

Internal Audit

Internal Audit Plan 2020/21

Devon County Council Audit Committee

February 2020

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid 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.

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 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.

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

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 refer 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 considers 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 need for robust and effective controls to ensure that resources are used to be best effect and deliver the authority's objectives has never been greater. Internal audit helps provide independent assurance that risks are known, understood and addressed, and that systems and procedures are sound, effective and free (as far as can be) from waste, error or fraud. Preparing a plan that addresses the emerging risks and developing areas for the council, whilst still covering the material and cross cutting systems is essential and ensures that internal audit resources are directed in the most appropriate way.

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 2020/21.

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 following up on work from 2019/20 where the assurance rating was lower than Good Standard, being Direct Payments, Continuing Health Care, Living Well at Home and Technology Enabled Care Support.

Our core work links to higher risk areas as per the Risk Register, for example, how the Council is meeting its market sufficiency requirements. There is an underlying theme of care assessments and performance as seen through reviews such as equality of resource allocation, delayed transfers of care and high cost review panel.

Later in the financial year our planned work is linked to new social care funding arrangements, deprivation of liberty safeguards and the potential new care management system.

Children's Services

Work within Children's Services will include review of SEND (Special Educational Needs & Disabilities) spend within schools, which follows on from work in 2019/20 linked to high cost support packages. Further to this we will be looking at the recently insourced Public Health Nursing Service, whilst undertaking further work in respect social care delivery through care assessments and contract/performance management.

Follow up work in this area will include data management within the Eclipse system and our rolling programme of Maintained School Audits will continue throughout the year.

Communities, Public Health, Environment and Prosperity (CoPHEP)

Work within the CoPHEP service area will incorporate several reviews linked to the Economy and Enterprise service. These include the Business Support for ERDF Funded Projects, Careers Hub and Roundswell Enterprise Centre.

We will also consider the governance arrangements linked to the Safety Camera Partnership and lessons that can be taken from Active Devon in to future similar schemes.

Corporate Services

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

We will examine the new HR/payroll System (iTrent) and review specific risks within the risk register to provide assurance on the accuracy and effectiveness of key controls. Our work will connect with the Doing What Matters Team to provide a link to audit outcomes and support them in the delivery of their goals.

Follow up work is planned for GDPR/ Data Protection and we will also be supporting work on the Finest System replacement. Whilst climate change from a Risk Management perspective sits within the CoPHEP area, we will be carrying out a high level cross organisation review to see how the Authority is planning and managing associated risks.

Highways, Infrastructure Development and Waste

A range of audits from across Highways, Infrastructure Development and Waste are included in 2020/21 plan including; a follow up of the Street Lighting System review from 2019.20, Tree Management System and end of year sign off for Viridor and Skanska annual reconciliations.

Digital Transformation and Business Support

We will be undertaking a programme of work linked to high risk, relevant topics such as Cyber Security, Disaster Recovery and Change Management in addition to following up on 2019/20 work including SCOMIS Contract Monitoring and Carefirst OLM.

Overall, themes across the plan include third party risk where we will aim to consider how the associated risks are managed and data/information management.

Anti-fraud and Corruption

All 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 with the support of the DAP Counter Fraud.

Service Area Overview of Audit Coverage				Major Projects / Themes	Value Added
Thematic Overview of Audit Coverage	Adult Care & Health	Children's Services	Communities, Public Health, Environment & Prosperity (CoPHEP)	Highways, Infrastructure Development and Waste	
	Care Assessment	Public Health Nursing	Governance of the Safety Camera Partnership	Partnership Working	
	High Cost Panel	Preventing Adolescents from Coming into Care	Economy	Street Lighting System	Finest Replacement
	Equality of resource allocation	Schools & Schools Financial Value Standard	Roundswell Enterprise Centre	Viridor End of Year Sign Off	Carefirst 6 Replacement
	Performance Monitoring	Care Assessment	Business Support – ERDF Funded Projects	Skanska – Annual Reconciliation	Climate Change
	Delayed Transfer of Care	Early Help	Making it Local and Real Devon Action Groups	Internal Process Changes	3 rd Party Risk
	Provider Information Management	SEND – School Spend	Careers Hub	Tree Management System	
	Social Care Funding	Alternative Provision	A382 Improvements Project		
	Market Sufficiency				
	Workforce Independent Sector				
Liberty Protection Safeguards					
Core Assurance	Business Processes & Governance – Payroll & HR functions, Doing What Matters, Risk Register, Procurement, 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 – Change Management, Cyber Security, Incident & Problem Management, Disaster Recovery, Customer Service Centre.				

