DoLS) | Fostering | Heart of the South West | Exeter EFW Plant | Online Payments Gateway | Tax Compliance Forum |
| | Assistive Technology | Homelessness in 16/17 year olds | Channel & Prevent | Infrastructure | HR Management System | Business Rate Retention |
| | Disabilities S117 | Care Leavers | Gypsies & Travellers | | | Fraud Prevention and Investigation |
| | Continuing Health Care (CHC) | Early Help | Public Health - Nursing Services 0-19 year olds | Highways | | National Fraud Initiative |
| | Direct Payments | Schools & SFVS | Economic Analysis | | | Advice |
| | | | | | | Audit Follow Up |
| | | | | | | |
| | Core Assurance | Business Processes & Governance - Ethics & Culture, Business Rate Retention; Payroll & HR functions, Health & Safety, Budgeting System, VAT, Procurement, Supplier Resilience, Contract Lifecycle, Grant Certification, Audit Assurance Planning & Reporting, and other Related Bodies. | | | | |
| Key Financial Systems (Material Systems) - Bank Reconciliation, Creditors, Debtors, Finest System Admin, Fixed Asset Register, Income Collection, Main Accounting System, Payroll, Treasury Management. | | | | | | |
| ICT - Contract Management, Resource Planning, Purposeful Systems, ICT Continuity and Disaster Recovery. | | | | | | |

The elements proposed for audit for the coming year are those identified through risk assessment and discussion with Senior Management. This overview is supported by the proposed audit reviews and associated risks.

High Level Audit Plan 2018/19

This table shows a summary of planned audit coverage for the year totalling 1,060 direct days. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with service areas, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment - in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage for the year.

A detailed analysis of proposed audit reviews is provided in the following schedule.

| Core Activity for Internal Audit Review | Coverage in Days |
|---|------------------|
| Material Systems | 110 |
| Corporate Services - (Excluding Anti-Fraud & NFI) | 183 |
| Adult Care and Health | 185 |
| Children's Services | 90 |
| Communities, Public Health, Environment and Prosperity | 105 |
| Digital Transformation and Business Support | 112 |
| Highways, Infrastructure Development and Waste | 70 |
| Grant Certification | 50 |
| Anti-Fraud and Corruption including NFI | 100 |
| Other Chargeable Activities | 55 |
| Total internal audit plan for Devon County Council | 1060 |
| Schools (estimated) | 281 |

