Internal Audit

devon **audit** partnership

Audit Committee
Mid-Year Monitoring Report
2022/2023

Devon County Council

September 2022
Official

CUSTOMER SERVICE EXCELLENCE
CSE

Support, Assurance and Innovation

Contents

Devon Audit Partnership	Confidentiality and Disclosure Clause
The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, 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 tony.d.rose @devon.gov.uk	This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Introduction

This report provides a summary of the performance against the Internal Audit plan to date for the 2022/23 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls where our work has been finalised.

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

The Internal Audit plan for 2022/23 was presented to, and approved by, the Audit Committee in February 2022. The following report and appendices set out the position to September 2022.

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

The level of risk associated with each of the areas in Appendix 1 has been determined either from the Local Authority's Risk Register (LARR), or the Audit Needs Assessment (ANA) carried out at the planning phase. Where the audit was undertaken at the request of the 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.
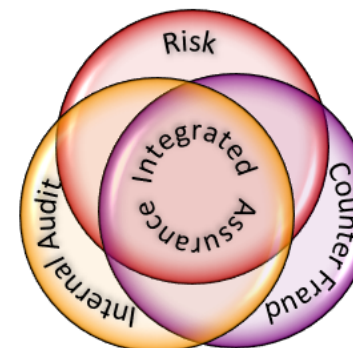
In review of these the Audit Committee are required to consider the assurance provided alongside that of Corporate Risk Management and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive for governance requirements.

Tony Rose
Head of Devon Audit Partnership

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Audit Assurance Statement

Overall, based on work performed during 22/23 to date 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 2022/23.

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 2022/23.

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 allows 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 2022/23.

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.

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High Level Summary Audit Plan 2022/23

Adult Care & Health	Children's Services	Communities, Public Health, Environment & Prosperity	Highways, Infrastructure Development & Waste	Strategic Risks and Projects	Client and Audit Governance

Prioritised Risk Areas

Adult Care & Health	Children's Services	Communities, Public Health, Environment & Prosperity	Highways, Infrastructure Development & Waste	Strategic Risks and Projects	Client and Audit Governance
Home is Best	Ofsted/Improvement Plans	Migration & Resettlement			Audit Committee
Supported Living Tender	Education Support Services	Food Insecurity	Street Lighting System - UAT Advice - System Review	Health Inequalities	Corporate Governance
Care Home Fee Model	Education - Academies and LA Statutory Duties	Roundswell Enterprise Centre – The Node			Follow Up Reviews
Liberty Protection Safeguards	SEND - recovery plans	Animal Disease Emergency/Cont Plans	Highways Contract - KPI's	Budget Monitoring – financial pressures	Client Service Support and Development (Head Accountants)
Effective Replacement Care	Insufficient capacity of the High Needs Block to meet demand	Community Renewal Funds	- Financial control/Schedule of Rates	Climate Change	Audit Planning and Coordination
Pandemic Response	MASH IT System	Sustainable Urban Drainage System	- Financial Reconciliation	Business Continuity	Contingency
Care Provider Failure – lessons Learnt	Public Health Nursing - Insufficient Staffing Capacity	SEN Transport	- Governance Arrangements	Core Systems Replacement -Finest – CareFirst 6	
ASC Systems Programme	Challenges in Recruitment	COVID 19 - Cross service strategy and engagement, BCP			
		Embedding Mental Health			

Adaptive Plan

Adult Care & Health	Children's Services	Communities, Public Health, Environment & Prosperity	Highways, Infrastructure Development & Waste	Strategic Risks and Projects	Client and Audit Governance
Unscheduled Resource, Options:	**Unscheduled Resource**, Options:	**Unscheduled Resource**, Options:	**Unscheduled Resource**, Options:		
Developing Disability Practice	Public Health Nursing	Population Health Management - Trusted advisor	Tree Management System – Ash Dieback		Counter Fraud
OT and SW Recruitment	Safeguarding				
	Transitions	Domestic Abuse			

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
- Troubled Families, Grants Out -Governance and monitoring

Corporate Services
- Business Processes & Governance – Payroll & HR functions, Risk Register, Procurement, and other Related Bodies.

