

Internal Audit

Audit Committee Annual Internal Audit Report 2021/22

Devon County Council

June 2022
Official



Support, Assurance and Innovation

Contents

INTRODUCTION	3
AUDIT ASSURANCE STATEMENT	4
DCC INTERNAL AUDIT PLAN 2021-22 (AS AGREED FEBRUARY 2021)	5
ADAPTIVE PLAN – POTENTIAL AREAS OF REVIEW.	6
KEY:	6
• INITIAL PRIORITIES	6
• REVISED PRIORITIES	6
PROGRESS AGAINST PLAN	7
VALUE ADDED	7
EXECUTIVE SUMMARY (S)	7
INVESTIGATIONS AND IRREGULARITIES	9
CUSTOMER VALUE	10
PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)	10
APPENDIX 1 - SUMMARY OF AUDIT REPORTS AND FINDINGS FOR 2021/22	12
APPENDIX 2 - ASSURANCE MAP	32
APPENDIX 3 - DEFINITIONS	34
Appendix 3 – Audit Authority	34
Appendix 4 - Audit, Risk & Counter Fraud Integration Plan	35

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torridge, South Hams and West Devon councils. We aim to be recognised as a high-quality assurance service provider 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@devon.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

This report provides a summary of the performance against the Internal Audit plan for the 2021/22 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls, and provides our overall Annual Assurance Opinion.

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 2021/22 was presented to, and approved by, the Audit Committee in February 2021. The following report and appendices set out the overall Annual Assurance Opinion.

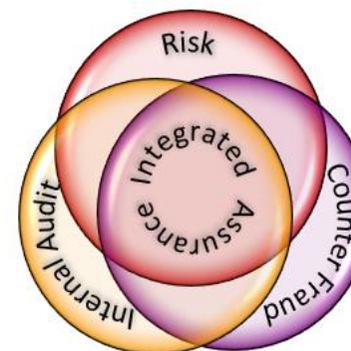
The Public Sector Internal Audit Standards require the Head of Internal Audit to prepare a report providing an opinion at the end of each year that can be used by the organisation to inform its governance statement. Devon Audit Partnership was externally assessed in December 2021 against the framework and confirmed to be conforming with the requirements of the PSIAS.

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) carried out at the planning phase. 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 report

Members are requested to consider: -

- The opinion statement within this report.
- The completion of audit work against the plan.
- The scope and opportunity of audit to complete the audit work.
- 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

Audit Assurance Statement

Overall, based on work performed during 21/22 and our experience from the previous year’s audit, the Head of Internal Audit’s Opinion is of **“Reasonable Assurance”** on the adequacy and effectiveness of the internal control framework within the County Council

Where weaknesses have been identified management have agreed these findings and have either agreed the recommendations or accepted the associated risks. Where management actions have been agreed, as appropriate we shall undertake follow up work to ensure that the identified risks have been mitigated.

Leadership have been provided with details of Internal Audit’s opinion on each audit review carried out in 2021/22. All audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review.

If significant weaknesses have been identified in specific areas, these will need to be considered by the Council in preparing its Annual Governance Statement for the Statement of Accounts for 2021/22.

Covid 19 Statement

Due to the COVID 19 pandemic, its impact on the Council, the internal audit plan for the Council remains flexible to take account of the refocusing of service staff on COVID response activity. We will continue to offer advice and support as needed and aim to be flexible in supporting the Council at this ongoing challenging time.

Internal Control Framework

The control environment comprises the Council’s policies, procedures and operational systems including processes in place to establish and monitor the achievement of the Council’s objectives; facilitate policy and decision making; ensure economical, effective and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council’s assets and interests from losses. Core financial and administrative systems were reviewed by Internal Audit.

Risk Management

Risk Management process at strategic and operational levels remain in place. The production of a DCC Strategic Plan will allow the new and existing risks to be directly linked to the achievement of the core objectives.

Governance Arrangements

Governance arrangements have been considered in all our audits but with opportunities to improve consistency or alignment to business need. We will continue to review the improvements to governance and control arrangements in 2021/22.

Performance Management

Performance is subject to monitoring at management level.

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

DCC Internal Audit Plan 2021-22 (as agreed February 2021)

High Level Summary Audit Plan							
		Adult Care & Health	Children's Services	Communities, Public Health, Environment & Prosperity	Highways, Infrastructure Development and Waste	Strategic Risks and Projects	Client and Audit Governance
Prioritised Risk Areas		Care Assessments Financial Pressures - High-Cost Panel Direct Payments Transitions Performance Monitoring Market Sufficiency	Care Entry Direct Payments Financial Pressures - SEND Performance Monitoring Schools SFVS	Covid-19 Health Inequalities Economy Active Devon Business Support – ERDF Funded Projects Partnerships	Street Lighting System Highways Contract - transition - management & monitoring - effectiveness - financial reconciliation	Covid-19 – Learning and Recovery Decision Making Performance Monitoring – financial pressures Climate Change Business Continuity	Audit Committee Corporate Governance Follow Up Reviews Client Service Support and Development (Head Accountants) Audit Planning and Coordination Contingency
	Adaptive Plan	Unscheduled Resource, Options: Workforce Integrated Care systems	Unscheduled Resource, Options: Public Health Nursing Safeguarding Transitions	Unscheduled Resource, Options: Careers Hub Roundswell Enterprise Centre Making it Local	Unscheduled Resource, Options: Charging model Tree Management System	Partnership Management 3 rd Party Risk Core Systems Replacement -Finest – CareFirst 6	Counter Fraud
Core Assurance	Key Financial Systems (Material Systems) - Payroll, Creditors, Debtors, Income Collection, Bank Reconciliation, Treasury Management, Main Accounting System Inc interface systems & reconciliations (NPS, Finest System Admin, Social Care Financial Assessments).						
	Grants - Increased resource allocation in 2021/22 for Covid-19, plus Transport, Troubled Families, Grants Out -Governance and monitoring						
	Corporate Services - Business Processes & Governance – Payroll & HR functions, Doing What Matters, Risk Register, Procurement, and other Related Bodies.						
	ICT - Cyber Security, Digitalisation Change Management, Remote Working, BCP & Disaster Recovery, Cloud Services.						

The elements proposed for audit for the coming year are those identified from the risk register and discussion with Senior Management. This overview is supported by the 'Adaptive Plan' (next page) audit reviews which will be subject of priority review with Service Leads through the year. Those highlighted are already identified as priority.

Adaptive Plan – Potential areas of review.

Key:

- **Initial priorities**
- **Revised priorities**

Corporate and Strategic

- Emergency Planning – Covid-19, Emergency Procedures.
- Business Continuity – Fit for purpose, updated, embedded, integration & governance.
- Crisis Preparedness – Lessons Learnt, Recovery.
- Climate Change, Risk vs Opportunity – How embedded is this within the decision-making process and business as usual?
- Third Party Risk – Outsourcing, Supply Chain, Sustainability.
- Partnership Management:
 - Control Framework.
 - Retained client functions.
 - Performance and contractual relationships.
- Corporate Priorities – Safety, Statutory Services, Legal, Economy.
- Corporate Plan/ Business Plans/Service Plans:
 - Council transformation programme(s).
 - Learning Authority, Recovery.
 - Benefits Realisation and Benchmarking (transformation plan)
- Governance – linked to organisational decision making.
- Corporate Information Management – DPA, is it embedded?
- Commissioning and Procurement
 - supplier resilience - monitoring
 - Contract awarding – getting it right
 - Compliance, Guidance and Support monitoring
 - EU Regulation change (Brexit)
- Coroners Service.
- HR – Workforce – temp recruitment, succession planning, Safeguarding – Covid-19

Adult Care and Health

- Covid-19. **No longer a priority.**
- Care Assessment – operational practice
- Financial pressures – performance and monitoring, service cost and charging for individuals
- Provider ICT Assurance - Information governance. **No longer a priority**

- Workforce – safeguarding, professional practices – compliance and support.
- Market Sufficiency – impact of Covid-19 care home vacancies
- Demand Management.
- Integrated Care Systems – legislation change, structural changes, pooling of resource. **No longer a priority**
- Housing with Support Framework Specification & Tender
- Effective Replacement Care offer to avoid carer breakdown
- HomeFirst – Discharge to Assess Model
- Home is Best – including increasing community capacity
- Care Home Fee Model
- Imperatives – Liberty Protection Safeguards
- Short-term Services
- Community Mental Health Framework/S75/NDLC
- Direct Payments

Children's Services

- Ofsted / Improvement Plans – performance.
- Eclipse System. – trusted advisor
- Eclipse – Where are we now?
- Safeguarding – How embedded is it
- Troubled Families (Grants).
- Public Health Nursing – impact of COVID-19 on engagement, data integrity and management systems.
- Demand Management.
- Education Support Services.
- Education – Academies and LA Statutory Duties retained.
- Adopt South West
- Direct Payments
- SEND – recovery plans, performance monitoring and financial pressure management (link to financial Pressures).