Proposed audit reviews and associated risks

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|---|--|--|----------------------------|-------------------------------|
| Material Systems | | | | |
| Core Assurance - Key Financial System * | | | | |
| Payroll | High | * A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Authority's material system control environment. | Walkthrough | 19 |
| Debtors / Debt Recovery | Medium | | Sample testing | 15 |
| Bank Reconciliation | Medium | | Walkthrough | 8 |
| Finest System administration | Low | | Sample testing | 9 |
| Creditors | Medium | | Walkthrough | 15 |
| Fixed Asset Register | Low | | Walkthrough | 7 |
| Income Collection | Medium | | Sample testing | 12 |
| Treasury Management | Low | | Walkthrough | 8 |
| Main Accounting System | Medium | | Sample testing | 12 |
| Advice, planning, monitoring and performance reporting. | | | | Q1-4 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--------------------------------|--|--|----------------------------|-------------------------------|
| Corporate | | | | |
| Payments Gateway Project | Low; client request | Continued input during introduction of new system to ensure changes in practices are secure and meet any efficiency proposed as part of the business case. | Q1 | 6 |
| Finance - Tax Compliance Forum | Medium; client request | Input to Forum and contingency to allow for projects that arise from meetings. Agreed as a result of HMRC visit October 2014 and changes to their auditing of tax. | Q1-4 | 5 |
| Health & Safety Governance | Medium; client request | Review of Corporate Health and Safety Governance and H&S risk management arrangements to ensure these are in line with legislation and regulations, and are effective, with useful reporting structures. | Q3 | 15 |
| HR-Relocation Expenses | Medium; client request | Review of relocation policy and procedures to ensure cost effective; comparable to other Authorities; and in line with Authority financial regulations and ethos. | Q1 | 15 |
| HR SLA's | Medium; client request | Review HR Service Level Agreements with external bodies, including schools, to ensure cost effective and competitive. | Q3 | 15 |
| Business Rate Retention | Medium; client request | Devon County Council, in partnership with other Devon LA's, was successful in a bid to become a 100% business rate retention pilot area in 2018/19. The project will involve working with the others; understanding the rate retention; sharing benefits across the county and generally managing funding in a different way. The audit will support this work, helping to ensure the Council retains the benefit of growth in local business rates (rather than lose nationally into core funding allocations). This is to be a cross cutting piece of work, led by Plymouth, and reporting to all authorities within the Devon pool. | Q3 | 2 |
| Debt Mapping | Medium; client request | Map the processes for debt recovery outside of the Revenue Section and review for efficiency; ensure in line with regulations and DCC | Q1 | 15 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|---|--|--|------------------------------|-------------------------------|
| | | policies. | | |
| Finance - Accounting for VAT in Partnerships (Education & Learning) | Medium; client request | Review partnership working processes and practices, with regards to financial arrangements for accounting for VAT – to focus on partnerships within the Education & Learning service area (Audit included at the request of the DCC Tax Compliance Group). | Q2 | 15 |
| HRMS Project | High; client request | Input in relation to control considerations as the project progresses through to implementation stages). | Q1 to Q3 (driven by project) | 20 |
| General Data Protection Regulation (GDPR) | Medium; client request | GDPR - adoption of new regulations; data storage; Organisational awareness & training; agreements with third parties such as partnerships or joint working arrangements. This must be in place by the end of May. | Q1 | 10 |
| Cyber non-technical | Medium; client request | Information Governance has responsibility for establishing practices to support this area. Ongoing audit support and advice following prior year audit to follow up on progress made. | Q3-4 | 5 |
| Apprenticeship Levy | Low; client request | Review of the financial elements of the application of regulations and guidance relating to payment of the apprenticeship levy, which came into effect in April 2017. Including tax implications thereof. | Q1 | 10 |
| Business Continuity Planning (BCP) - Registrars | Medium; client request | To review and develop BCP processes to ensure key risks, such as loss of systems or venues, have been identified, assessed and processes adequately mitigate the risk. | Q3 | 10 |
| Client Finance Services | Medium; | Review of processes to assess client financial contributions. | Q4 | 10 |
| Follow-up reviews | Medium | Follow up prior year audits with audit opinion of “improvements required” to ascertain progress against recommendations and improvement to processes. | Q2 | 10 |
| Contingency | | Contingency - Audit assurance during the year as issues arise. | Q2-4 | 10 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|--|----------------------------|-------------------------------|
| Advice, planning, monitoring and performance reporting | | | Q1-4 | 10 |