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 2020/21

This table shows a summary of planned audit coverage for the year. 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.

The number of direct days remains the same as in the 2019/20 financial year at 1,060 days. Previously the number of days has been subject to an annual reduction, but the level of input identified for 2020/21 is considered appropriate and reflects the risk profile of the Council.

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 table gives a brief overview of the focus of proposed audit coverage for the year. The time required to follow up on 2019/20 Audit Reviews is included within each Service Area. We have included the time allocated to Devon maintained schools as the Authority has an interest in the sound management of these schools.

A detailed analysis of proposed audit reviews is provided in the following schedule, details of the follow up of 2019/20 work is listed within a section at the end of the table.

Core Activity for Internal Audit Review	Coverage in Days
Material Systems	119
Corporate Services - (Excluding Anti-Fraud & NFI) - Finance, HR, Legal Services & Cross Cutting	120
Adult Care and Health	176
Children's Services	150
Communities, Public Health, Environment and Prosperity (CoPHEP)	75
Digital Transformation and Business Support	127
Highways, Infrastructure Development and Waste	60
Grant Certification	83
Anti-Fraud and Corruption including NFI	100
Other Chargeable Activities (support for Audit Committee, audit development, contingency etc)	50
Total internal audit plan for Devon County Council	1060
Schools (estimated)	282

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)
Material Systems			
Core Assurance - Key Financial System *			
Payroll	ANA - 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.	Sample testing
Debtors / Debt Recovery	ANA - Medium		Sample
Bank Reconciliation	ANA - Medium		Walkthrough
Finest System administration	ANA - Low		Sample
Creditors	ANA - Medium		Walkthrough
Fixed Asset Register	ANA - Low		Walkthrough
Income Collection	ANA - Medium		Sample
Treasury Management	ANA - Low		Walkthrough
Main Accounting System	ANA - Medium		Sample testing
KFS Key ICT Controls 20/21	ANA - Medium	To provide assurance that core ICT functions in relation to Key Financial Systems are completed. Established work programme (that requires adaption / update to accommodate externally hosted systems). Finance key client contact, and SCOMIS/ICT provide the support along with external providers (Council Contacts - Contract-Performance Monitoring) for some systems.	Q4