Public Health

- Covid-19 – cross service strategy and engagement, BCP, Health Inequalities. **No longer a priority.**
- Population Health Management – trusted advisor
 - Prevention.
 - Support
 - Response
- Embedding Mental Health into Corporate Strategies
- Health Inequalities in Decision Making – use of equality impact assessment – strategic embeddedness

Economy, Communities, Planning

- Climate Change
- Environment – Management and Response e.g. flooding.
- Economy
 - Support, Sustainability and Recovery – Covid-19.
 - Roundswell Enterprise Centre
 - Careers Hub
- Development Planning S106
- Business Support – How we deliver external funded projects
- Made in Devon
- Transport Services:
 - Statutory.
 - Contracted.
- Regulatory Compliance.
- Animal Health/Welfare.
- Partnerships - Highways Infrastructure Fund. **No longer a priority.**
- Communities
 - Clinically vulnerable (shielded) not in care – Lessons learnt. **No longer a priority.**

Highways, Infrastructure Development & Waste

- Highways Management/Maintenance – efficiency, effectiveness and balanced charging model
- Waste
- Tree Management systems – management of Ash Dieback. **No longer a priority**
- Street Lighting System

Digital Transformation & Business Support

- BCP and Disaster Recovery – integration with Service BCP
- ICT Strategies – New Roadmap
- Digitalisation – service operational change to work with new systems
- Vulnerability Management
- Cloud Service Management – commissioning and governance.
- Mobile/Remote Working – effect on internal control framework and information governance
- Scomis – Service Continuity – impacts of external client service provision.
- Partnership working – new contracts

Progress Against Plan

The audit plan is a 'fluid plan' which ensures that we work with services to reaffirm audit priorities continuously throughout the year. The last 21 months working within the Covid environment demonstrated that our clients' priorities have changed as we moved through the phases of the pandemic.

Audit work for 2021-2022 was initially agreed in February 2021 and listed the areas of audit focus over the next financial year with several areas identified as a priority. During 2021-22 it is clear that a number of these priorities have changed, and we have been working closely with our clients to ensure that audit work still reflects the priorities and risk of the Council.

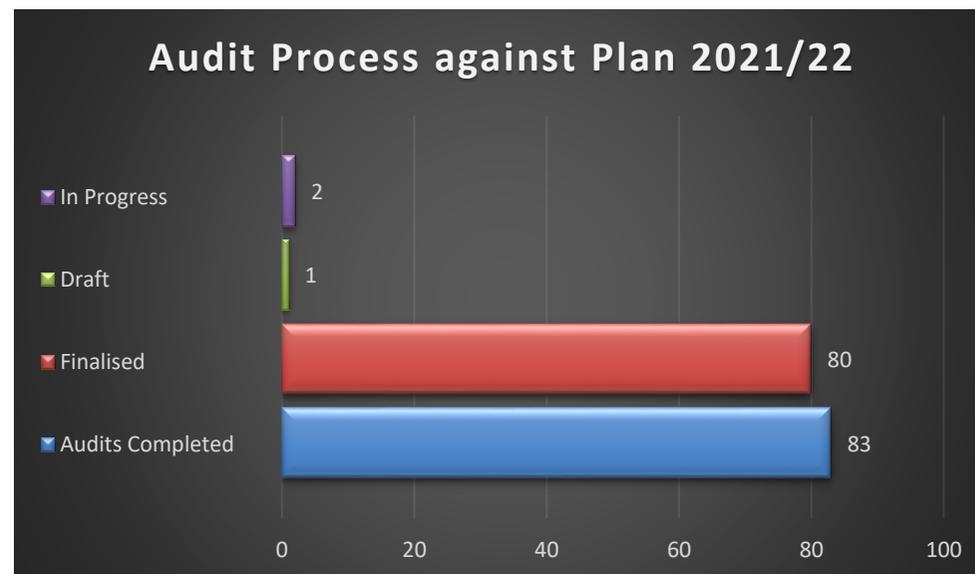
It should also be noted that some directorates have still at times been working on 'Critical Covid Response Activity', and therefore at the request of the client audit work has not taken place in these areas as originally planned. We endeavour to ensure that sufficient coverage across the Council is maintained to ensure that we can provide an inclusive end of year annual assurance opinion.

This report shows a detailed status of planned audits, and their associated reported executive summaries is contained at Appendix 1. In addition to the planned work, consultancy and advice has continued to be provided where required.

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 to date 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.



Executive Summary (s)

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

Adult Care and Health

This is an area where reduced work took place due to the Covid-19 response, specifically as the Service has been working only on activity classed as 'Business Important A'.

We have completed our audit work on Direct Payments, a large vital review to ensure fraud risks are minimal. It was clear that improvements to systems have been made, however overall, there still remain some significant risks which concluded on Limited Assurance overall. It is noted that ACH have a project team in place to look at key revisions to the service and we will play an active role in any key decisions taken to ensure key risks are mitigated.

During 2021/22 we have been providing advice and support for the Adult Care and Health System Replacement Programme. This work will continue into 2022/23. Please refer to Appendix A for other reviews performed in this service area.

Communities, Public Health, Environment and Prosperity

We have performed a number of reviews across these service areas of which the majority been given assurance opinions of Reasonable Assurance.

A larger non-opinion piece of work has taken place within Public Health on Health Inequalities with a focus on how Council Service Departments are contributing to the achievement of the Joint Health and Wellbeing Strategy's priorities. It was concluded that, while there is much good work being undertaken to address health and wellbeing inequalities across the Council and in collaboration with third-party organisations, it is difficult to demonstrate that objectives are being achieved.

A further review has recently been completed in Public Health on Embedding Mental Health with particular focus on the requirements of the Concordat that the Council plans to sign-up to. This was a non-opinion piece of work to aid the Council in meeting the specified requirements.

Work on externally funded projects and the Careers Hub with the Economy, Enterprise & Skills service area received Reasonable audit assurance and a further review on Made in Devon was rated as limited audit assurance.

Children's Services

During 2021-22 a number of significant reviews were carried out in relation to SEND – School Spend, Eclipse Review, Adopt Southwest and Direct Payments. Please refer to Appendix 1 for opinion statements and executive conclusions. Additional audit time has been planned during 2022/23 for SEND – School Spend, Adopt Southwest and Direct Payments where Limited Assurance has been provided due to issues with some of the key controls.

Material Systems

A full suite of material (Key Financial) system reviews has been completed with all work finalised. The majority of key weaknesses identified in 2020/21 have been resolved with all reviews achieving Substantial or Reasonable audit assurance. See Appendix A for full audit opinions provided.

Digital Transformation and Business Support

A suite of audits across ICT have been performed, based upon our work completed and direct advice provided we can report that internal controls continue to operate effectively in the majority of cases.

A recent review of Cyber Security has identified that actions from last year have not moved forward resulting in a Limited Assurance opinion. However, with the recent appointment of a Cyber Security Manager we do expect key processes to be implemented to address the weaknesses identified. Further work in this area will be undertaken in 2022-23 to seek this assurance.

Highways Infrastructure Development and Waste

Our focus throughout 2021-22 has been on the Highways contract and the necessary revisions made to improve the service going forwards. We have and will continue to provide critical friend support in this area and have given independent assurances on three different work streams in regard to decisions currently being made. Limited Assurance was provided earlier in the year on the KPI's monitoring/management on the Highways contract and with the changes now implemented from April 2022 we will carry out some further work to ensure that these key risks have been addressed.

Corporate Services

Activities in this area include focus on the Finest Replacement Project (DCC Finance System) where we have worked collaboratively with the project team to provide assurance on the project set up and initial project implementation. A review of the Coroners service has resulted in Limited Assurance with the identification of key controls not in operation. The main areas of weakness centres around the lack of a formal contract arrangement.

A key review has been undertaken on the Risk Registers across the Council ensuring coverage across all services. The review has demonstrated that sound systems are in place and robust procedures ensure that key risks are managed and mitigated appropriately.

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

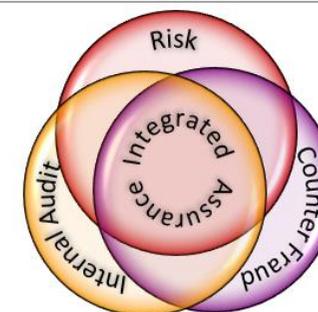
Investigations and Irregularities

During the 2021/22 financial year Devon Audit Partnership was made aware of 30 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	Three	The three cases relate to lost or stolen mobile phones.
Irregularity Advice	One	Notified by Adult Services of a Person convicted of Fraud by DWP - Identify if family has Direct Payments - This has been passed to the Fraud Team and the investigation is currently underway.
Poor Procedures	Twelve	These cases mainly referred to recording of data and incorrect invoicing by a provider of DCC.
Financial Irregularities	Two	Disabled Children's Service informed unusual payments being made on the Prepaid Financial Services cards. SEN funding for children not being used for the individuals intended.
Employee Conduct	One	Audit acted as a facilitator to request Carefirst Access Record in relation to a Security Incident that Information Governance Team is investigating.
Blue Badge Misuse	Eleven	Customer Services record instances where Blue Badge have been misused, these are passed to DAP and recorded. DAP Fraud team review and investigate where appropriate.