| Adult Care and Health | | | | |
| Adult Care Operations and Health | | | | |
| Safeguarding | Medium: client request | To consider the timeliness of Safeguarding cases from start of process; protection plan; and final close down. Also to determine whether the real time system for monitoring timeliness is being used to improve standards across the County. To be informed by the use of comparative data which shows safeguarding activity levels are low relative to statistical neighbour and regional comparator authorities. | Q1 | 10 |
| Learning Disabilities – Autism | High: client request | A review of support for adults with disabilities:- <ul style="list-style-type: none"> • How DCC (and the wider health and care system in Devon) is responding to the needs of people with LD, Autism and/or sensory (vision, hearing and speech) needs; • To better understand outcomes for people with sensory needs in Devon as a consequence of DCC’s model of specialist sensory input; • To understand how outcomes could be improved for people in Devon with Autism. | Q2/3 | 10 |
| Learning Disabilities | Medium - client request | To consider how a shift in culture around engagement has been achieved, within the wider agenda to better support adults of working age. Full scope to be agreed. | Q2/3 | 10 |
| Continuing Health Care | Medium: client request | To provide assurance that DCC operates within the LA legal limits for the provision of social care: <ul style="list-style-type: none"> • local policies and processes are agreed with NHS partners in line with the legal framework; | Q3 | 15 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|---|----------------------------|-------------------------------|
| | | <ul style="list-style-type: none"> that the social care contribution to CHC assessments is robust and timely and assessment resources are used effectively; funding agreements and disputes are resolved promptly; assessment and commissioning for high cost/complex care support plans is subject to appropriate scrutiny and governance to meet quality expectations including best value in line with Fair and Affordable Care. | | |
| Section 117 – Mental Health | Medium: client request | An audit to provide assurance that S117 policy agreements are in place with NHS partners, and that the agreements are robust, effective and provide for key expected elements. Ensuring but not limited to:- <ul style="list-style-type: none"> Funding calculations are accurate; Charging policies applied are appropriate. | Q3 | 15 |
| Deprivation of Liberty Safeguards (DoLS) | Medium: client request | To review the framework for DoLS, and review processes for making and assessing applications and ensure that the one-year authorisation limit is not exceeded. | Q2 | 15 |
| Direct Payments | Medium: client request | To provide assurance that the pathway into direct payments is robust and consistent and that processes are robust enough to ensure payments are appropriate and meet the needs and expectations of the client and DCC. | Q3 | 10 |
| Independent Reviews | Low; client request | To provide assurance that the business case for investing in external case review capacity is sound in practice: <ul style="list-style-type: none"> The business case the procurement was based on was reasonable; The procurement process lead to a solution that met the requirement laid out in the business case; | Q1 | 10 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|---|----------------------------|-------------------------------|
| | | <ul style="list-style-type: none"> The external review capacity undertook the required number of reviews? The reviews were undertaken to the specified practice standards; The reviews have led to envisaged financial benefits. Review how the outcomes and lessons learnt from the External Review Report are being incorporated into the service practice. | | |
| Adult Commissioning and Health | | | | |
| Technology Enabled Care Support (TECS) – formerly Assistive Technology | Medium; client request | To assure that we are taking the opportunities offered by the new DILIS contract by making better use of Technology Enabled Care Support to find cost-effective solutions to people’s needs: <ul style="list-style-type: none"> Is the implementation of the DILIS contract realising its potential benefits? Are we changing our practice to make better use of assistive technology solutions? Consider how this compliments other solutions. | Q4 | 10 |
| Devon Partnership Trust | Medium: client request | Scope to be agreed | Q2 | 10 |
| Working with District Councils on Accommodation and Housing | Medium: client request | A review of the “Accommodation with Care Strategy”, for all adult groups, to provide assurance that the strategy is robust; well engaged; and that it aims to ensure accommodation needs for adults with social care needs can be met in future. Also whether relationships with district councils are strong enough to deliver this strategy in partnership. | Q4 | 15 |
| Implementation of new Care Homes Fees Model | Medium: client request | Review implementation of new fee model at key gateways throughout the implementation process to determine whether:- | Q1-4 | 10 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|---|--|--|----------------------------|-------------------------------|