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope	Proposed Timings (Quarter)
Corporate			
HR - iTRENT - New Human Resources Management System (HRMS)	ANA – High	Review of processes within new HRMS system supplementary to the standard annual payroll audit.	Q4
HR iTrent Development - Performance Learning and Development Module	ANA - High	Trusted Advisor support to new systems process	Q3
Risk Register	ANA - High	Review of individual risks; providing independent view of the clarity and application of controls as well the use and application of the corporate risk management process.	Q1
Direct Payments - CFCS	ANA – Medium	Review of Charging for Care Services (CFCS) processes for Direct Payment financial assessments.	Q4
Finance System Replacement	ANA – High	Assurance and Trusted Advisor Support – Finance Replacement Project.	Q1-4
Organisational Change and Internal Audit	ANA - Low	Developing a consistent approach to supporting the Doing What Matters Programme across the council.	Q1-4
Climate Change	ANA - High	High Level cross organisational review of the Councils approach to climate to include Corporate Climate Strategy, Governance, Intelligence, Resources and Corporate Goals.	Q2
Finance - Tax Compliance Forum	ANA – 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
Advice, planning, monitoring and performance reporting	N/A	-	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)
Adult Care and Health			
Adult Care and Health			
Implementation of new Social Care Funding arrangements	ANA - Medium Client Request	Scope of work to be determined as and when new funding arrangements are implemented.	Q4
Preparing for implementation of Liberty Protection Safeguards	ANA - High Client Request	Evaluation of the impact of the investment already provided enabling an informed decision to be made as to the next steps.	Q1-2
Workforce in the Independent Sector	Client Request	Precise details to be agreed.	Q2
Theme Across Service – Care Assessment Completion	ANA Medium	Collation and sampling across audits including Revised Arrangements for Personal Care, DSAM and Equality etc in respect of Care Assessments being completed appropriately to identify true care needs.	Q1-4
Eligibility Criteria	ANA High Client Request	Are eligibility criteria and resource allocation applied equally and irrespective of service user group, age, type of disability, illness or condition.	Q1
Revised Arrangements around personal care	ANA High Client Request	Second part of a review carried out in 2019/20. Audit to look at the impact that the insourcing of services in 2019 has had after six months.	Q1
Transitions	ANA Medium Client Request	Risk based system review.	Q2
Provider Information Management System	ANA Low Client Request	Risk based system review.	Q3/4
Autism	ANA Medium Client Request	Impact of changes to the post diagnostic autism team.	Q2
How is the Council meeting its market sufficiency requirements	ANA High Client Request	Review of the council’s approach and ability to meet its statutory obligations in respect of care market sufficiency.	Q3

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope	Proposed Timings (Quarter)
New Care Management Process	ANA High Client Request	Assurance and Trusted Advisor on changes to the processes for care management.	Q4
Care First 6 Replacement	ANA High Client Request	Assurance, Trusted Advisor support during the introduction of the new system.	Q1-4
Advice, planning, monitoring and performance reporting	N/A	-	Q1-4
Children's Services			
Children's Social Care			
Preventing Adolescents from Coming into Care / Edge of Care	ANA - Medium Client Request	Review to include small residential units with the possibility of including 'establishment' type audit.	Q2
Care Assessment Process	ANA – High	Sampling across social care services of the Care Assessments which are being completed and their capacity to identify true care needs.	Q4
Care Commissioning – Contract and Performance Management	ANA – Medium	Review of contract performance monitoring and management to supplement the work planned to assess identification of need.	Q4
Education and Learning			
SEND- School Spend	ANA High	2 nd part of a review started in 2019/20. Identify how schools are evidencing spend of funding to the children it is aimed at supporting.	Q1
Alternative Provision Spend (funded From High Needs Block)	ANA – High Client Request	This is funded by High Needs budget but is not part of the 2019/20 SEND audit. Specific focus on Alternative Provision to supplement findings of the 2019/20 audit work.	Q2
Early Help	ANA - Medium Client Request	A review ascertaining the costs of Early Help for the authority to sustain for those cases in statutory if Government grant drops out.	Q4
Public Health Nursing	ANA – High	New area to the Council from April 2019, specific details to be agreed.	Q4

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope	Proposed Timings (Quarter)
School Buildings	ANA - Low Client Request	Money to maintain school buildings has for some time been delegated to the schools. To pick up alongside Health and Safety, closer monitoring of this spend, without excessive interference.	Q2
Advice, planning, monitoring and performance reporting	N/A	-	Q1-4
Communities, Public Health, Environment and Prosperity (CoPHEP)			
Roundswell Enterprise Centre	ANA – Medium Client Request	This is an ERDF, LEP and Devon County Council funded capital programme (with some revenue funding). Audit of the processes and different spending commitments.	Q1
Business Support ERDF funded projects	ANA – Medium Client Request	There are several projects funded through EU funds with public sector match. Some of them span Devon, Plymouth and Torbay, some Somerset, Devon, Plymouth and Torbay. Programme to be audited and supported to ensure it has the right approaches, governance and delivery mechanisms in place.	Q2
Make it Local and REAL Devon local Action Groups	ANA – Medium Client Request	These are community-led grant schemes funded by the Rural Payments Agency under the Rural Development Programme for England. Programme to be audited and supported to ensure it has the right approaches, governance and delivery mechanisms in place.	Q3
Careers Hub	ANA – Medium Client Request	This is an LEP funded programme via Careers Enterprise Company. Programme to be audited and supported to ensure it has the right approaches, governance and delivery mechanisms in place.	Q4
Governance of the Safety Camera partnership	ANA – Low Client Request	Review governance and organisation, accountability to relevant authorities and sustainability and longevity.	Q1
A382 Improvement Project	ANA – Medium Client Request	Project to be undertaken later in year and will require gateway and assurance review(s) at a given point.	Q3
Active Devon	ANA - Low Client Request	Review of the arrangements for Active Devon with a view to learning where the success of this model can be used elsewhere.	Q2