ICT
– Cyber Security, Business Service Continuity, Remote Working, BCP & Disaster Recovery, Cloud Services, Data Storage.

Adaptive Plan – areas of review (priorities)

Corporate and Strategic

- Health Inequalities
- Climate Change, Risk vs Opportunity – How embedded is this within the decision-making process and business as usual?
- Budget Monitoring – Financial Pressures
- Core Systems Replacement – Finest – CareFirst 6
- External Audit – Relationships/Processes
- Client Financial Services – Financial Assessments
- Data sharing – Dashboard
- Court of Protection - Pop-Up Cards
- Banking Review - Process
- HR – Workforce – temp recruitment, succession planning, Safeguarding – Covid-19

Adult Care and Health

- Home is Best
- Supported Living Tender
- OT and SW Recruitment
- Liberty Protection Safeguards
- Care Home Fee Model
- Effective Replacement Care
- Pandemic Response
- Care Provider Failure – Lessons Learnt
- ASC Systems Programme
- OT and SW Recruitment
- Developing Disability Practice

Children's Services

- Ofsted/Improvement Plans
- Education Support Services
- Education – Academies & LA Statutory Duties
- SEND – Recovery Plans
- Insufficient capacity of the High Needs Block to meet demand
- MASH IT System

- Public Health Nursing – Insufficient Staffing Capacity
- Challenges in Recruitment
- Public Health Nursing
- Safeguarding
- Transitions

Public Health

- Covid-19 – cross service strategy and engagement, BCP
- Population Health Management – trusted advisor
  - Prevention.
  - Support
  - Response
- Embedding Mental Health into Corporate Strategies

Economy, Communities, Planning

- Communities
  - Migration & Resettlement
  - Food Insecurity
  - Domestic Abuse
- Economy:
  - Roundswell Enterprise Centre – The Node
  - Animal Disease Emergency/Cont Plans
  - External Funding – Community Renewal Funds
- Transport:
  - Sustainable Urban Drainage
  - SEN Transport

Highways, Infrastructure Development & Waste

- Street Lighting System
  - UAT Advice
  - System Review
- Highways Contract
  - KPI's
  - Financial Control/Schedule of Rates

- Financial Reconciliation
- Tree Management System – Ash Dieback

Digital Transformation & Business Support

- BCP and Disaster Recovery
- ICT – Cyber Security (Focus Governance Arrangements
- ICT – Scomis (Education) – Business/Service Continuity
- ICT – Project Management
- ICT – Data Storage
- ICT Change Management
- ICT – Partnership Working – Engagement with ICT380
- ICT – Incident & Problem Management
- GDPR/Data Protection Compliance

Progress Against Plan

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more responsive to changing risks, in turn maximising resource focus to clients' needs as and when needed – *Agile Auditing*. This principle looks set to continue and has several benefits with ever changing priority and related risks. Key benefits provide for:

- Reduction in non-productive resource planning - current pandemic circumstances require significant plan changes.
- Improved opportunity to keep plan aligned to current risks within Service Areas and as a whole for the Authority.
- More effective and timely pre-audit engagement with Service Leads.
- Greater and more regular discussion with client leads – supporting current risk and work priorities.
- The current trend for more flexible audit plans – agile auditing.
- Experience that plans change regularly.
- Changes in external risk drivers are more easily picked up in audit assurance needs.

Our audit plans are always built around the Risks identified through Risk Management, audit needs and perceptions of current issues and in discussion with client management. The audit resource delivery envelope has been set to provide opportunity for greater depth of coverage and further extension of counter fraud work.

In 2021/22 the approach was changed to scope, schedule and resource plans throughout the year with Service Leads in an agile way incorporating risk changes as necessary. This was effective and this approach is continuing in 2022/23. Resource allocation will be decided based on need at this time.