| | | <ul style="list-style-type: none"> key targets have been achieved; individual fee model established, replacing banded fees; | | |
| Market Capacity | Medium: client request | To assure that the Market Position Statement (MPS) is appropriate and effective and ensures that the Council can meet its statutory market sufficiency requirement for care. | Q4 | 10 |
| Models of Care | Medium: client request | A review of the Devon wide Strategy for the further development of the integrated arrangements for the provision of health in commissioning and the provision of care in Devon, to provide assurance around:- <ul style="list-style-type: none"> the roadmap and milestones; due diligence on options analysis and the decision making process; integrated care system – organisations; systems; partnerships | Q1-4 | 15 |
| Contingency | Medium; client request | Contingency. Audit assurance during the year at key gateway points as processes or systems change, or through commissioning arrangements. | Q1-4 | 10 |
| Adult Care and Health: Advice, planning, monitoring and performance reporting | | | Q1-4 | 10 |
| Children's Services | | | | |
| Children's Social Care | | | | |
| Homelessness in 16/17 year olds | Low; client request | New protocols being implemented with district councils to tackle homelessness for 16/17 year olds. Review the protocols and practices. Is the guidance working; are practices compliant with | Q4 | 10 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|---|----------------------------|-------------------------------|
| | | legislation (National Legislation). | | |
| Recruitment and Retention of Foster Carers | Medium; client request | Review of DCC's resilience of the system for recruiting and retaining Foster Carers | Q1 | 15 |
| Fostering Service | Medium; client request | To provide assurance on DCC's response to the outcomes of the Narey fostering stocktake review. | Q4 | 15 |
| Care Leavers | High; client request | To provide independent assurance that the service remains on track following the recent self-assessment peer review. | Q4 | 10 |
| Education and Learning | | | | |
| Early Help | High; client request | To provide an independent validation of where the Service has moved from the initial Early Help Assessment and where they are in relation to meeting the requirements of the new National Framework. The audit is likely to be jointly scoped with Children's Social Care | Q2 | 20 |
| Early Years Provision | High; client request | A light touch review of the Council's policies, strategies, and its capacity around meeting the requirements for 30 hours provision. | Q4 | 10 |
| Children's Services: Advice, planning, monitoring and performance reporting. | | | Q1-4 | 10 |
| Communities, Public Health, Environment and Prosperity (CoPHEP) | | | | |
| Gypsies and Travellers | Medium; client request | To review aspects of current DCC delivery and explore opportunities and duties of partners. | Q2 | 8 |
| Channel & Prevent | Medium; client request | Review of current DCC practice and arrangements and approach to Channel and Prevent; statutory work around counter terrorism and | Q1 | 10 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|---|----------------------------|-------------------------------|
| | | extremism. | | |
| Active Devon | Low; client request | Review governance and hosting arrangements and implications, as required through Sport England funding arrangements | Q1 | 7 |
| Public Health – Nursing Services | Medium; client request | Following the decision by Cabinet for the 0-19 Public Health Nursing Service to be delivered by Devon County Council, review and assess that the proposed governance and assurance mechanisms developed, as part of the transition plan, are sufficient to provide DCC with confirmation that the national Public Health Grant Determination and the statutory responsibilities of the Director of Public Health are upheld. The provision of the 0-19 year olds Nursing Service falls under Children’s Services. | Q3 | 15 |
| Road Safety Strategy | Medium; client request | Review current position and advice on programme of work. | Q4 | 15 |
| Sustainable Procurement Policy (SPP) | Medium; client request | SPP requires all procurement activity over £10k to make use of a tool to scope likely significant environmental effects that need to be managed through the specification and selection process. | Q2 | 10 |
| Trading Standards - Complaint Allocation and Investigation Process | Low; client request | Review of our adherence to our own internal processes for ensuring they are dealt with in a timely manner and are of appropriate quality. The scope will not cover the criminal investigations themselves. | Q | 8 |
| Trading Standards | Medium; client request | Review of the Primary Authority process. | Q | 8 |
| A procurement framework for economic analysis | Medium; client request | A new procurement framework is currently being prepared, and it would be useful to assess how the old framework has performed, and lessons learnt which can be used to inform the new framework. | Q | 8 |
| Economic Analysis Contract | Medium; client request | DCC has an ad-hoc contract with an independent firm (SQW). The contract is entering its 4 th and final year. Assess how the contract is performing. | Q | 6 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|---|----------------------------|-------------------------------|