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope	Proposed Timings (Quarter)
Advice, planning, monitoring and performance reporting	N/A	-	Q1-4
Digital Transformation and Business Support			
ICT - Change Management	ANA - Medium	To provide assurance that changes to information systems and related infrastructure are done in such a way as to meet the needs of the business and have a minimal risk to the business and the information.	Q2
ICT - Incident and Problem Management	ANA - Medium	To Provide assurance that ICT Incidents and Problems are managed effectively, noting that a new call management system is being introduced.	Q2
ICT - Cyber / Network Security (Inc Follow up of 18/19 and 19/20 Audits)	ANA – Medium	To provide assurance that the Council network is secure following the Cyber Essentials methodology. Areas for review include - Firewalls, Secure Configuration, Access Control, Antivirus and Malware, Patching, Plus Back Ups.	Q3
ICT - Disaster Recovery	ANA – High	To provide assurance as to the appropriateness of the County’s ICT DR plans.	Q4
ICT - Customer Service Centre	ANA – Medium Client Request	To provide assurance that the approach to the operation of the CSC meets the requirements of the business, including any current and proposed changes.	Q1
Procurement – Governance	ANA – Medium Client Request	Governance protocols in relation to contract award procedures and contract lifecycle.	Q3
Procurement – Resilience of Third Parties	ANA – Medium Client Request	Review of Contract monitoring of third parties within Services to ensure remaining financially resilient and back up plans in place are robust and effective.	Q3
Advice, planning, monitoring and performance reporting	N/A	-	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)
Highways, Infrastructure Development and Waste			
Street Lighting	ANA – High	Confirmation that the new system is now compliant with Financial Regulations, to include a full system review, documentation and review of controls.	Q2
Viridor End of Year sign off	ANA – Medium Client Request	Support to agreement or otherwise of the annual financial sign off.	Q2
Support for new processes	ANA – High Client Request	Provide support, challenge and assurance to potential changes in processes within the Highways service area.	Q2
Tree Management System	ANA – Medium Client Request	System review including liaison with the Devon County Council Tree Board.	Q4
Skanska- Annual Reconciliation	ANA – High Client Request	Support to agreement or otherwise of the annual financial sign of.	Q2
Advice, planning, monitoring and performance reporting	N/A	-	Q1-4
Grants			
Grant Certification/Sign Off	Client Request	We anticipate around 10 Grants will need to be reviewed and certified during the 2020/21 financial year.	Q1-4
Troubled Families Grant Certification	Client Request	Monthly Certification for each month of the Financial year	Q1-4
Advice, Planning and Support	N/A	-	Q1-4
Fraud and Irregularities			
NFI and In Year Advice, Support and Investigations	ANA – High	Advice, support and investigation activities as well as support to the NFI process. To be supported by an additional programme of Counter Fraud Work.	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)
Follow UP Work			
Direct Payments	Follow Up Review	Original Audit was Improvements Required	Q2
Continuing Health Care	Follow Up Review	Original Audit was Improvements Required	
Living Well at Home	Follow Up Review	Original Audit was Improvements Required	
Technology Enabled Care Support	Follow Up Review	Original Audit was Improvements Required	
SEND – High Needs Block	Follow Up Review	Original Audit was Improvements Required	
ScoMIS Contract Management (Follow Up)	Follow Up Review	Improvements Required in 2018/19 and the 2019/10 Follow Up review	
Carefirst OLM (Follow Up)	Follow Up Review	Improvements Required in 2018/19 and the 2019/10 Follow Up review.	
Adoption and Change (Follow Up)	Follow Up Review	Improvements Required in 2018/19 and the 2019/10 Follow Up review	
GDPR Follow Up	Follow Up Review	Original Audit was Improvements Required	
Care Proceedings	Follow Up Review	Original Audit was Improvements Required	
Follow Up of High Risks Recommendations	ANA – High	To confirm how recommendations are being addressed where they are not part of an audit report rated Improvements Required or Fundamental Weaknesses.	Q1-4

