

Internal Audit

Audit Committee
Half Year Monitoring Report
2019/20

Devon County Council

November 2019
Official

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Devon Audit Partnership	Confidentiality and Disclosure Clause
<p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.</p>	<p>This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</p> <p>This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.</p>

Introduction

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

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

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

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

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

Expectations of the Audit Committee from this half year report

Members are requested to consider:

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

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

Robert Hutchins
Head of Devon Audit Partnership

Opinion Statement

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

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

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

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans rests with management and these are reviewed during subsequent audits or as part of a specific follow-up.

This statement of opinion is underpinned by:

Internal Control Framework

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

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

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

Risk Management

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

Governance Arrangements

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

Performance Management

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

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.	Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.	No Assurance 4	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.

Progress Against Plan

This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria.

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

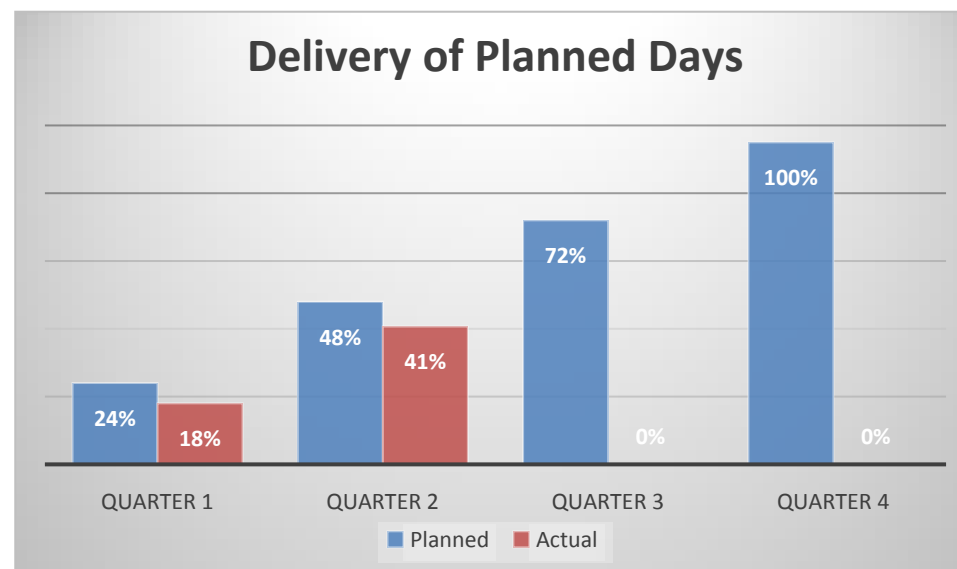
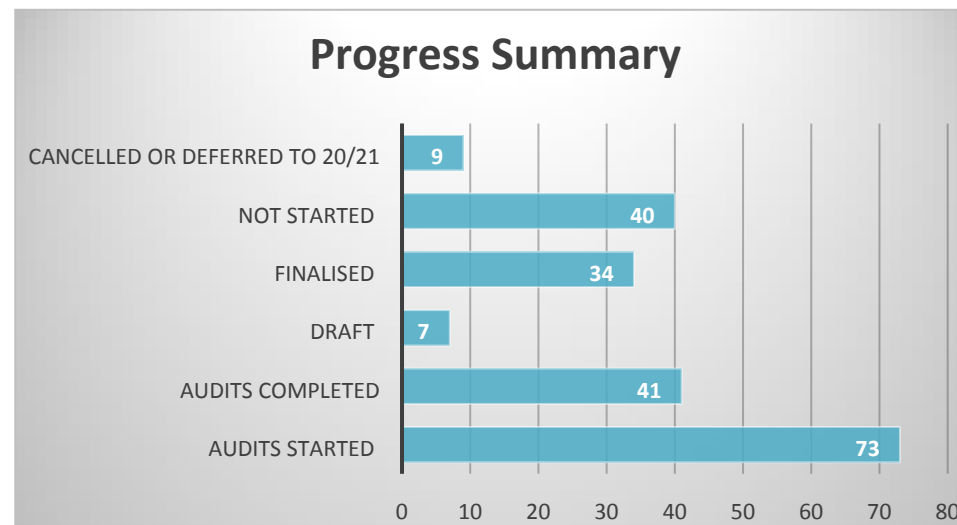
- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of the findings for the reviews completed;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and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

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

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

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

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



Value Added

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

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

Summary Audit Results

Adult Care and Health

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

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

Communities, Public Health, Environment and Prosperity (CoPHEP)

In our opinion and based upon our audit work completed during 2019/20 we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

The work linked to libraries identified positive actions in respect of the improvement of monitoring the performance of the provider against Council expectations.