| CoPHEP: Advice, planning, monitoring and performance reporting | | | Q1-4 | 10 |
| Digital Transformation and Business Support | | | | |
| Scomis Contract Management | Medium; client request | Review of the Scomis delivery arm and how they are managing the contracts novated to them. | Q1 | 10 |
| Scomis Resource Planning | Medium; client request | Review how resource is proactively allocated and managed to provide support service. A review of maintaining “business as usual” versus development needs. | Q2 | 10 |
| Adoption and Change Programme | Medium; client request | Review of methodology handed over by MicroSoft to determine how pace and scale of technology changes can be managed in DCC. Evaluate value and potential for securing further funding, and to provide advice and guidance to the team on developing the methodology. | Q1 to Q4 (ongoing) | 20 |
| Purposeful Systems | Medium; client request | To review the various streams and establish how ICT can ensure they are sufficiently resourced to respond as required. | Q1 to Q4 (ongoing) | 15 |
| CareFirst (OLM) | Critical; client request | Adults migration to Eclipse; Eclipse, CareFirst, Fiscal, Guardian hosted within OLM. Audit to review contract, providing assurance that it is operating as required e.g. Disaster Recovery which is outside of DCC control. Review price (initial and ongoing) versus service received. | Q1/Q2 | 20 |
| ICT Continuity and Disaster Recovery (DR) | High; client request | To review the Council’s provision for ICT Continuity and DR, including reliance on external/third parties. | Q3 | 10 |
| Key Financial Systems (ICT elements) | High; client request | To review operational functions processes that are common to all key financial systems. | Q4 | 12 |
| Procurement. | Medium ; client request | Contingency - Audit assurance during the year on key aspects of procurement. Dependent upon the outcomes/resource requirements for I.T. | Q1-4 | 7 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|---|----------------------------|-------------------------------|
| Advice, planning, monitoring and performance reporting | | | Q1-4 | 8 |
| Highways, Infrastructure Development and Waste | | | | |
| Exeter EFW Plant | Medium; client request | £7m / annum contract. Audit review required of the annual reconciliation payment made to Viridor and how this is done. Audit view required upon the information Viridor have provided. Work will build of previously received Legal and financial advice. | Q2 | 10 |
| Infrastructure | Critical; client request | Overspends can occur on some construction projects from estimate stage. Audit review to consider :- <ul style="list-style-type: none"> What are the key learning points from this? - is it inadequate design, mistakes, or technical competence? Consider whether the type of contract and way these are administered affect this. | Q1 | 10 |
| Highways | Critical; client request | New highways contract in place. Contractor share mechanism assurance required. | Q2 | 10 |
| Primary School Build | Medium; client request | Review of tender method of procurement/contract, and advice going forward | Q3 | 10 |
| Collaboration with Others | Low; client request | To look at the whole life asset cost to the Authority when new infrastructure is built. | Q3 | 10 |
| Contingency | | Contingency days - dependent on the outcomes of whole service review – to be advised | | 10 |
| Advice, planning, monitoring and performance reporting | | | Q1-4 | 10 |
| Grants | | | | |
| Active Devon | n/a | Grant determination requires independent certification of expenditure by Internal Audit. | Q1 | 2 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|---|--|--|----------------------------|-------------------------------|
| Bus Subsidy | n/a | Grant determination requires independent certification of expenditure by Internal Audit. | Q2 | 2 |
| Careers and Enterprise | n/a | Grant determination requires independent certification of expenditure by Internal Audit. | Q2 | 5 |
| Local Growth Fund | n/a | Grant determination requires independent certification of expenditure by Internal Audit. | Q1 | 5 |
| Local Transport Capital Block Funding – inc pothole action fund; street lighting change fund; challenge fund tranche 2A; National Productivity Investment Fund (NPIF) | n/a | Grant determination requires independent certification of expenditure by Internal Audit. | Q2 | 6 |
| NPIF – Exeter & Eastern Growth and Main Street Sherford | n/a | New for 2018-19. Audit requirements yet to be confirmed by funding body. | Q2 | 4 |
| Learn Devon – formerly Skills Funding Agency | n/a | Assurance for S151 Officer. | Q2 | 3 |
| Migration Fund Grant – Children’s Services | n/a | New migration fund grant. Audit requirements yet to be confirmed by funding body. | Q3 | 3 |
| Troubled Families Programme | n/a | Grant determination requires independent certification of expenditure by Internal Audit. | Q1-4 | 5 |
| Make every contract count – (MECC) | n/a | LEP (P ledger) Health check | Q3 | 2 |
| Violence against women and girls - VAWG | n/a | LEP (P ledger) Health check | Q3 | 2 |
| Growing places fund | n/a | LEP (P ledger) Health check | Q3 | 2 |
| Local transport Board | n/a | LEP (P ledger) Health check | Q3 | 2 |
| HO Syrian Refugee grant | n/a | Awaiting further information from funding body | Q4 | 4 |