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 Authority has separately commissioned the Devon Audit Partnership Counter Fraud Service to undertake a review of the strategy and approach, as well as a targeted review of payment card spend for 2019/20. We anticipate a similar separate plan of work to be agreed in relation to Counter Fraud for 2020/21 in addition to this plan.

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. The matches from the 2018/19 exercise were released on 31st January 2019 to those participating in the exercise. We will continue to work with Council departments to ensure that the matches are reviewed, and action taken as may be necessary, this includes supporting where an exercise is completed in 2020/21.

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, considering 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

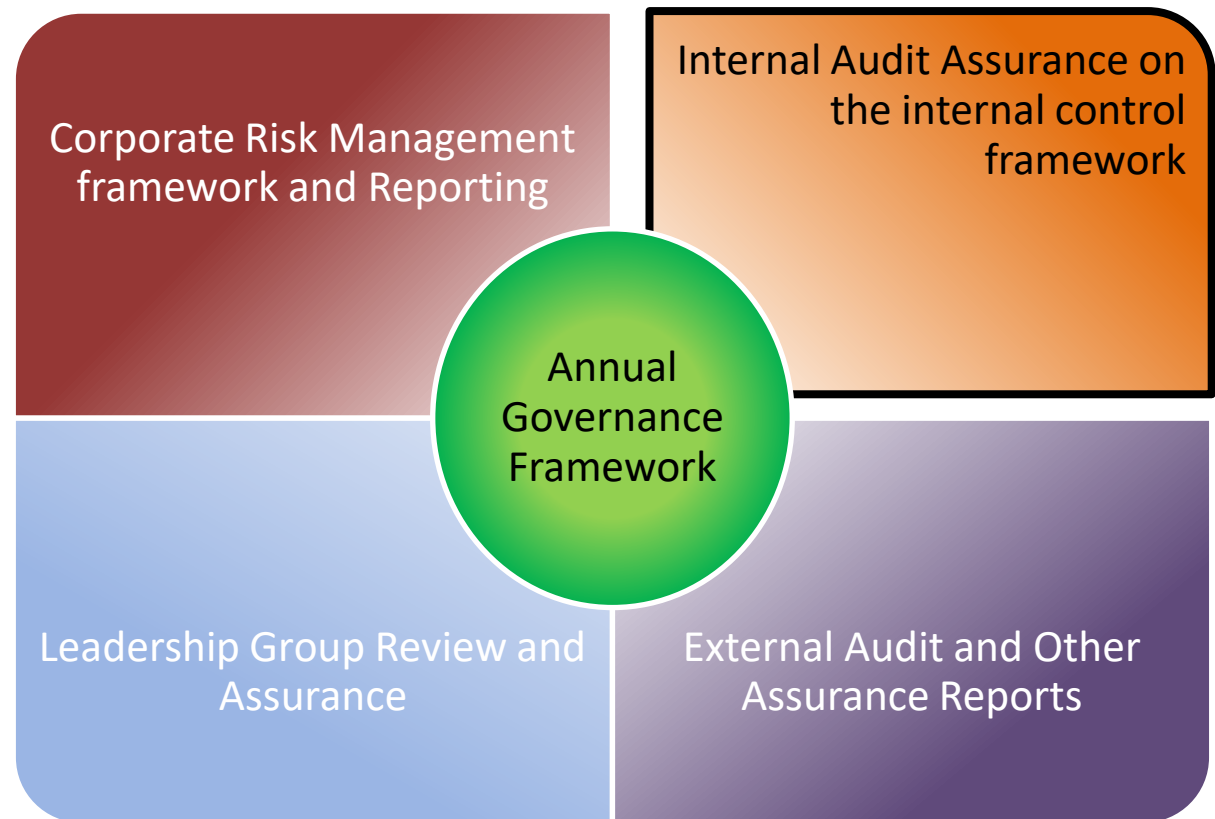
- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