There were four further reports which resulted in some form of investigation (Adult Health and Social Care), three related to a provider maintaining house account for clients and the fourth to a provider charging clients for commissioned care and not invoicing DCC directly. These were linked to the activities of staff within external care organisations, not Council staff.

Further detail of the DAP Counter Fraud activity can be found in the Counter Fraud Annual Report Provided separately by DAP.



Customer Value

Public Sector Internal Audit Standards (PSIAS)

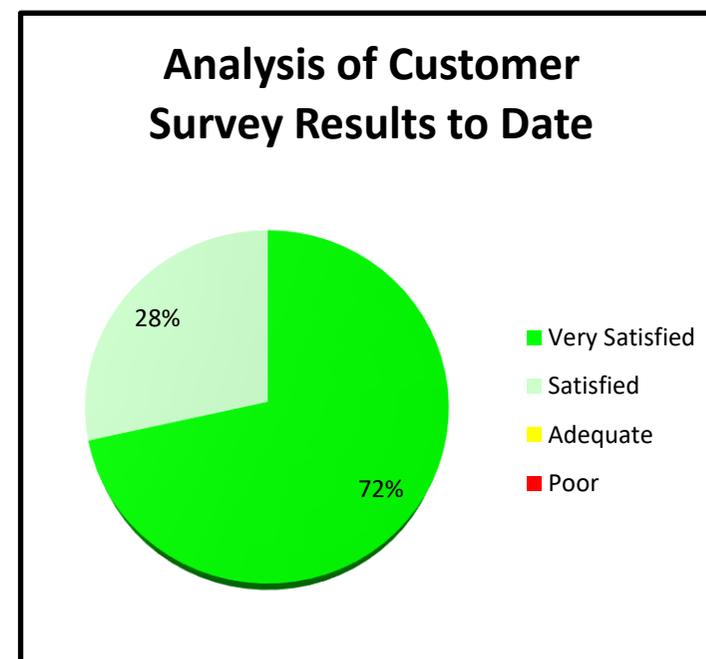
Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

Our internal audit charter was approved by senior management and the Audit Committee in February 2021. 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 2021 'DAP is continuing to operate 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.



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 2021/22.

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.

Appendix 1 - Summary of audit reports and findings for 2021/22

Adult Social Care and Health			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits from 2020/21 have been completed and finalised in 2021/22			
Market Sufficiency	Reasonable Assurance Status: Final	<p>As Council only agreed in January 2020 to commission an annual Market Sufficiency Statement (MSS) , the Adult Social Care MSS report in September 2020 was the first annual statement. The MSS was created through a systematic approach including engaging with the social care teams in a very busy period. It is a succinct document detailing the impacts, risks and issues identified during a point of time during the Covid-19 emergency.</p> <p>It was also used to identify cross cutting themes to address, such as labour specific issues in the Social Care Market. The document sought and obtained Cabinet endorsement of the actions to address sufficiency, and to take account of the impact on the Social Care Market of Covid-19 as part of budget preparation. The other priority action was to lead a high-profile campaign to address the workforce issues related to social care.</p>	
Care Assessments	Substantial Assurance Status: Final	<p>This review was focused on data analysis and a limited volume of client sample testing; therefore, the report findings and conclusions should be considered against this restricted focus. Against the backdrop of such significant challenges from the pandemic it is very pleasing to be able to report that we have not identified significant issues in the management of the care assessment process.</p> <p>In relation to understating compliance with GDPR and the data held within the Carefirst system, OLM is ISO27001 accredited so this gives the Council a level of assurance that data is secure and that there were no immediate issues to address. However, during our review we found the Council's Data Protection and Cyber Security Team were not familiar with specific controls in relation to GDPR principals and Carefirst.</p>	
The following audits on the 2021/22 audit plan have been finalised			
Workforce External - Part 1 'Proud to Care Campaign'	Advisory work Status: Final	An independent assessment of the most recent Proud to Care Campaigns was undertaken using a SWOT analysis to highlight Strengths, Weaknesses, Opportunities and Threats to the recent campaigns.	
Workforce External - Part 2 'Love Care Programme'	Advisory work Status: Final	An independent assessment of the Love Care Programme was undertaken using a SWOT to highlight Strengths, Weaknesses, Opportunities and Threats to the Programme. We provided some findings and recommendations as part of the analysis.	

Adult Social Care and Health			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Direct Payments	Limited Assurance Status: Final	<p>Staff are experienced and well versed in procedures relating to Direct Payments with the process of issuing a pre-paid card efficiently carried out. This should ensure that funds are provided directly to clients in an appropriate method to be used to procure their care needs.</p> <p>Whilst the level of assurance remains as Limited, we recognise there has been significant improvements since our last full audit in 2019, particularly with the monitoring and reviewing processes. Furthermore, much work has been done to produce clear and current guidance for both staff and clients, including a comprehensive and more adequate Direct Payments Agreement (SS20). Further improvements could be made with a more proactive approach to review the care needs of clients on an ad hoc basis (rather than waiting for an annual review) for those cases where a continued underspend of funds is identified.</p> <p>There are still weaknesses in the system, particularly in regard to financial assessments which have inadequate reporting and contradictory procedures resulting in a failure to identify cases for annual review. It is our understanding that a restructure within the Charging for Care team to include a review team is due to be implemented in 2022/2023, however further attention should be paid to this area in the interim.</p> <p>In addition, a more consistent approach is required to ensure clients with Personal Assistants are complying with employment regulations, thereby reducing the risk to the Council of prosecution for corporate criminal responsibility.</p> <p>Potential misuse or fraudulent activity on pre-paid cards also remains a risk to the Council and more clarification should be sought from card provider (EML) in relation to any disputes and liability when fraud is identified.</p>	
Community Equipment Budget – Follow-up Audit.	Good Standard Status: Final	<p>Assurance level increased to Good Standards. Improvements have been made in relation to embedding a new governance structure with an improved focus on exception reporting against the contract KPIs in addition to monitoring Millbrook's development plan. A new performance dashboard has been implemented to assist in the monitoring. A review of prescribers PINS was undertaken, and the number of prescribers has reduced. Costs are being monitored but due in part to outside factors there will still be an overspend.</p>	
ASC System Replacement Programme	Advisory work Status: On-going	<p>Providing advice and support to the project board through the duration of the project.</p>	N/A

Communities, Public Health, Environment and Prosperity (CoPHEP)			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits from 2020/21 have been completed and finalised in 2021/22			
Learn Devon Client Request	No Assurance Status: Final	<p>Our audit has concluded that the sub-contractor is in breach of their sub-contractual arrangements with Learn Devon, where key required documentation and learner records have not been provided on request at the time of the audit, nor had been forthcoming in previous years when requested by Learn Devon. Audit has concluded that there is a systemic problem of ongoing poor practice and Learn Devon need to take urgent and appropriate action to address these issues, including considering whether the contract should continue or be terminated.</p> <p>See below for subsequent Internal Audit Follow up.</p>	
The following audits on the 2021/22 audit plan have been finalised			
Learn Devon Follow-up Audit	Reasonable Assurance Status: Final	Council Officers have provided updates regarding the agreed management actions to improve the controls and reduce the level of risk. Audit testing has been performed and progress is satisfactory. The audit opinion has been lifted from No Assurance to Reasonable Assurance.	
Active Devon	Advisory work Status: Final	Overall, we considered the governance arrangements (including risk management processes) to be reasonable for this partnership arrangement and there is a good relationship between both organisations. We do consider there is potential to undertake further collaborative work, and in particular, supporting the citizens of Devon in response to this current Pandemic (Recovery).	
Post 16 Transitions Follow-Up (Careers South West)	Reasonable Assurance Status: Final	Reasonable governance arrangements are in place in support of new the contract with the CSW Group Ltd. The revised governance structure should allow for monitoring and oversight of this contract and new roles have been defined under formal Terms of Reference and Articles of Association.	
Externally Funded Projects – Business Support – How we deliver external funded projects	Reasonable Assurance Status: Final	<p>Based on our findings we consider there to be adequate evidence to provide Reasonable Assurance that the Externally Funded projects/funding applications are being approved broadly in line with the Minimum Standards. However, there are improvements required to fully demonstrate compliance with requirements of the current minimum standards approval process.</p> <p>The weakness identified were where key project management tools/documentation were not available. It is important from the perspective of demonstrating compliance with financial regulations, and good practice regarding project and programme management, to ensure that there are adequate records in place in line with minimum standards. Furthermore, to ensure that there are suitable arrangements in place regarding business continuity; project information and document</p>	