| Risk Area / Audit Entity | Risk / Audit Needs Assessment (an assessment of the priority of the planned review) | Proposed Audit Work / Scope | Proposed Timings (Quarter) | Estimated Audit Effort (Days) |
|--|--|--|----------------------------|-------------------------------|
| Grants: Advice, planning, monitoring and performance reporting | | | Q1-4 | 3 |
| Other Chargeable Activities (not incorporated above) | | | | |
| Corporate Governance | n/a | Support for Audit Committee, annual follow up for Audit Committee, corporate governance, internal audit standards, customer service excellence, audit development, liaison with external audit etc | Q1-4 | 55 |

Fraud Prevention and Detection and Internal Audit Governance

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. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally” and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit resources will be allocated to allow a focus on identifying and preventing fraud before it happens. Nationally these areas include Procurement, Payroll, Blue Badges, Direct Payments and Pensions.

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. Work on the 2018/19 exercise will commence in the summer, with resulting data matches available from early 2019. We will work with Council departments to ensure that the matches are reviewed and action taken as may be necessary.

Internal Audit Governance

An element of our work is classified as “other chargeable activities” – this is work that ensures effective and efficient audit services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. External Audit (Grant Thornton), Audit South West);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during the year;
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

We have developed sound working arrangements with Grant Thornton, the authority’s external auditors and have regular liaison meetings to understanding their requirements and to provide the information they require, maximising the benefits of close working. We have also developed an effective working relationship with Audit South West (NHS Internal Audit) and anticipate more opportunities to work collaboratively together as integration between the Council and Health develops.

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “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 (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

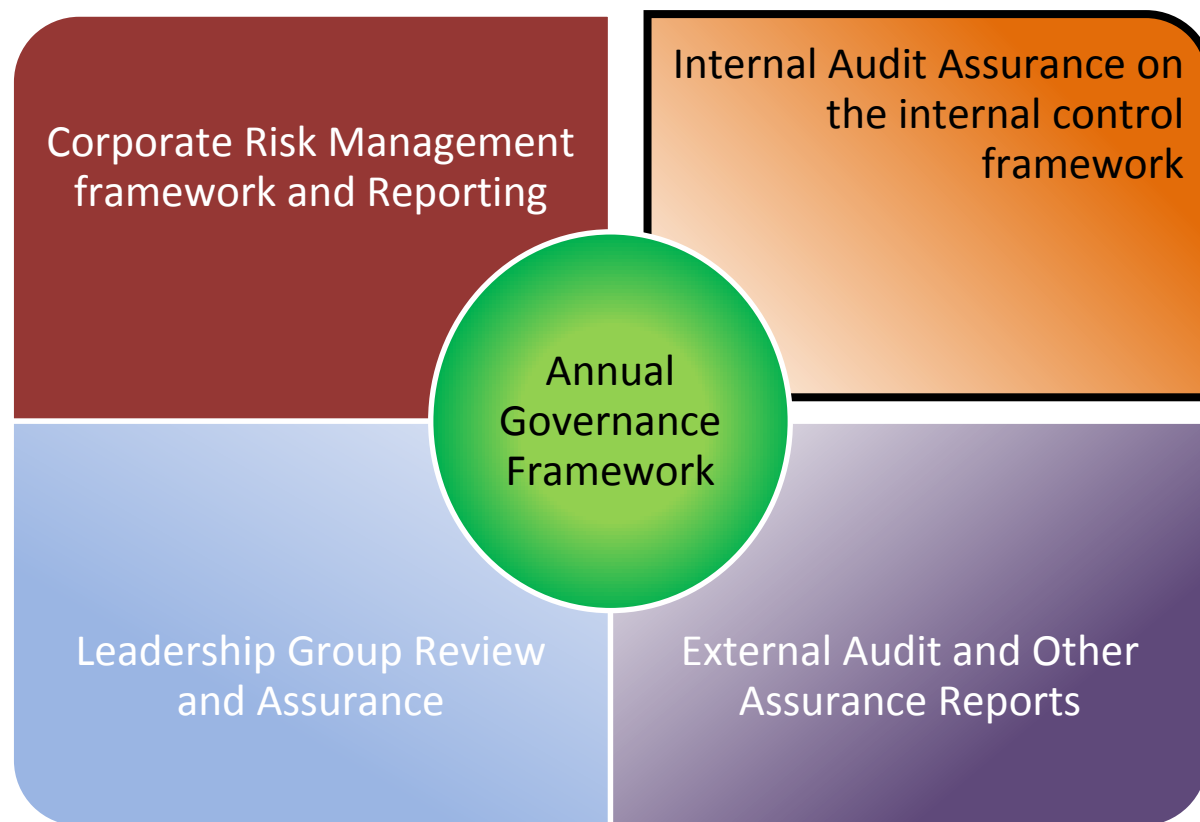
Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