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.



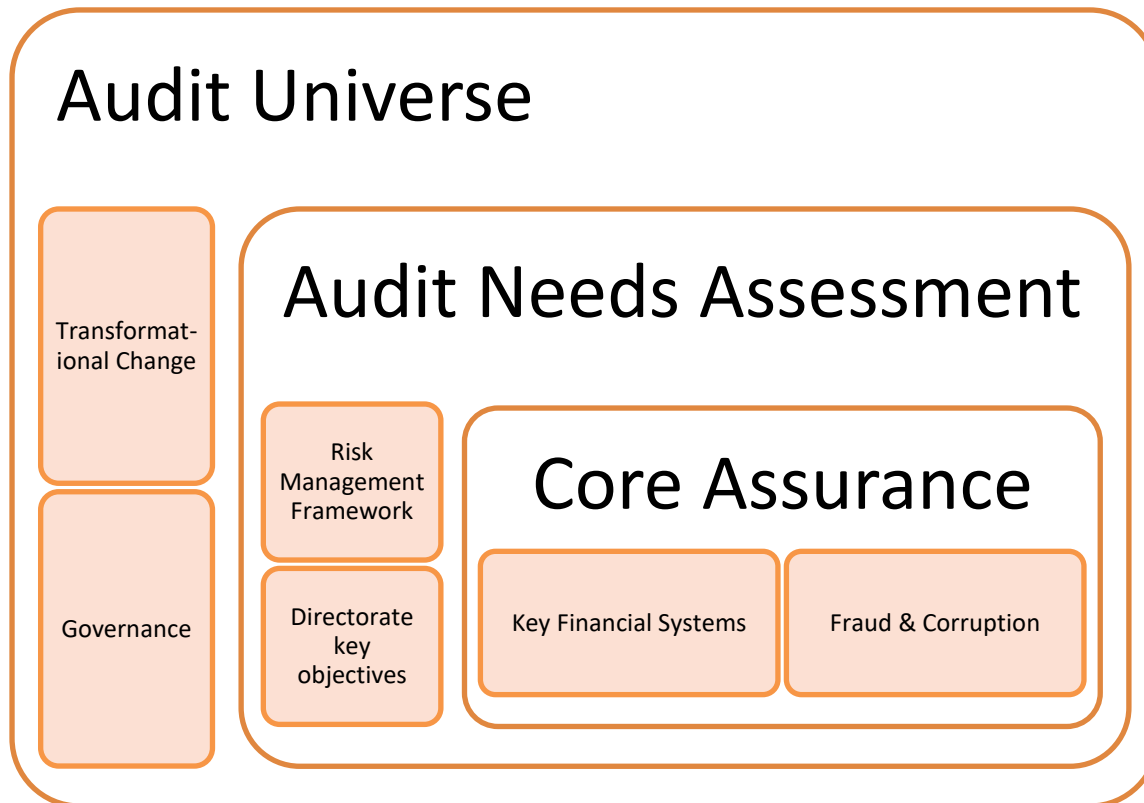
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by Risk Management, 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