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 progress summary to date (as at 01/09/2022). It shows the number of audits completed so far during 22/23 financial year, audits currently in progress and finally audits that are due to commence in the latter half of the year.

Audit Progress 2022/23

Audits in progress	29
Finalised	45
Planned for remainder of year	52
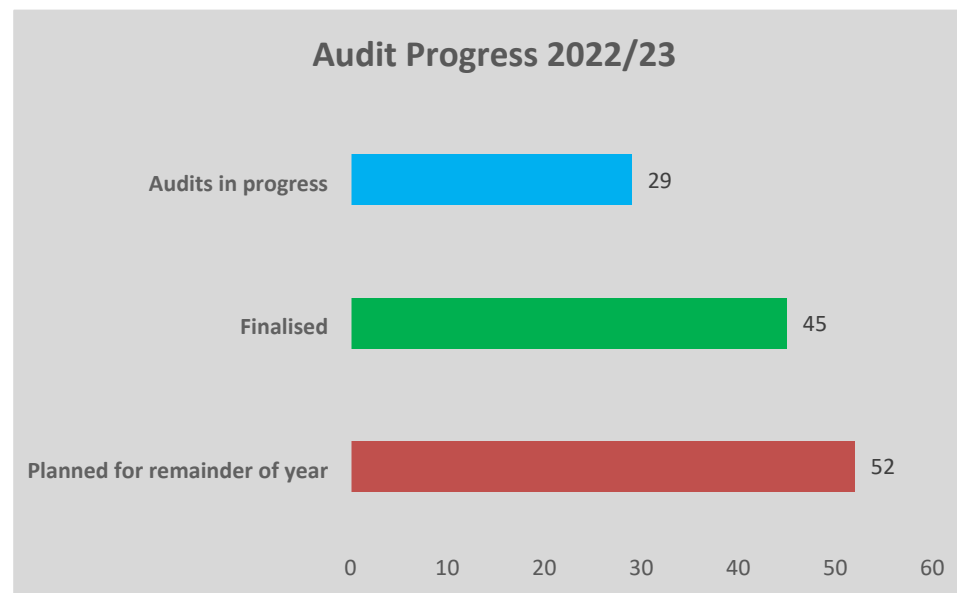
Value Added

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.
- Linking across Risk, Counter Fraud and Audit to respond to issues that occur.

Summary Audit Results

Integrated Adults Social Care
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 IASC 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 and continued into 2022/23 we have been providing advice and support for the Adult Care and Health System Replacement Programme.

Public Health, Communities & Prosperity
A 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. We have work in progress within Communities on Migration and Resettlement and plan to start work within Economy on Roundswell Enterprise Centre.

Children and Young People's Futures
To date we have completed and finalised a number of reviews on the Eclipse System (Lesson Learnt), the Adoption Service and the MASH IT system. Whilst the Eclipse System was a non-opinion piece of audit work there are a number of recommendations for the team to take forward for future learning. Similarly, the Adoption Service and the MASH IT reviews received Limited Audit assurance. We are currently undertaking further work on the Adoption Service and plan to follow-up the work relating to MASH IT early next year. We are also currently undertaking a specific piece of additional work on Direct Payments focusing on an analysis of spend in line with Care Plans. The Direct Payments audit that took place in 2021/22 achieved Limited Assurance and this work will aid our follow-up work that we have planned in this area.

In addition, further work to support the limited assurance work on SEND Spending in Schools is underway. We will aim to report on both pieces of audit work at the next Audit Committee meeting.

Key Financial Systems
The majority of our work in this area is underway with planned completion for November/December 2022. We have completed work on the Treasury Management system and Substantial Assurance has been provided to support the robust controls in this area.

Transformation, Performance & Resources
Of the four audits completed to date in this area, two have achieved Reasonable Assurance (Incident & Problem Management and Remote Access Gateway) and the final two (Change Management and Cyber Security) obtained Limited Assurance.

Further work is currently underway on Cyber Security (Limited Assurance has been provided on the previous two reviews) to ensure that robust controls are implemented at speed. We plan to be in a position to update at the next Audit Committee meeting.