Communities, Public Health, Environment and Prosperity (CoPHEP)			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		management needs to be clear, consistent and robust in order to support the ability of different project managers to take responsibility for different projects in order to manage delivery effectively.	
Health Inequalities	Advisory work Status: Final	<p>We were requested to give particular focus on how Council Service Departments are contributing to the achievement of the Joint Health and Wellbeing Strategy’s priorities. Having completed our review we have concluded that, while there is much good work being undertaken to address health and wellbeing inequalities across the Council and in collaboration with third-party organisations, it is difficult to demonstrate that objectives are being achieved.</p> <p>This is as a result, in our opinion, resulting from a lack of ‘linkage’ from the Joint Health and Wellbeing Strategy to Corporate Strategy and Service Department activities. While National Measures are monitored and reported, there is little consideration or summary of ‘what did we do and what did we achieve’. Whilst our findings and conclusion relate to the Joint Health and Wellbeing Strategy, the principles contained within this report and our findings could apply equally across other Council Strategies and Priorities.</p>	
Embedding Mental Health – Prevention Concordat	Advisory work Status: Final	<p>The key objective of this audit was to consider the key priorities identified within the concordat and have a clear action plan in place to be able to take a prevention-focused approach to improving mental health within Devon.</p> <p>The scope of the audit included the following areas:</p> <ul style="list-style-type: none"> • Reviewing the Prevention Concordat Commitment action plan template to understand the requirements for satisfactory sign-up • Understanding what is already in place to meet the actions contained within the Concordat • Liaise with neighbouring Council’s to share best practice to ensure compliance with the Concordat <p>We recently undertook a piece of work on ‘Health Inequalities’ in November 2021. This review had a particular focus on how Council Service Departments are contributing to the achievement of the Joint Health and Wellbeing Strategy’s priorities which is contained in a Joint Health and Wellbeing Strategy 2020-25. In addition, the Council has recently (November 2021) produced a Strategic Plan for 2021-2025. This plan incorporates six key priorities with one being to ‘Improve health and wellbeing’. Both of these Strategies should be used to drive forward the action plan for the Prevention Concordat Commitment and therefore should not be completed in isolation to the good work already carried out in this area.</p>	

Communities, Public Health, Environment and Prosperity (CoPHEP)			
		Audit Report	
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Careers Hub	Reasonable Assurance Status: Final	<p>The HotSW Careers Hub is one of the largest in the country in terms of both geographical location and number of schools, with the Careers Hub covering all 157 mainstream schools as well as providing support to colleges and special schools.</p> <p>The overall performance of the Careers Hub continues to be strong with schools continuing to achieve higher percentages against the Gatsby Benchmarks year on year however the pandemic has had an effect on two of the benchmarks. This was because schools and colleges rely largely on traditional face to face work experience which has been considerably impacted by the pandemic. Within the HotSW area there are approximately 23% of schools currently achieving 100% against the benchmarks.</p> <p>Whilst the outcome of both the LEP review and the Levelling Up White Paper is still awaited, there is uncertainty around funding going forward into 2022/23 and what this will mean for the HotSW Careers Hub. Due to this no decision has yet been made on the future of the Careers Hub an exit strategy has been devised in the event it is needed.</p>	
Made in Devon	Limited Assurance Status: Final	<p>Made in Devon (MiD) aligns to DCC Corporate Strategy. It is supporting local businesses and the local economy, building on shifts in consumer spending during the Pandemic. A paper prepared for cabinet to consider/approve included reference to Made in Devon, however it did not include any of the detail regarding the MiD scheme/project that would be expected in a business case. We have not been provided with evidence of the project / scheme "Implementation Plan" being approved by Senior Management.</p> <p>We found areas where improvements need to be made to project governance arrangements. There is an Implementation plan but no current up to date project plan, although we have been advised by the Project Officer that they are updating the plan.</p> <p>There is currently no documented and approved Exit Strategy to end the MiD scheme/project. This is an essential activity in establishing how the project phase will end, and the scheme either end or continues with a transition to business-as-usual arrangements. Prior issues included that the project was initiated quickly based on a prior MiD scheme and businesses leaving after the period of free membership. We have not been able to identify anything in the current plans to acknowledge this or explain what will be done differently to avoid this from happening.</p> <p>We have recommended that a formal review (and project change request) of the project/scheme is undertaken by the Advisory Board.</p>	

Children's Services			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits on the 2021/22 audit plan have been finalise			
Eclipse Review - Where are we now	<p>Advisory work</p> <p>Status: Final</p>	<p>At the time of system implementation (Nov 2016) DCC Children's Services did not have a current documented, detailed system specification of requirements for managing children in care; such a document has still not been prepared. The initial business case that was prepared set out "a top 10" of high-level requirements. We do not consider these requirements were sufficient to appropriately facilitate the discussion and resulting decision that the IT solution would adequately meet the services requirements.</p> <p>A significant number of issues and change requests regarding system functionality were logged during implementation and post go live. The level of change requests, particularly post 'go live', would seem significant and not desirable. However, it is difficult to say if this was 'unreasonable'. A lack of specification, and the level to which Carefirst has been changed to meet DCC's needs, combined with the lack of classroom training, is likely to have contributed to the number of issues and changes.</p> <p>We have not been able to identify a comprehensive documented evaluation of the implemented system in relation to how it meets the requirements, completed by the service. Such an evaluation will allow the Service to identify and formally capture whether Eclipse meets the requirements and clarify any outstanding functionality.</p> <p>The large number of changes to Eclipse and associated processes indicates that the system and local processes were not sufficiently aligned and developed at the point of Go Live. We consider that DCC would have benefitted from a higher level of investment in the data migration aspect of the implementation.</p> <p>Currently, no risk register is maintained in relation to Eclipse (Children's Social Care Management System) and its ongoing use and development. This could result in associated risks not being adequately managed.</p>	
SEND – School Spend	<p>Limited Assurance</p> <p>Status: Final</p>	<p>Use of SEN funding questionnaires were sent out to 24 mainstream schools, of which 21 submitted returns. All confirmed that SEN high needs block funding (element 3) was accounted for separately within the accounts, but for the AEN (element 1 and 2), funding was included within the main schools' budget share due to the funding being used primarily for staffing to enable them to provide class-based support, small group intervention, as well as funding the first £6,000 of needs identified in every Education and Health Care Plan (EHCPs).</p>	

Children’s Services

		<p>There was comprehensive commentary provided by the majority of schools in respect of the High Needs Block (element 3), which all referred to meeting the needs identified within the EHCPs with 9 schools providing good supporting evidence. However, there were 12 schools who did not provide evidence to support the delivery of the provision identified within the EHCPs.</p> <p>From review of the completed returns by the 11 independent schools, the audit concluded that there was a lack of evidence provided to demonstrate how the core costs (Core Offer) has been derived for 8 of the 11. The commentary did provide information as to what type of activity was included, but this was not backed up with financial data to support the costs applied.</p> <p>In relation to the “top up” funding, the evidence which explains how funds have been targeted to meet the needs / outcomes for the children was improved, where primarily cost of provision was provided, e.g., through pupil / staffing ratios, outreach work and personalised curriculums, however, evidence of provision delivery was not provided by all.</p> <p>The gaps in the supporting evidence identified above has resulted in a limited level of assurance being provided that spending of SEND funds within both mainstream schools and independent schools is in line with terms and conditions and link to achievement of goals set out within EHCPs.</p>	
<p>Adopt Southwest</p>	<p>Limited Assurance Status: Final</p>	<p>Since the outset of this partnership arrangement, Adopt SW has continued to experience budget pressure. Performance data would indicate changes in service demands, including increasing use of interagency placements. We consider it likely that Covid19 had a significant impact on the service, including the ability to attract adopters and increasing the use of interagency placements. Budget forecasts indicate a further financial overspend in 2021/22 indicating a need to review the funding methodology used to calculate contributions.</p> <p>Setting financial contributions is complex as there is no defined method of calculating these contributions. It is recognised that other Local Authorities are in a similar position to Adopt SW and there has been some benchmarking undertaken by Regional Adoption Agencies (RAA's) including Adopt SW in comparing different approaches. The majority of these organisations recognise that changes will be needed to financial model(s) in future in order to reflect actual costs and service demands.</p> <p>Adopt SW does not have a medium term financial plan in place to project future costs, nor does it have effective processes for formally managing operational and strategic risk. Due to the criticality of the service, we would expect the service to implement a risk management policy and processes in order to demonstrate that risks are being assessed, kept under review and are maintained at acceptable levels.</p>	

Children's Services

<p>Direct Payments</p>	<p>Limited Assurance Status: Final</p>	<p>As reported in our previous review of Disabled Children Services (DCS) Direct Payment system, it still does not provide an adequate level of control to prevent and detect fraud. Once a Devon Card is in place DCS has very limited control over expenditure with limited visibility until money has been spent. The system does not allow DCS to be assured that the money is being spent as specified on the care plan. DCC may be inadvertently facilitating tax evasion by enabling cash payments to individuals who are providing care to children and potentially at risk therefore of committing a corporate criminal offence. This approach may also allow inappropriate persons to be paid cash for personal assistant services.</p> <p>It should be noted however that there have been some improvements made since the previous review, one being the introduction of a new "front door", single point of access Short Breaks assessment framework, which includes undertaking an eligibility screening. Since its implementation, the Service has made over £400k in budgetary savings. This has enabled the Service to recruit more staff to help with addressing the significant backlog of care reviews which remains an issue.</p> <p>There has been progress made in developing management information, where the Service has started using Power BI to capture data on care reviews and referrals into the Service, however, this is in its infancy and has not yet been fully developed, and there is more work needed in this area to produce high quality management information to aid and inform strategy and decision making.</p> <p>This review also extended to Education funded direct payments, where the framework of assessment, approval, and review was found to be sound overall.</p> <p>This review recognises that there is a SEND Transformation Project in place, and that Disabled Children Service, and direct payments is one of the workstreams within the project. There is work going on through this project to reform the system, which will ultimately look to come away from using Devon Cards and move towards using a "virtual wallet". However, any change to the existing system will take a number of years to implement, and therefore, the Service needs to continue to make improvements to strengthen the control framework of the existing system to ensure that it is fit for purpose and mitigates against further incidents of fraud and misuse. The recommendations made in this report should assist the Service with this includes an urgent review and update of the Direct Payments Policy, which has not been updated for 5 years.</p>	
<p>Continuing Health Care and S117 Aftercare Follow-Up</p>	<p>Limited Assurance Status: Final</p>	<p>Whilst some progress has been made to strengthen controls there is still much work to be done in this area. There are richer discussions taking place and funding decisions being disputed by the joint agency funding panel and work has begun to strengthen workforce knowledge to raise staff awareness and confidence to improve the robustness of the quality assurance process.</p>	

