devon **audit** partnership

Internal Audit

Revised Internal Audit Plan 2020/21 (reflecting the impact of Covid 19)

Devon County Council Audit Committee

November 2020

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership

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Devon Audit Partnership	Confidentiality and Disclosure Clause
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 .	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).

An audit plan for 2020/21 was prepared and presented to Leadership Group (LG8) and Audit Committee, representing the proposed internal audit activity for the year and an outline scope of coverage. It was stated that the plan would need to remain flexible and any changes would be agreed formally with management and reported to Audit Committee.

Pandemic Impact Update

Since the start of the financial year, the Covid pandemic has had an impact on the internal audit team, and the internal audit plan. During the crisis response phase internal audit staff were supporting the Council in key operations, with internal audit work put on hold. In addition, some DAP staff were shielded / sick due to Covid and this impacted upon our resources. Since April we have worked hard to return our audit work to near normality by use of mobile working, but the early stages of this did result in some less productive time.

Work has continued in completing internal audit assurance mapping work and we are now delivering audits in the 2020/21 audit plans via a remote working approach. The team have been working hard to undertake audit work, provide support and guidance as the Council responds to the new threats and challenges that Covid has brought, and to ensure that we can provide an assurance opinion to senior management and audit committee members.

We would normally expect to complete one half of the agreed plan by end of September; however completion in this first half of the year has been impacted by the pandemic (see above) and therefore it is now necessary to reflect this in a revised plan for the remainder of the year. A similar revision / reduction in audit plan has been proposed to, and agreed by, the DAP Management Board comprising the Section 151 officer for each of our Partners, and so each Partner of DAP will be similarly affected. This reduction is regretted, but it is necessary to enable available resources to be properly targeted in the right areas.

The proposed revision considers the potential resources available for the second half and 2020/21 and the priority of the work remaining; as such some service areas have seen smaller/greater change in proposed coverage. All audit work that has been removed from the 2020/21 internal audit plan will be considered as part of the planning process for 2021/22, including where further revisions are necessary due to the ongoing pandemic.

Robert Hutchins
Head of Audit Partnership

Service Area Overview of Audit Coverage				Major Projects / Themes	Value Added
Adult Care & Health	**Children's Services**	**Communities, Public Health, Environment & Prosperity (CoPHEP)**	**Highways, Infrastructure Development and Waste**		
DP Follow Up CHC Follow Up Autism Market Sufficiency Workforce – Independent Sector Provider Information Management System Revised Arrangements – personal Care Supported Living	Care Proceedings Follow-up Spend in Schools – Premises Care Commissioning – Contract and Performance Management Services for Disabled Children Data Quality Eclipse - Phase 2	Post 16 Transitions Governance of the Safety Camera Partnership Active Devon A382 Improvement Project	Streetlighting System Viridor End of year Sign Off Skanska Annual reconciliation	Finest Replacement Climate Change 3rd Party Risk	Fraud Prevention and Investigation National Fraud Initiative Advice Audit Follow Up

Thematic Overview of Audit Coverage

Core Assurance

Business Processes & Governance – Payroll & HR functions, Procurement, Grant Certification, Transitions (Financial), 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

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 (Inc Revisions)

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: in this instance due to the impact of the Covid 19 Pandemic.

The revised capacity for the second half of 2020/21 is planned as 545 Days.

As always, a 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 table on the following pages gives a brief overview of the focus of proposed audit coverage for the remainder of the year.

This may be subject to further change should Service areas be unable to support the proposed levels of review due to possible 'Second Wave' activities.

Quarter 3 – Activity Summary

In addition to multiple Grant Certification activities we have commenced elements of the 2020/21 planned reviews. Specific examples of the work underway are, COVID Learning Support Activities (inc Debrief and Financial Decisions reviews), Treasury Management, Payroll, Autism, School Building Maintenance Spend, Streetlighting, Safety Camera Partnership, ICT Change Management, Follow Up of 2019/20 reviews where the overall assurance rating was as lower than "Good Standard", as well as supporting ongoing NFI Activity.

Furthermore, audits planned for quarter three, or those in the process of being scoped, include: - Procurement Governance, Creditors, Fixed Asset Register, Debtors, Children's Services Data Quality, Active Devon and ICT Disaster Recovery. We have finalised reports linked to ICT Incident and Problem Management, as well as work linked to Care Home Voids and Payroll Academy Reporting, whilst providing ongoing support to Covid Learning activities, and organisational debriefing of the COVID response.