Climate Change, Environment & Transport
A variety of work has taken place on the Street Lighting System, Highways Contract and SEN Transport. Our audit work has demonstrated that overall sound controls are in place for these reviews. We do plan further work on SEN Transport over the next few months to support the Council in reducing spend in this area in line with their Financial Sustainability Programme.

Finance & Public Value
Three reviews in this area have demonstrated that sound controls are in place for Risk Registers, Budget Monitoring and Court of Protection Procurement Cards. Please see Appendix A for further details.

We continue to provide advice and support as requested. We have provided advice on a variety of systems to include the Finest Replacement Project, Civica Bank Reconciliation function, Court of Protection Bank Change and assistance with the improvement of processes with External Audit.

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

To date during 2022/23 financial year Devon Audit Partnership was made aware of 50 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	8	These cases mainly relate to loss or potential theft of mobile phones/laptops.
Tenders & Contracts	1	Claim of discrimination following a procurement process which was not upheld.
Financial Irregularities	1	This case related to a suspected benefit fraud that is currently under investigation.
Employee Conduct	2	A current investigation into the procurement process is currently underway. A further investigation into employee conduct as part of a wider police investigation.
Blue Badge Misuse	38	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.

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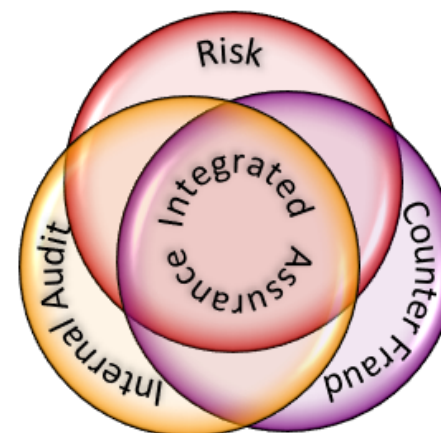
Customer Value

### 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 2022. 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.

Overall Customer Survey Satisfaction 97%

- Very Satisfied
- Satisfied
- Adequate
- Poor

27%
73%
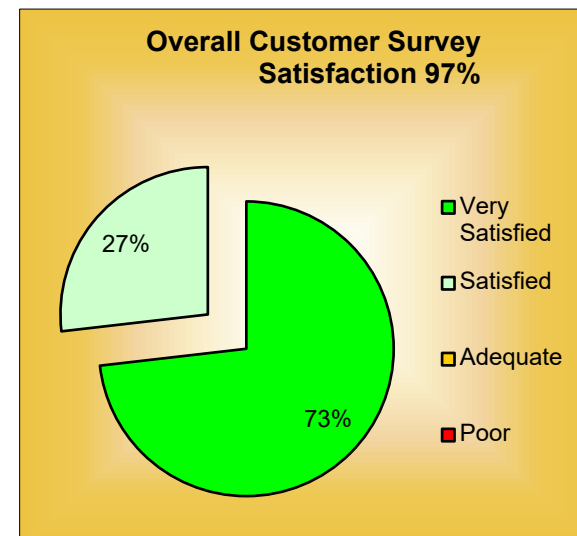
Customer Service Excellence

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 2022/23.

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 2022/23

Integrated Adult Social Care			
Risk Area / Audit Entity	**Audit Report**		**Direction of Travel Assurance**
	Assurance opinion	**Residual Risk / Audit Comment**	
The following audits from 2021/22 have been completed and finalised in 2022/23			
Direct Payments	**Limited Assurance** **Status: Final**	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. Our testing found that client records, on the whole, are well evidenced with clear audit trails on CareFirst for those assessed by the Council, however clients referred for a Direct Payment by Devon Partnership Trust were not as well documented, increasing the risk of inaccurate processing and monitoring of the Direct Payment account. There are still some 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. 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. 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.	A
The following audits on the 2022/23 audit plan have been finalised			
Workforce Recruitment & Retention Fraud (WRRF)	Advisory piece of work Status: Final	DCC's intentions were that providers should consult with eligible staff and use the fund to benefit those employees directly, either with a cash payment or other benefit/incentive shared directly with eligible staff. DCC did not intend for the fund to be spent on advertising or recruitment costs such as job fairs, marketing, etc, which did not advantage staff personally. From the results of our sample testing of 70 providers, 20% followed all the terms and conditions set out by DCC, 61% failed to meet	N/A