Material Systems			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits from 2020/21 have been completed and finalised in 2021/22			
Debtors / Debt Recovery	Reasonable Assurance Status: Final	Overall, we found that the corporate debtor processes are operating well and within a reasonably sound control environment. Our main findings relate to the absence of review of errors that have occurred during the interface between Finest and ASH records, and the gap in action/ information recorded against a number of aged debts, potentially impacting the ability of the local Authority to recover income/debt due.	
Bank Reconciliation	Reasonable Assurance Status: Final	<p>The control framework for bank reconciliations is considered to remain sound and effective. Access to the online banking system is carefully managed, with bank accounts reconciliations reviewed and authorised promptly on a monthly basis.</p> <p>There are, however, 16 officers with the ability to authorise payments. It is recognised that a sufficient number of authorisers is required for business continuity purposes. A larger number of authorisers carries an increased risk of fraudulent activity/weakness, and we recommend that a review of authorised payments is carried out to ensure that only necessary officers have the ability to authorise payments.</p>	
Creditors	Limited Assurance Status: Final	<p>We consider that overall, there are reasonable controls applied to creditor processes including the P2P system and creditor entity records. The key challenge reported links to the level of outstanding open purchase orders, which has previously been highlighted as a significant issue during the reporting of the 2019/20 audits and remains an issue.</p> <p>Work has been undertaken by the Finance Service to reduce the level of outstanding orders, but it remains high. This increases the risk of fraud and error (including duplicate payment) and if not resolved, this will also become an issue when the Authority replaces the existing accounting system. Root cause analysis and correction by wider DCC Service Areas in conjunction with Finance officers has been started and has addressed many older orders, continuation of this activity is essential to ensure that the position is not perpetuated, and that it does not create unnecessary work when implementing a new Finance System.</p> <p>In respect of Covid response the Authority has applied a number of temporary financial policy changes, and which are considered to be appropriate and in line with national guidance.</p>	
Income Collection	Limited Assurance Status: Final	The control framework is generally sound, and income is identified and collected in an appropriate manner. The main issue identified from this review links to a high level of suspense transactions, which has increased during 2020/21 to nearly £1 million and represents a further increase in comparison to last year.	

Material Systems			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Main Accounting System	Reasonable Assurance Status: Final	The control framework for the main accounting system (Finest) remains generally sound and effectively operated. However, last year's Audit review of outstanding order lines in Finest identified a sum of £112 million, with £19 million being in respect of previous financial years which have been rolled forward on a year-by-year basis. This affects current budgets and forecasting, and future accounting commitments. Action was subsequently directed to address the issue and progress has been made in reducing the sums involved. However, this remains a major problem area with current figures respectively at £123 million, with £13 million being in respect of previous financial years. The impact on assurance ratings has been reflected in the creditors report (above).	

The following audits on the 2021/22 audit plan have been finalised

Treasury Management	Substantial Assurance Status: Final	The control framework in place for Treasury Management remains sound, is effective and implemented by experienced staff. Procedures are in place for key processes, and these have been reviewed and updated.	
Creditors	Reasonable Assurance Status: Final	Based on our review of the key system controls within FINEST, P2P and payment feeder systems we conclude that generally orders and payments made by the Council are effectively controlled. The key challenge links to the level of outstanding open purchase orders, which was previously been highlighted as a significant issue during the reporting of the 2019/20 audits. Work has been undertaken to reduce the level of outstanding orders, it remains high and this could impact on the Authority's ability to monitor expenditure through budget monitoring processes, as well as increase the risk of fraud and error (including duplicate payment). If not resolved this will also become an issue when the Authority replaces the existing accounting system.	
Fixed Asset Register	Substantial Assurance Status: Final	The system and processes have been reported to be of a high standard in the past and there have been no significant changes in the system, nor in our findings to warrant a change to that opinion. Controls in relation to property assets are robust, with adequate procedures in place for additions, disposals, and ensuring that asset register entries are complete and accurate.	
Main Accounting System	Reasonable Assurance Status: Final	<p>The control framework for the main accounting system (FINEST) remains generally sound and effectively operated by skilled staff. There are some areas where consideration and implementation of additional measures would enhance the existing control framework and recommendations have been made accordingly.</p> <p>Some of these areas have been highlighted in previous audits and are repeated for consistency. The key elements to note are consistency of approach in relation to budget virements; separation of duties; and more timely clearance of suspense accounts.</p>	

Bank Reconciliation	<p>Substantial Assurance Status: Final</p>	<p>The control framework for bank reconciliations is considered to remain sound and effective. Access to the online banking system is carefully managed and monitored and all four of the bank account reconciliations are reviewed and authorised promptly each month. Procedure notes are in place for all four accounts and made readily available to the necessary officers.</p> <p>The Councils bank accounts are accessed through an online banking solution by Barclays. Access rights and permissions within this online banking solution are managed by appropriate and skilled officers.</p> <p>There were two issues raised in the 2020-2021 audit which were followed up during this current audit and the recommendations for both were found to have been implemented.</p>	
Payroll	<p>Substantial Assurance Status: Final</p>	<p>We consider the key risks associated with the Payroll function/Service to be managed effectively and operated by skilled staff.</p> <p>Observations from the previous audit for 2020-2021 have been considered and recommendations have either been implemented or risks accepted. Management have demonstrated good awareness of the Counter Fraud Policy and the potential risks to the Payroll system.</p> <p>Access to the system is adequately controlled. Current password complexities are not fully in-line with the National Cyber Security Centre (NCSC) guidance, although there is an ongoing project to introduce Multi-Factor Authentication by summer 2022 which would meet NCSC standards.</p> <p>The recruitment module for DCC corporate employees has decreased the need of Payroll intervention for starters, however DCC schools (not included within the recruitment module) still require input from the Payroll team. There is still a low risk that new starter forms which are accessed externally for DCC schools, could be submitted inappropriately.</p> <p>Payroll generates a series of exception reports each month where any anomalies are investigated, and corrective action taken where necessary. Pay-runs are fully reconciled, and statutory data and returns are submitted successfully and promptly, with adequate segregation of duties and checks in place. Where discrepancies occur, these are investigated and resolved in a timely manner.</p> <p>The contracts and arrangements in place with MHR include appropriate measures regarding business continuity and data security.</p>	
Debtors / Debt Recovery	<p>Reasonable Assurance Status: Final</p>	<p>We have provided an overall assurance opinion of Reasonable Assurance. We have observed that there is a generally sound system of governance, risk management and generally effective controls in place. This could be seen particularly around the controls of the user access to the Ash Debt Recovery System and controls around the raising and approving of credit notes and write offs.</p>	

		<p>However, there are some issues that require improvement which are mainly around the high-risk recommendations of the intermittent data transfer to the ASH Debt Recovery System and overall amount of aged debt.</p> <p>We have also noted the lack of guidance/procedure notes available to new and existing Officers for the ASH system. In other Key Financial Systems audits for 21/22 we have noted available guidance/procedures which is further a positive change towards the training of Officers and the service areas business continuity.</p>	
<p>Income Collection</p>	<p>Reasonable Assurance Status: Final</p>	<p>We can confirm that there is generally an appropriate control framework in place for ensuring income is being correctly receipted and recorded to the accounting system using the CIVICA income system and FINEST.</p> <p>As reported previously we have confirmed that there remains high value of transactions within the FINEST suspense account which is used as cash reserve when transactions cannot be allocated based on the lack of information available. We note that the Revenue and Payment team have further progressed with attempting to educate and work with service areas with intention of reducing significant amounts of income remaining unallocated. However, the efforts put in by the team are not yielding the reduction in the suspense accounts.</p> <p>We have confirmed that there continues to be issues with receiving telephone payments. In particular Blue Badge holders have failed to be able to make payment via the CIVICA telephone payment line which has increased a further 9% since last year and now accounts for 72% (608 out of 840) of all services failed telephone payments. During conversations and review with the Blue Badge department and the Revenue and Payments Team it is clear that a lot of effort has been put into supporting Blue Badge holders into making payment via other forms such as online.</p> <p>Whilst failed Blue Badge telephone payments accounts for only 6% (608 of 9883) of all Blue Badge payments) as of 15/11/2021, there are risks around reputation and inefficiencies if the holder goes on to make payment via another method such as cheque payment. We are aware that the amount of failed telephone payments creates additional work for the teams involved as they need to deal with customers directly to resolve.</p>	