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

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

- be prepared by senior management and signed by the Chief Executive and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is 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 recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



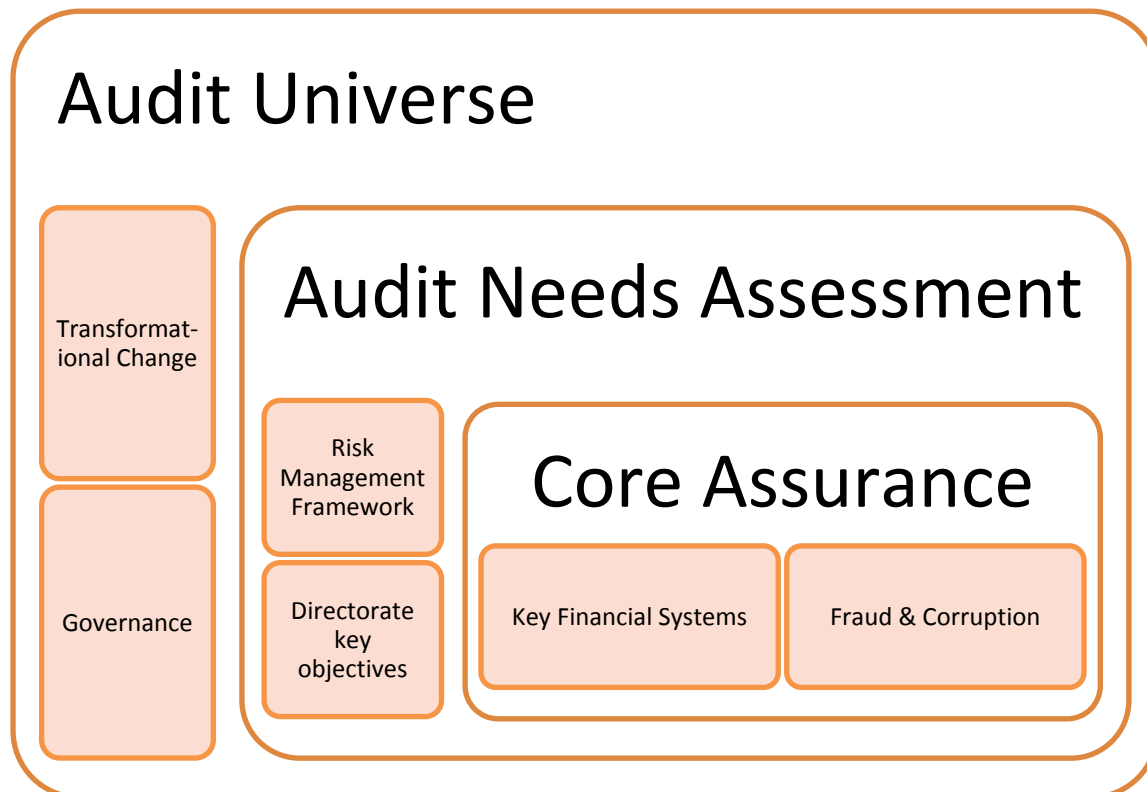
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