Integrated Adult Social Care

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
		1 or more of the terms and conditions and 19% did not provide enough details for us to make a conclusive decision. We also found from the sample data provided that 33% of providers had not spent the total of the funds allocated to them, with an indicative total underspend of £145,105.65, or 2%,of the £6,890,348 granted. There is potentially a further £354,000 which could represent ineligible or underspent funding from providers who did not provide evidence or provided insufficient evidence of expenditure. This figure represents 5% of all awarded funding. As part of the review, we asked providers for their thoughts on whether the fund had a noticeable effect within their care setting. 68% of those who answered gave a 'positive' or 'very positive' score in relation to the impact it had on retaining staff, 7% felt it had a 'negative' or 'very negative' impact and the remaining 25% thought it was 'neither positive nor negative'. In relation to recruiting staff, 46% found it had a 'positive' or 'very positive' impact, 1% 'very negative' and 53% scored 'neither positive nor negative'. It is clear from some of the information supplied by providers that there were inconsistencies on how the fund was spent with some being used for ineligible purposes of 'recruitment' such as advertising or costs to recruit overseas workers. Providers may have felt that this enabled them to meet the objectives of the grant in supporting their workforce capacity, however, this was not an allowable spend under DCC's terms and conditions. Furthermore, it is difficult to draw conclusions as to whether more or less staff would have been retained or recruited as the sole result of the WRRF payments as there is no comparison to what would have happened if there was no funding.	

System Replacement Project	Advisory piece of work
	
	Status: Final
		We were requested by the Programme Team/Sponsor to undertake an independent gateway review. The review has focussed on examining the gateway outputs while also reviewing key aspects of the programme governance arrangements.
		
		We have reviewed the;
		
		     - ASC systems scoping paper for SLG May 22,
		     - Programme Teams site,
		     - Actions Log/recording,
		     - Decisions Log/recording,
		     - Risk Register/Management,
		     - Lesson Learnt Workbook.
		     - Draft Impact Assessment (for the entire project)
		
		Based on our review of these key documents and discussions with the Programme Manager we are of the opinion that the Programme is being effectively managed. We have made a number of recommendations where improvements to the control framework could be beneficial.
			↗

Integrated Adult Social Care

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

Public Health, Communities & Prosperity

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
The following audits from 2021/22 have been completed and finalised in 2022/23			
Embedding Mental Health into Corporate Strategies - Prevention Concordat for Better Mental Health	Advisory piece of work Status: Final	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. The scope of the audit included the following areas: • 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 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.	⬈A

Children and Young People's Futures

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

Children and Young People's Futures

The following audits from 2021/22 have been completed and finalised in 2022/23

Eclipse Review – Where are we Now? Part 1	Advisory piece of work Status: Final	This review is intended to address the two concerns below; - Did DCC specify correctly what was required; and did OLM provide what was required? - Post Go Live Issues – Were the number experienced to be expected and should they have been tolerated? Specifically, this review focussed on; 1, A review of the system specification/requirements that were stipulated by DCC and consider whether these were adequate. This included; - Reviewing the original documentation and agreement with OLM. Assessing DCC's documented requirements. - Review of the issues and actions log of mobilisation board and the number of changes made to the system. - Establishing if an evaluation has taken place. that has identified functionality as "missing" / "inadequate". A number of audit recommendations were made where processes required improvement to ensure that the project management process carried out for this project are improved. It is recommendation that the service takes the audit recommendations as 'lesson learnt' for future projects.	⬆A
Adopt South West	**Limited Assurance** **Status: Final**	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. As indicated within the Annual performance report (2019/20) we consider it likely that Covid19 has had a significant impact on the service, including the ability to attract adopters as well as potential increase in the use of interagency placements. Budget forecasts indicate a further financial overspend in 2021/22 and therefore we would encourage Adopt SW to undertake a review of financial contributions and the funding methodology which is being used to calculate contributions for the participating authorities. Setting financial contributions is complex in this area 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. Based upon national guidance, RAA's have used historic data to initially set budget(s) and financial	⬆A