Digital Transformation & Business Support			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits on the 2020/21 have been completed and finalised in 2021/22			
Cyber Security	<p>Reasonable Assurance</p> <p>Status: Final</p>	<p>ScoMIS has ISO27001 accreditation for its Information Security Management System and this includes the services provided to Devon County Council (DCC). ISO27001 certification demonstrates that the organisation has invested in the people, processes, and technology (e.g., tools and systems) to protect the organisation’s data, providing an independent, expert assessment of whether data is sufficiently protected.</p> <p>At present the DCC Perimeter/Firewall is not subject to regular periodic 3rd party penetration testing and so is not benefiting from scheduled regular analysis help uncover new security weaknesses and prevent opportunities to exploit vulnerabilities. Regarding aspects of the IT Infrastructure, vulnerability testing regularly undertaken with regard to aspects of the IT Infrastructure, however, at present there is no procedure to identify and centrally record this activity, which would also give oversight to the Senior Information Risk Owner (SIRO) of the ongoing vulnerability (including Penetration Testing).</p>	
GDPR - Follow up	<p>Improvements Required</p> <p>Status: Final</p>	<p>The Council has recently reviewed Data Protection Policy, and all associated policies to ensure these are compliant with GDPR. The current policy remains in 'Draft' though it has been openly published and is available to all staff and members. We would encourage the Council to ensure that roles and responsibilities for Data Protection are clearly referenced within this policy and supporting policies as actions will be required by staff and other relevant 3rd parties, in order to comply with the GDPR requirements. This would include the ongoing management and review of information assets which include personal data.</p> <p>The Council has a central information asset register, though this record has not been subject to regular review since it was originally implemented in 2015/16. The DPO is aware of this, however, GDPR requires organisations to demonstrate their compliance with data protection and the asset register is a key component of this. We would encourage the Council to develop more effective processes for recording and reviewing information assets. During discussions with the DPO it was evident that the Council does not currently have a process for identifying when a PIA/DPIA is required. The DPO has acknowledged that developing a screening process (as recommended by ICO) would be useful in order to identify where an assessment is required in future.</p> <p>On review of a sample of privacy impact assessments, we found that risks and controls had not been well articulated. Risk Management is an important management tool to support services in planning their activities (strategic) and identifying risks in delivering their services (operational).</p>	

Digital Transformation & Business Support			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Procurement	<p>Reasonable Assurance</p> <p>Status: Final</p>	<p>There has been significant disruption in procurement activity and further work will be needed to review procurement plans including timing and resources. There has been reasonable governance applied in responding to the Pandemic, including direct contract awards, contract exemptions and supplier relief processes.</p>	
The following audits on the 2021/22 audit plan have been finalised			
ICT429 BCP & DR Project - <i>Attendance at Workshops</i>	<p>Advisory piece of work</p> <p>Status: Final</p>	<p>The Council should have in place fully defined Business Continuity Plan's (BCP), including at both an overall council level and departmental. These should clearly identify the risks which the council requires ICT to mitigate against. Once in place, ICT will be better placed to fully define the ICT Business Continuity Planning (BCP) & Disaster Recovery (DR) plans and identify any costs associated with this.</p> <p>ICT have a number of mitigating controls in place in relation to individual application failures and ICT infrastructure outages but the mitigating controls in relation to significant loss of ICT staff and major disaster incidents, which have the potential to affect all council services have yet to be fully defined.</p> <p>Senior Officers in both ICT Commissioning and Scomis recognise that the current ICT BCP and DR plans are not currently adequate. ICT Commissioning has recently commissioned a project (ICT429) whereby they have engaged an external Consultant. A series of workshops were held by the Consultant with ICT Officers to review the current arrangements/capabilities, and to provide a high-level assessment with recommendations on how to improve. The project is part of the "discovery phase" which will lead to subsequent projects to develop the BCP and DR capabilities.</p>	
ICT – Change Management	<p>Limited Assurance</p> <p>Status: Final</p>	<p>The use of a change management process ensures that changes to systems are made in an accountable manner with appropriate consultation and approval. Furthermore, a change management process provides an opportunity for the security impact of any changes to systems to be considered.</p> <p>We have observed positively that known Changes to the ICT Infrastructure and systems are made by skilled officers with appropriate approval and oversight. All Changes were approved, including by CAB (Change Advisory Board) and TAB (Technical Advisory Board) within MyScomis where required, other than those that were treated incorrectly as "Emergency Changes". See observation below.</p>	

Digital Transformation & Business Support			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>However, we identified a significant number of areas where, based on the sample we reviewed, improvements to the level of compliance with the expected internal guidelines/policy should be made. The internal guidelines/policy and MyScomis generally provide the framework and opportunity, if complied with, to reduce the risks associated with making changes.</p>	
ICT – Incident & Problem Management	<p>Reasonable Assurance Status: Final</p>	<p>MyScomis is a suitable platform to effectively manage ICT incidents. IT Service Management overview and insight is provided by a Power BI solution using an extract of the MyScomis database. Power BI remediates one of the weak areas highlighted in our 2017-18 audit. However, underlying data quality is still somewhat inconsistent. This may compromise incident analysis and use of incident and problem data to support business operations.</p> <p>Our analysis of frequent incidents reflects common patterns in incident descriptions. The range of ways incidents are described, and the data quality issues found made this challenging. It is likely there are other frequently occurring incidents we did not discover.</p> <p>The number of service desk analysts appears low for the size of user population, partner organisations and range of applications and services supported. Increasing the proportion of self-service contacts may allow more efficient allocation of resources to resolve the incidents.</p> <p>Incidents with cyber security implications are not always highlighted during incident classification. Clarifying how such incidents are classified and prioritised would benefit the Council’s approach to cyber security.</p>	
Audit follow-up reviews completed			
ICT Data Storage 19/20 - Follow Up	<p>Improvements Required / Limited Assurance Status: Final</p>	<p>Officers have provided updates regarding the agreed management actions to improve the controls and reduce the level of risk associated with the Councils data storage arrangements.</p> <p>Management have stated that there is intention to complete the management actions, but progress has been delayed largely due to the pandemic. As such our audit opinion and level of assurance remains the same.</p>	
Cyber Security 20/21 – Follow up	<p>Limited Assurance Status: Final</p>	<p>Since the audit review in March 2021 little progress has been made regarding the completion of the agreed management actions. There remain significant weaknesses with key controls. On premise data back-ups continue to be routinely completed. However, significantly there has been no progress regarding the project (ICT429) to improve the ICT Business Continuity and Disaster Recovery plans and capability. This remains as a risk on the Corporate Risk Register where it is</p>	

Digital Transformation & Business Support

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		identified as not fit for purpose. As a result, we have reduced the assurance opinion in this risk area of backs and business continuity to “Fundamental Weakness” and hence the overall assurance opinion has been reduced to Limited Assurance.	
ICT – Mobile/ Remote Working – Remote Access Gateway	Reasonable Assurance Status: Final	<p>We reviewed Access Controls, Firewalls, Patch/update Management, vulnerability scanning of the Remote Access Gateway (RAG) servers, Antivirus and Malware Protection and the Secure Configuration of the RAG. We consider the DCC Remote Access Gateway to be generally configured securely, and access to the DCC network via the RAG sufficiently controlled to reduce the likelihood and impact of a cyber security incident.</p> <p>There is a Remote Access Policy which is part of the Personal Information Security Policy, a mandatory policy for all DCC employees. Users both Internal (via mandatory Remote Access Policy) and External (via MoU and User agreements) are required to acknowledge that they have read and understand the Remote Access Policy and the requirements for using the RAG.</p> <p>Based on a review of a sample of external users of the RAG, the partner organisations for which they are employed have all completed a Memorandum of Understanding that sets out the requirements for using the RAG and the individuals had signed user agreements. However, we have identified that not all DCC RAG users have completed the Personal Information Security Policy training.</p>	

Highways, Infrastructure Development and Waste Services

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits from 2020/21 have been completed and finalised in 2021/22			
Maintenance Contract- KPI's	Limited Assurance Status: Final	The KPI's have not been subject to regular review since the start of the contract. We found the service had undertaken a reasonable approach in revising the KPI's in this financial year though these changes were not reflected within the contract at the time of review.	
Whole Life Assets Costs – Follow-Up	Reasonable Assurance Status: Final	Management actions have been implemented. The assurance opinion has improved from Limited Assurance in 2019/20 to Reasonable Assurance in 2021/22.	

Highways, Infrastructure Development and Waste Services

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Highways – Well maintained highways infrastructure – Follow-Up	Improvements Required Status - Final	Officers have provided updates regarding the agreed management actions to improve the controls and reduce the level of risk. Management have stated that the recommendations currently remain in progress and as such our audit opinion and level of assurance remains the same.	