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

Appendix 3 - Audit Needs Assessment

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

The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

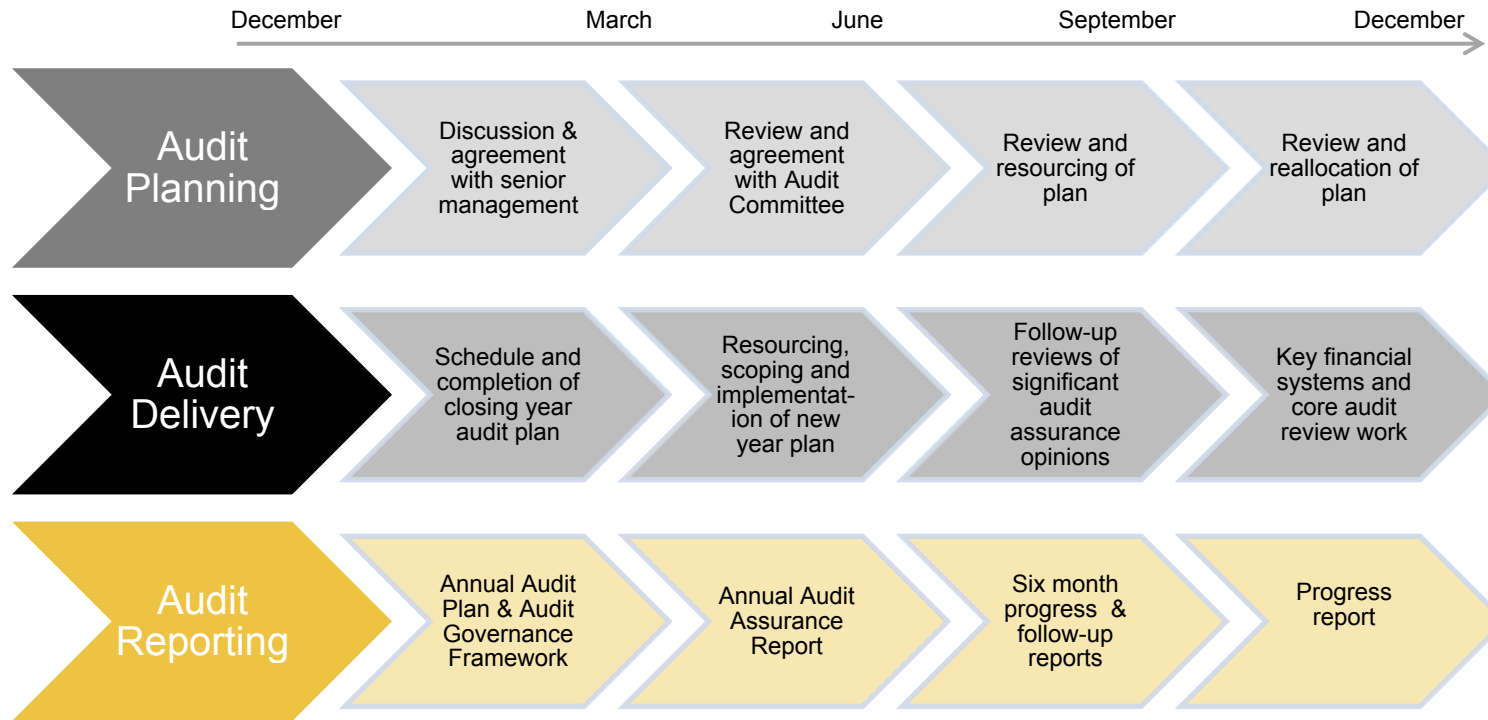
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



| Date | Activity |
|----------------|--|
| Dec / Jan 2018 | Directorate planning meetings |
| March 2018 | Internal Audit Plan presented to Audit Committee |
| | Internal Audit Governance Arrangements reviewed by Audit Committee |
| | Year end field work completed |
| Apr / May 2018 | Annual Performance reports written |
| June 2018 | Annual Internal Audit Report presented to Audit Committee |
| | Follow - up work of previous year's audit work commences |
| Sept 2018 | Follow-up and progress reports presented to Audit Committee |
| Dec 2018 | Six month progress reports presented to Audit Committee |
| Jan 2019 | 2019/20 Internal Audit Plan preparation commences |

| | | |
|---|--|--|
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