Core Activity for Internal Audit Review	Original full year plan - Coverage in Days	Coverage for the six months Oct 2020 to March 2021
Material Systems	119	92
Corporate Services - (Excluding Anti-Fraud & NFI)	120	45
Adult Care and Health	176	79
Children's Services	150	70
Communities, Public Health, Environment and Prosperity (CoPHEP)	75	34
Digital Transformation and Business Support	127	75
Highways, Infrastructure Development and Waste	60	25
Grant Certification	83	40
Anti-Fraud and Corruption including NFI (*Supported by pre agreed Corporate Fraud Team Funding)	100	50*
Other Chargeable Activities including: COVID Learning Exercise, support for Audit Committee, audit development.	50	35
Total internal audit plan for Devon County Council	**1060**	**545***
Schools (estimated)	282	141

Revised proposed audit reviews and associated risks 2020/21

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.	

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 Development - Performance Learning and Development Module	ANA - High	Trusted Advisor support to new systems process
Direct Payments - CFCS	ANA – Medium	Review of Charging for Care Services (CFCS) processes for Direct Payment financial assessments.
Finance System Replacement	ANA – High	Assurance and Trusted Advisor Support – Finance Replacement Project.
Advice, planning, monitoring and performance reporting	N/A	-
Adult Care and Health		
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.
Provider Information Management System	ANA Low Client Request	Risk based system review.
Autism	ANA Medium Client Request	Impact of changes to the post diagnostic autism team.
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.
Adult, Children & Finance		
Transitions (Financial)	ANA Medium Client Request	Review of processes linked to the transition of financial support.
Children's Services		
Children's Social Care		
Services for Disabled Children	ANA – High	Sampling of the Care Assessments with this area with a focus on application of consistency of the support put into place.

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope / Proposed Timings (Quarter)
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.
Education and Learning		
SEND - School Spend	ANA High	Identify spend of funding in school returns to compare against the allocation.
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.
Advice, planning, monitoring and performance reporting	N/A	-
Communities, Public Health, Environment and Prosperity (CoPHEP)		
Governance of the Safety Camera Partnership	ANA – Low Client Request	Ongoing support and advice linked to governance and organisation, accountability to relevant authorities, sustainability and longevity.
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.
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.
Advice, planning, monitoring and performance reporting	N/A	-
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.
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.
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.

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope
		Proposed Timings (Quarter)
Procurement – Covid	ANA – Medium Client Request	Review of procurement activity in light of the increased funding spent in a reduced framework of controls.
Advice, planning, monitoring and performance reporting	N/A	-
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.
Viridor End of Year sign off	ANA – Medium Client Request	Support to agreement or otherwise of the annual financial sign off.
Skanska- Annual Reconciliation	ANA – High Client Request	Support to agreement or otherwise of the annual financial sign of.
Advice, planning, monitoring and performance reporting	N/A	-
Grants		
Grant Certification/Sign Off	Client Request	We anticipate at least 10 Grants will need to be reviewed and certified during the 2020/21. financial year.
Troubled Families Grant Certification	Client Request	Monthly Certification for each month of the Financial year.
Advice, Planning and Support	N/A	-
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.
Follow UP Work		
Direct Payments	Follow Up Review	Original Audit was Improvements Required.
Continuing Health Care	Follow Up Review	Original Audit was Improvements Required.

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope Proposed Timings (Quarter)
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.

Audits Removed from 2020/21 Plan

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope
Corporate		
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.
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.

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope
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.
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.
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.
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.
New Care Management Process	ANA High Client Request	Assurance and Trusted Advisor on changes to the processes for care management.
Care First 6 Replacement	ANA High Client Request	Assurance, Trusted Advisor support during the introduction of the new system.
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.
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.
Education and Learning		
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.
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.
Public Health Nursing	ANA – High	New area to the Council from April 2019, specific details to be agreed.
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.

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope
Communities, Public Health, Environment and Prosperity		
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.
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.
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.
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.
Digital Transformation and Business Support		
ICT - Disaster Recovery	ANA – High	To provide assurance as to the appropriateness of the County's ICT DR plans. (Note – This area is reviewed at a high level as part of the ongoing management of DCC ICT risks. Based on the Risk Profile it is Low Probability, High Impact, but well mitigated. As such deferment of the detailed Audit Review to 2021/22 is low risk).
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.
Procurement – Governance	ANA – Medium Client Request	Governance protocols in relation to contract award procedures and contract lifecycle.
Highways, Infrastructure Development and Waste		
Viridor End of Year sign off	ANA – Medium Client Request	Support to agreement or otherwise of the annual financial sign off.
Support for new processes	ANA – High Client Request	Provide support, challenge and assurance to potential changes in processes within the Highways service area.
Tree Management System	ANA – Medium	System review including liaison with the Devon County Council Tree Board.

Risk Area / Audit Entity	Risk / Audit Needs Assessment (an assessment of the priority of the planned review)	Proposed Audit Work / Scope
	Client Request	

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.