The following audits on the 2021/22 audit plan have been finalised

Highways Contract / KPIs	Limited Assurance Status: Final	The service has experienced problems in measuring performance using the KPI's referred in the contract. The service will be required to decide on whether to extend this contract beyond its original term. Where practicable other factors should be included in any future decisions to extend this contract, including market conditions. We acknowledge that there is a potential risk (legal challenge) in using this approach and therefore the service should consult with the DCC Procurement and Legal teams in order to assess this risk.	
Highways – Well maintained highways infrastructure – Follow-Up	Improvements Required Status - Final	<p>Further progress has been made by the service since the previous Internal audit review (2019/20) in responding to the 'Well Managed Highways Infrastructure' Code of Practice. This includes development of a basic project timeline to monitor and track progress of the HIAMP review against the code of practice.</p> <p>The service has also recently commissioned independent assessment of their asset management systems and approach. These reviews should be useful to inform the forthcoming HIAMP review. This project has been delayed due to other work priorities and following the Covid19 pandemic.</p> <p>We anticipate the assurance rating will improve following further work planned by the service (as referenced within the project timeline). We consider that further work is required to demonstrate compliance with the code of practice. This would include (but not limited to) being able to demonstrate where risk-based decisions have been made, and further development of risk management approach and risk management policy. The HIAMP is due to be reviewed/approved by DCC Cabinet. This should provide an opportunity to ensure that DCC members fully understand the benefits of adopting the HIAMP, as well to get an understanding of current progress that has been made by the service in complying with the code of practice.</p>	

Highways, Infrastructure Development and Waste Services

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Highways Contract Changes	Advisory work Status: On-going	Providing advice and support to the project board through the duration of the project.	N/A

Corporate Services

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

The following audits on the 2021/22 audit plan have been finalised

Coroners Service	Limited Assurance Status: Draft	There is no formal contractual agreement in place for this service provision. We consider that the host authority is administering a critical service on behalf of DCC, and therefore both parties could be exposed to unnecessary risks should there be any problems in the quality of the work provided by the host authority.	
Climate Change	Reasonable Assurance Status: Final	<p>The Council has made a clear commitment to support Climate Change action by its commitment to become carbon neutral by 2030. It has released a Carbon Reduction Plan and has already identified significant opportunities to reduce the impact of carbon emissions and has secured funding and grants supporting some of the actions.</p> <p>A clear governance structure is in place, with climate change action being monitored by the Environmental Performance Board (EPB) which then reports to Cabinet and Full Board through the Corporate Infrastructure and Regulatory Services Scrutiny Committee.</p> <p>It is important that momentum is not lost in addressing the climate and biodiversity emergency, nor in delivering the Action Plan, because of the Covid-19 pandemic response and recovery. Indeed, the two should be considered in tandem. The pandemic has demonstrated that it is possible to adapt delivery for some service areas, making greater use of electronic tools and reducing the amount of travel required, whether by officers, members, or the public. Opportunities to retain and indeed, further develop, such changes should be embraced.</p>	
Procurement Cards	Reasonable Assurance Status: Final	<p>Overall, we consider the controls surrounding the user of Procurement Cards and Corporate Credit Cards to be reasonable.</p> <p>The main issue identified is centred around the clarity of the policy. A review of a sample of purchases has identified that they are being made by cardholders where we would have expected them to use the preferred method of P2P(Purchase Orders) and procured services. For example,</p>	

Corporate Services			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>card holders purchasing goods using unprocured suppliers (Amazon), using loyalty cards (e.g. Clubcard, Boots) for purchases made with the card and purchasing goods that are not within the acceptable purchases as per the policy e.g. (fuel).</p> <p>In addition, some documentation requested from the card holders was not available when requested by Devon Audit Partnership (DAP). The COVID pandemic forced the need for flexibility when purchasing goods for schools and departments. We can confirm that these issues are known to management, and plans are in place to address them following this review.</p>	
Risk Register	<p>Reasonable Assurance</p> <p>Status: Final</p>	<p>There is sound guidance available to DCC staff on Inside Devon under 'Manage Risks', in particular a Risk Identification template which provides a good basis to structure a newly identified risk entry and reconfirm an existing risk when reviewed.</p> <p>The Risk Management Team within Devon Audit Partnership (DAP) are also on hand to provide advice and assistance with the articulation of risk register entries and other enquiries relating to Risk Management.</p> <p>Regular meetings and communications are held between the Risk Management Team and Risk Owners and regular updates given at leadership groups ensuring that Risk Management remains a key focus for the Council.</p> <p>As part of this audit, we reviewed a sample of 15 risk entries across all service areas that were recorded in the Devon County Council (DCC) Risk Register. Overall, we found these risks were being appropriately managed, particularly those which are deemed to be the highest risk to the Council. However, we found some differences across the various service areas in how well a risk and it's mitigating controls are articulated.</p> <p>We also found that whilst most risks are reviewed in line with prompts from the Risk Management system, there were several overdue risk reviews which had a score of 'High' or 'Very High'. As a result, this may lead to inaccurate reporting of the Council's current risk status.</p>	
FINEST Replacement Project	<p>Advisory work</p> <p>Status: On-going</p>	<p>Providing advice and support to the project board through the duration of the project.</p>	N/A

Grant Claims Certified

Grant Name	Audit Report	
	Grant Certification	Audit Comment – if applicable
Local Growth Fund 2019/20 & 2020/21	Grant Certification without amendment	Grant Certification without amendment.
Active Devon (including Engaging Rural Macros)	Grant Certification without amendment	Substantial Assurance. Opportunity for Active Devon risks to be included in Devon RM Power BI reporting
Travel Demand Management	Grant Certification without amendment	Grant Certification without amendment.
Engaging Rural Macros (audited as part of Active Devon)	Grant Certification without amendment	Grant Certification without amendment.
Supported Families Programme April	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme May	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme June	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme July	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Aug	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Sept	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Oct	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Nov	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Dec	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Jan	Grant certification without amendment	Significant & Sustained Progress.
Supported Families Programme Feb	Grant certification without amendment	Significant & Sustained Progress.

Grant Claims Certified		
Grant Name	Audit Report	
	Grant Certification	Audit Comment – if applicable
Supported Families Programme Mar	Grant certification without amendment	Significant & Sustained Progress.
Home to School Transport – Sep 20-Apr 21	Grant certification without amendment	Significant & Sustained Progress.
Growth Deal – Digital Accelerator Programme	Grant certification without amendment	Significant & Sustained Progress.
Careers & Enterprise	Grant certification without amendment	Significant & Sustained Progress.
Additional Home to School Transport Apr 21 – Aug 21	Grant certification without amendment	Significant & Sustained Progress.
Bus Subsidy Opportunity Grant	Grant certification without amendment	Significant & Sustained Progress.
Learn Devon	Grant certification without amendment	Significant & Sustained Progress.
Local Transport Capital Block Funding	Grant certification without amendment	Significant & Sustained Progress.
CBSSF	Grant certification without amendment	Significant & Sustained Progress.
Innovate – StreetHubz	Grant certification without amendment	Significant & Sustained Progress.
Innovate - REME	Grant certification without amendment	Significant & Sustained Progress.
Green Homes Grant	Grant certification without amendment	Significant & Sustained Progress.
Local Energy Market – Devon & Exeter	Grant certification without amendment	Significant & Sustained Progress.
North Devon Link Road S31	Grant certification without amendment	Significant & Sustained Progress.