Children and Young People's Futures

		contributions, though the majority of these organisations recognise that changes will be needed to financial model(s) in future to reflect actual costs and service demands. Adopt SW does not have a medium financial plan in place to project future costs over a medium term. We consider there would be benefit for the service to project future costs and service demand in future, as it would help to inform budget setting. The service does not 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.	

The following audits on the 2022/23 audit plan have been finalised

MASH IT System	**Limited Assurance** **Status: Final**	The current risk in the Corporate Risk Register; "Weaknesses to the current MASH IT system and referral form create a risk that potential safeguarding concerns could be missed or not acted upon in a timely way" does not include reference to other associated working practices and supporting processes. This means that other relevant factors regarding the effectiveness, efficiency and performance of the MASH Service/function are not highlighted as a significant risk and mitigations may not be identified and therefore at risk of not being effectively managed. We would suggest that this risk in the Corporate Risk Register is updated to put more onus of processes rather than solely the MASH Guardian System. There have been significant improvements in performance of the MASH Team with regard to processing times of contacts/enquiries. The team is now working to the National standard of processing red categorised contacts within 4hrs rather than the 8hrs it was previously. We have found MASH contacts to have generally been processed within target times. This improvement in the level of performance would indicate that the greater risk faced is that of working practices rather than the MASH Guardian system. However, performance reporting is currently understating the times of contacts being processed to "Outcome" (Red, Amber Green, NFA). This is due to MASH Guardian not recording the time the contact was received but recording the time that the contact is started to be recorded in MASH. We found there to be a delay of 1hr 50 mins on average for the red contacts. This means that the performance figures in the MASH Dashboard and those used for statutory reporting, which are calculated using the submitted time in MASH are understated. The dashboard as of May 2022 is indicating that red contacts are processed within 3hrs on average where our sample showed red contacts are being processed in nearer 4 or 5 hours on average. Whilst this is an improvement from the average of 8 hours previously reported, the data used for statutory reporting is currently incorrect. The key risks/issues are considered to be elements of the Project Governance arrangements of the current project and the management of the MASH Mailbox with the need to store the mailbox data	◥A

Children and Young People's Futures

		in a more robust manner.	
		Project Governance arrangements are considered to be underdeveloped and lacking key elements. This increases the risk of the project and service objectives not being met. The lack of the production of a specification/user requirements for the MASH IT System as an outcome of the project, that would form the basis of the development and assessment of options, means that options cannot be adequately identified and considered with appropriate demonstrable management oversight. There are weaknesses with regard to MASH Guardian and associated systems. Of particular weakness and vulnerability is the management and use of the MASH mailbox. Improvements to the management of the mailbox should be made at the earliest opportunity. Alternatives to MASH Guardian and Eclipse are well known to Officers. There are other Councils with different solutions. Some include an early help module, and it is understood could provide a fully integrated solution. A full options appraisal that considers the potential of a more integrated solution could offer longer-term benefits. This should be based on all stakeholder/user requirements (system specification).	