Children's Services

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

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

Material Systems

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

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

Digital Transformation and Business Support

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

Highways Infrastructure Development and Waste

In our opinion and based upon our audit work completed during 2019/20 we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management. The focus of work in the area to date has confirmed that the service and main contractors such as Skanska work collaboratively to resolve challenges and issues where they occur.

Legal Services and Communications

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

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

Fraud Prevention and Detection

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

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

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

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

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

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

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

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

Investigations and Irregularities

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

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

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

Customer Value

Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2018. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

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

Improvement Programme - DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report was reported to the Management Board in October 2019.

Performance Indicators

Overall, performance against the indicators has been very good with improvements made (see Appendix 5). We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We continue to review where performance in this area can be improved.

Customer Service Excellence

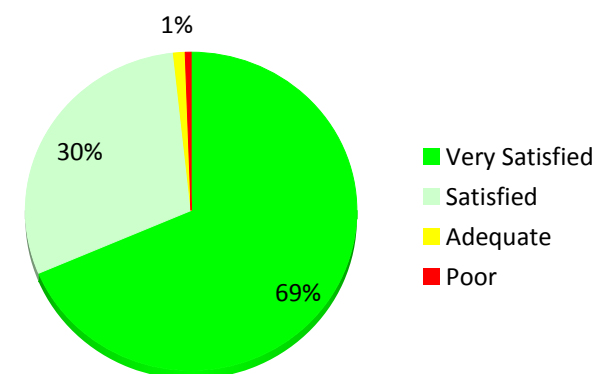
DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year. We have had some very complimentary feedback of where our team have been able to add value to the Council these may be found upon our webpage.

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

Inherent Limitations

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

Analysis of Customer Survey Results to Date







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



Risk Assessment Key

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



Assurance Progress Key

-  - action plan agreed with client for delivery over appropriate timescales & is progressing;
 -  - action plan agreed and is being progressed though some actions are outside of agreed timescales or have stalled
 -  - action plan not fully agreed, or we are aware progress has stalled or yet to start;
 -  - action plan not agreed, or we are aware progress on key risks is not being made.
- * report recently issued, assurance progress is of managers feedback at debrief meeting.

Adult Social Care and Health

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

Adult Social Care and Health

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

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

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



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

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

Communities, Public Health, Environment and Prosperity (CoPHEP)

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

Communities, Public Health, Environment and Prosperity (CoPHEP)

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

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

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


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

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



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

- South West Exeter (ANA High, Client Request)

Children's Services

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

Children's Services

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

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

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



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

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

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

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

Material Systems - 2019-20

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

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

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





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

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

Digital Transformation & Business Support - 2019-20

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

Digital Transformation & Business Support - 2019-20

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

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

- Data Protection & Cyber (Control Malware), (ANA – Medium, Client Request)
- Procurement: Resilience of significant / strategic suppliers to ensure service provision in face of Public Sector cuts (ANA – High, Client Request)
- Procurement: Governance protocols in relation to contract award procedures and contract lifecycle (ANA – High, Client Request)

Digital Transformation & Business Support - 2019-20

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




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

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

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

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

Highways, Infrastructure Development and Waste Services

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

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

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

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


- Maintenance Contract (ANA – Medium)

Highways, Infrastructure Development and Waste Services

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

- Viridor End of year sign off (ANA – Medium)
- Highways – Well maintained highways infrastructure (ANA – Medium)
- Data Breaches (ANA – Medium)
- Collaboration with Others (ANA – Medium)

Corporate – Legal Services and Communications

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

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

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

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

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

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

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

Appendix 2 – Definitions

Definitions of Audit Assurance Opinion Levels

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




Definition of Recommendation Priority

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

Devon Audit Partnership

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

Direction of Travel Indicators

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

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



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