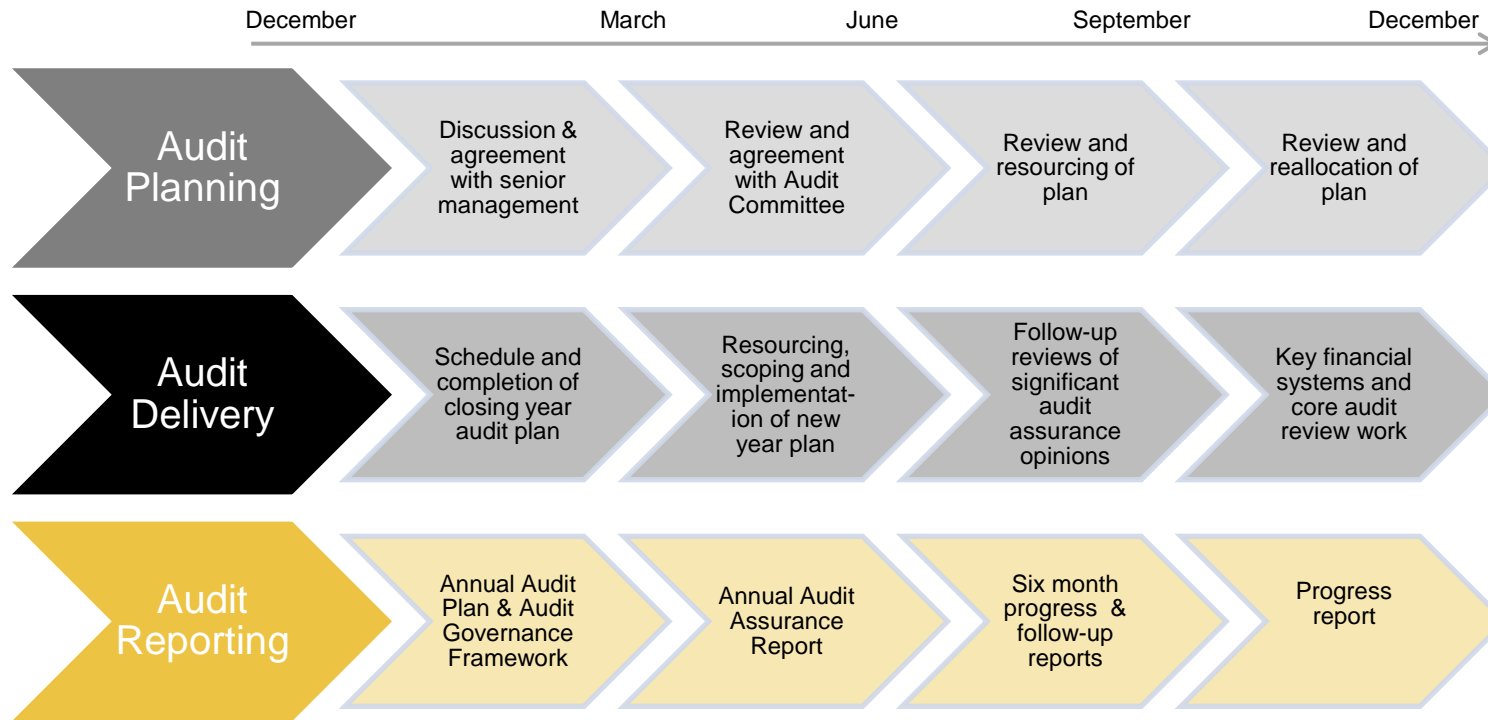
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

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 / 2019 Jan 2020	Directorate planning meetings
Feb 2020	Internal Audit Plan presented to Audit Committee
Feb 2020	Internal Audit Governance Arrangements reviewed by Audit Committee
March 2020	Year-end field work completed
April 2020	Annual Performance reports written
May 2020	Annual Internal Audit Report presented to Audit Committee
Aug 2020	Follow - up work of previous year's audit work commences
Nov 2020	Follow-up and progress reports presented to Audit Committee
Nov 2020	Six-month progress reports presented to Audit Committee
Dec 2020	2021/22 Internal Audit Plan preparation commences

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