Key Financial Systems

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
The following audits on the 2022/23 audit plan have been finalised			
Treasury Management	**Substantial Assurance** **Status: Final**	The Treasury Management system continues to show a robust control framework. It is effective and implemented by a small, yet experienced, team. There is a Treasury Management strategy, alongside policies and procedures, in place which are in line with the CIPFA code of practice. Investments are made within the limits outlined in the strategy, with adequate documentation to support the investment. There is a good record of investments made, with them being identifiable on Logotech, statements, and FINEST. Reconciliations are completed for both the principle and the interest monthly, with any imbalances being investigated promptly. Logotech remains a low-risk system, being a database for debts and investments. Our review highlighted a user who no long works for the Treasury Management team, and they were subsequently removed during the course of the audit. Our review of the Treasury Management system concluded that there are effective measures in place to safeguard the Council's money when investments are being made.	⬆G

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Transformation, Performance & Resources

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
The following audits from 2021/22 have been completed and finalised in 2022/23			
ICT – Incident & Problem Management (My SCOMIS Data Analysis)	**Reasonable Assurance** **Status: Final**	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. To address one of the key areas, Scomis made a (primary) configuration item (CI) item link mandatory in the incident record. Our analysis of frequent incidents reflects common patterns in incident descriptions. The range of ways incidents are described, and the data quality issues described in Appendix A made this challenging. It is likely there are other frequently occurring incidents we did not discover. The 2021 data we analysed in this audit may be atypical. Two Windows updates (Windows 10 20H2 and KB5005033) and the M drive storage migration together generated over 5% of the 20,181 incidents in the year. Investigation of these may yield useful lessons for future deployments. The two main incident reporting channels are telephone (72%) and self-service (27%). MyScomis does not record the response date and time for over 50% of the incidents. We cannot say if this affects the MyScomis response time metric and Power BI measurement. Our calculation of average incident response is the same or next working day for the two main channels at each priority level. Average resolution times for self-service are two or three working days longer than for phone. The number of service desk analysts appears low for the size of user population, partner organisations and range of applications and services supported. Budget reductions and associated pressure on staffing levels mean it is unlikely this can be addressed directly. Increasing the proportion of self-service contacts may allow more efficient allocation of resources to resolve the incidents. 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.	A
ICT - Change Management - Sample Compliance Review 21-22	**Limited Assurance**	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.	

Transformation, Performance & Resources

| Risk Area / Audit Entity | Audit Report | | Direction of Travel Assurance |
	Assurance opinion	Residual Risk / Audit Comment	
		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. 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. Some of the key areas of non-compliance or limited documented evidence includes; • Changes are not being linked to Problems and Incidents in MyScomis as would be expected. • Test Plans were found to be either not completed or were limited. A lack of an appropriately rigorous test plan is essential in minimising the risk of an unsuccessful change. • The status of changes not being updated promptly. • Within our sample there were a number (2 of 11) of changes where they had been treated/processed as "Emergency Changes" rather than as "Non-Standard" changes as they should have been as per the guidelines/policy. Therefore, these changes are not recorded as being approved by CAB or TAB as they should have been. • Additionally, we identified 16 changes categorised as an Emergency Change logged in MyScomis for 21/22. None of these was linked to a Major Incident as is stated should be the case in the guidelines. • For approximately 70% of our sample the change was not linked to a Configuration Item (CI) where such a link would be expected. • Implementation plans were found to be generally lacking in sufficient detail. • For approximately 70% of our sample there was no entry on the Communications tab regarding a communications plan. By reviewing the sample of changes, in addition to being able to identify areas of non-compliance with current guidelines/policy we have been able to make a number of observations where we feel the current arrangements could be improved to better manage the risks associated with making changes.	A

Transformation, Performance & Resources

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
		• The control provided by CAB and TAB approval of changes could be better evidenced. • We also noted that there is no explicit capture of a segregation of duties between the different stages on a change. For example, the stages of "Development, Test and Deploy" and a demonstrable segregation of duties between these stages is not captured on MyScomis. We were only able to identify in one of our sample where it was clear that the testing would be completed by someone other than was making the change. • The current Risk Assessment tab in MyScomis is considered limited in its considerations. A more detailed Risk Assessment as part of the CRM would allow more effective management of the risks associated with changes.	
ICT - Remote Access Gateway (RAG)	**Reasonable Assurance** **Status: Final**	We reviewed Access Controls, Firewalls, Patch/update Management, vulnerability scanning of the RAG servers, Antivirus and Malware Protection and the Secure Configuration of the RAG. We consider the DCC Remote Access Gateway (RAG) 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. We have identified a small number of settings related to the Remote Access Gateway that could potentially be changed to further "harden" the configuration of the RAG and reduce the risk of successful cyber or data incident. These are detailed in appendix A There is a Remote Access Policy. This is part of the Personal Information Security Policy that is 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. 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.	