Appendix 2 - Assurance Map - DCC Summary Assurance Map

Risk / Key Objectives / Key Service	Business Operation - 1st line								Financial, Corporate and Governance - 2nd line								Independent Assurance - 3rd line						Regulators			External audit													
	Identifying risks and improvement actions. Implementing controls. Reporting on progress. Management assurance								Assurance oversight, management and financial policies, setting direction, risk management, ensuring compliance.								Independent challenge & audit. Reporting on assurance. Audit of assurance providers. Entity level assurance.						Legal, Government other inspection and compliance review																
	Internal Control Measures				Management controls				Financial / Monitoring, reconciliation, reporting, Statutory Returns		Functional & Service compliance review		Quality control checks (H&S, Info Governance)		Security inc IT systems & physical		Governance structures and processes (inc. financial & other policy)		Corporate risk management/assurance		Spare		RAG	Yr	RAG		Yr	RAG	Yr	Inspection - Ofsted, COC, ICO, HSE	HMRC Tax and Revenue								
Key Financial Systems	Core systems controls inc. IT system, parameters	Input processing and output controls	Fraud and error prevention	authorisation, supervision and segregation	Performance & Financial management reports	3rd Party resilience?	Business continuity incl. Disaster recovery plans/capability	Strategies and business plans inc. Benchmarking	Spare - Customer Feedback?	Financial / Monitoring, reconciliation, reporting, Statutory Returns	Functional & Service compliance review	Quality control checks (H&S, Info Governance)	Security inc IT systems & physical	Governance structures and processes (inc. financial & other policy)	Corporate risk management/assurance	Spare	External accreditation/Certification (ISO 27001)	External compliance testing - e.g. security, resilience, quality	3rd Party assurance letters	Consultant reviews	Strategic partners assurance reports inc. Peer review	Spare	Internal audit assignments																
KFS - Bank Rec	G	G	G	G	G					G		G		G	n/a								G												G				
KFS - Main Accounting System	G	G	G	G	G		G		G	G			G	G									G												G				
KFS - Payroll	G	G	G	G	G	G	G		G	G			G		G								G												G				
KFS - Debtors	G	G	G	G	G		G		A	G			A	G									G												G				
KFS - Income Collection	G	G	G	G	G	A	G	A	A	G			A	A									G												G				
KFS - Fixed Assets	G	G	G	G	G					G					G								G												G				
KFS - Creditors (Incl DSP's)	A	A	A	A	G	A		G					G	G									G												G				
KFS - Treasury Mgt	G	G	G	G						G			G	G									G													G			
Digital Transformation & Business Support																																							
Cyber Security (Incl BC&DR & Remote Access Gateway)	A	G	G	G	A	A	R		A	G	A	A	G	G	A																					A			
Change Management	A	A	A	A	A	G	G		G		G	G	G	G	G	A																				A			
Incident & Problem Management	G	A	A	G	G	G	G		G		G	A	G		A								G													G			
Adult Social Care																																							
Direct Payments	G	A	G	G	A				G																												A		
Childrens Services																																							
Eclipse	A	A	A	R	G	A			A			G	A	A	A	A																					A		
Direct Payments	A	A	R	G					A																													R	
Adopt Southwest	A	A	A		G				A																													A	
Communities, Public Health, Environment and Prosperity																																							
Made in Devon	G	A	G	G	G		R		A																													A	
Externally Funded Projects	G	G	G	G	G	A			G																													G	
Careers Hub	G	G		G	A		A																															G	
Corporate Services																																							
Coroners Service																																							A
Procurement Cards	G	A	G	G	A																																	G	
Climate Change																																						G	
Risk Register	G	A		G	A																																	G	
Highways																																							
Highway Maintenance Contract - KPIs	A	A	A	A	R	G		R	G																														G
Summary Assurance Score for this system	G	A	G	G	A	G	A	A	G	G	A	A	G	A	A	A	G	G	G	G	G	A	G																R

Appendix 3 - Definitions

Definitions of Audit Assurance Opinion Levels

Assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
Reasonable Assurance	There are generally sound systems of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
No Assurance	Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control are inadequate to effectively manage risk to the achievement of strategic and operational objectives.

Devon Audit Partnership

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

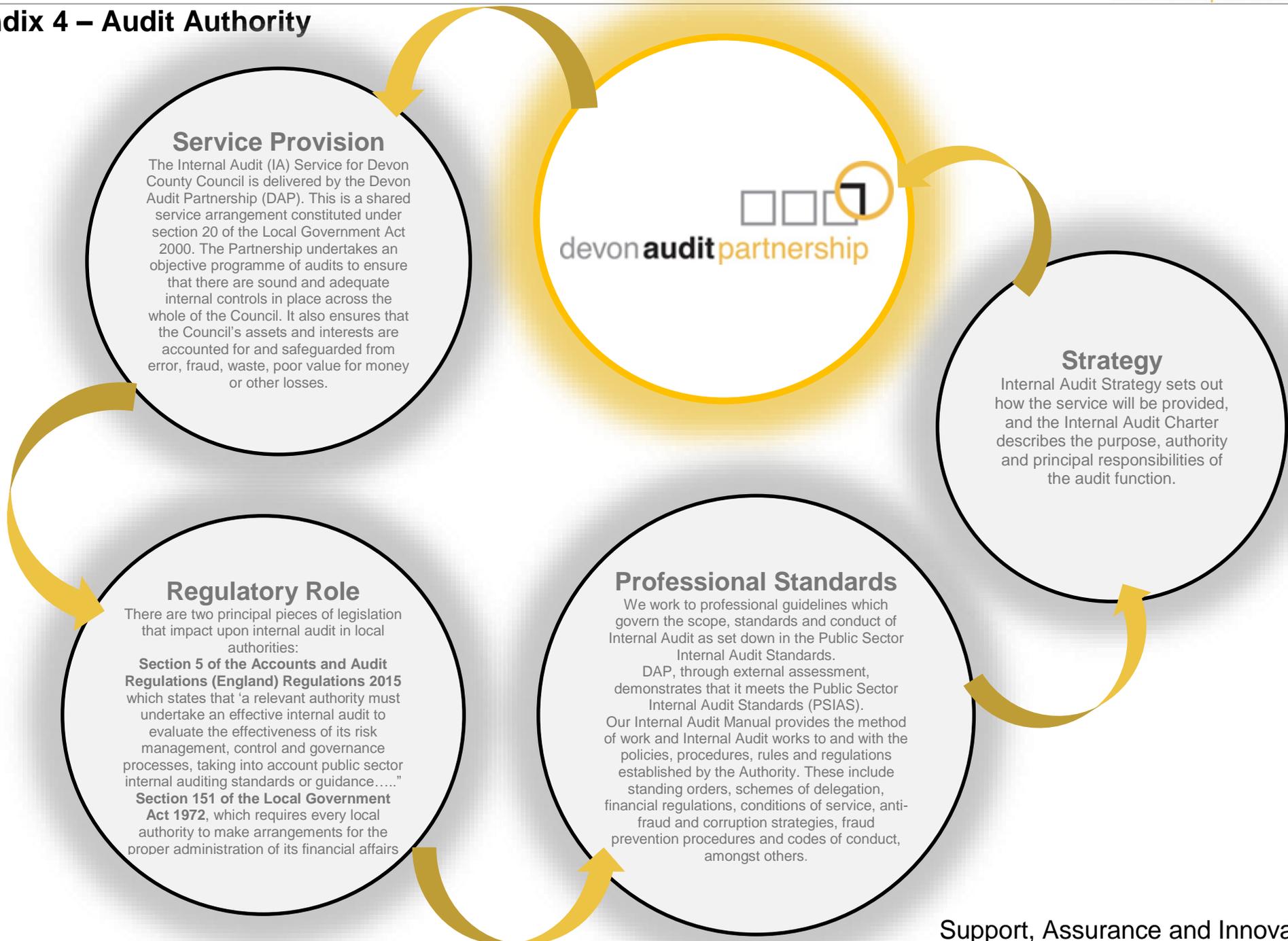
Definition of Recommendation Priority

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.

Direction of Travel Indicators

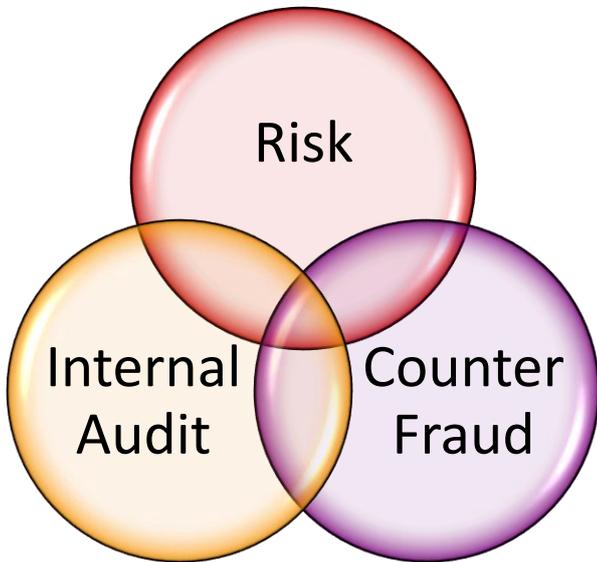
Indicator	Definitions
	No Progress has been made. The action plan is not being progressed at this time; actions remain outstanding.
	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress has/is being made. Good Progress has continued.

Appendix 4 – Audit Authority



Our Vision

To be a leading provider of internal audit, counter fraud, risk management and other assurance services to public and not-for-profit organisations in the South West and beyond.



Operational delivery

- CFT to co-ordinate / undertake irregularities work coming through the audit plan
- Potential irregularities are triaged to fraud or audit for review
- Proactive fraud work e.g. NFI, developing delivery plan at client level
- Investigation work to be completed jointly (where appropriate) to progress possible fraud review and strengthen internal control frameworks
- Audit scoping to include counter fraud input
- Three-way liaison confirming risk and control
- Integrated reporting to be delivered on a case basis

Our Goals



Client Services

- Counter Fraud Strategy with each client
- Regular client liaison Mtgs.
- POC access to additional integrated services
- CF Service plan with each client for both pro-active and re-active services
- Joint Partner CF work e.g. SPD
- Client training on Fraud Awareness

IA, Risk & CF Working Together

- Joint Working Practices
- Joint scoping of audit and Irregs
- CF Risk Assessment Review - CIFAS
- Joint IA, Risk & CF plan
- Pro-active **Prevention** work
- Pro-active **Detection** work
- Effective **Investigation**
- NFI work co-ordinated by CFT

Efficiency

- Savings Plan £55k by year three
- Restructure of PCC Team work plan (releasing resources)
- Joint working practices
- Single Point of Contact for Fraud and Irregs

Infrastrucrture

- Budget - Costcentre focused
- Laptops for CFT
- ICT Platform & common network access
- Data Sharing Agreements updated
- Terms and Conditions review

Integration