The following audits on the 2022/23 audit plan have been finalised

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Transformation, Performance & Resources

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
ICT – Cyber Security 21/22 Follow up	**Limited Assurance**	Since the previous management updates in March 2022, limited progress has been made regarding the completion of the agreed management actions to improve key mitigating controls. The overall assurance opinion remains limited, largely due to the weaknesses regarding the ICT Business Continuity and Disaster Recovery arrangements being recognised by management as not fit for purpose. The introduction of the Strategic Cyber Security Manager has been a positive move for the organisation. However, with the war in Eastern Europe and budgetary pressures, cyber defence efforts have had to be refocused and priorities changed (in line with NCSC guidance). This has contributed to little progress being made in improving the agreed control weaknesses previously identified. The threat landscape is dynamic, with organisations finding it difficult to keep up with the pace that threat actors are evolving. In response, the Strategic Cyber Security Manager has compiled a significant list of tasks that require attention. In order to manage the risks effectively sufficient resources need to be made available. Project (ICT429) to improve the ICT Business Continuity and Disaster Recovery plans and capability, which had been paused, has been restarted with support of the Strategic Lead of D&TS. A Project Manager and Project Team have been assigned, which includes the Strategic Cyber Security Manager, with a target implementation date of March 2023. The current backup solution has recently undergone additional hardening efforts, and no longer supported hardware being decommissioned, to ensure that it is fit for purpose until the scheduled end date of ICT429. Even with the of hardening of the current solution and the implementation of a project team to restart ICT429, there is still considerable risk within this area. Progress regarding improving vulnerability management has been limited. The aforementioned ICT429 project includes elements of vulnerability management, but with its focus on business continuity first, the Strategic Cyber Security Manager intends to document security testing policy and procedure whilst the project is progressing. It is also noted that since the previous management updates in March 2022 that ICT Operations have been brought back under the management of ICT rather than with ScoMIS. This means that the ScoMIS ISO27001 accreditation for its Information Security Management System is no longer applicable to DCC's ICT Infrastructure. Note, it is understood that ScoMIS Education are seeking Cyber Essentials accreditation, however this will not be applicable to DCC. Positively, we have been advised that a Patch Management Policy is now in development.	A

Climate Change, Environment & Transport

Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		Audit Report	
The following audits on the 2022/23 audit plan have been finalised			
Street lighting system – Project Advice and UAT review	**Reasonable Assurance** **Status: Final**	Our focus has been with regard to the financial functionality and processes of the new system, Yotta Alloy. We have observed test transactions being originated in the system (Yotta Alloy) and sent to the Councils Finance system (Finest). We observed; • Adequate segregation of duties i.e. two signatures/officers required to approve payments in relation to General Maintenance and "Super Jobs" (collection of smaller jobs). • Purchase Orders / Commitments are accurately posted to Finest in relation to Super Jobs. • Note that Purchase Orders / Commitments are posted to Finest for General Maintenance jobs at the same time as the claim/invoice, meaning that only commitments for the larger jobs will be posted to Finest in advance of the actual. This was agreed by Finance as acceptable. • Invoices/Claims are accurately posted to Finest in relation to both General Maintenance and Super Jobs. • Reference numbers i.e. Job number, Claim ref were observed to be accurately shared between the two systems facilitating an adequate audit trail of transactions between the two systems. • Finest rejected transaction if Finest code has been deactivated. Note that the original intention was for the system to only require one signatory to process jobs up to £50. Following this being raised and queried by Audit all payments require two signatories in line with DCC Financial Regulations. During the demonstrations we also observed the system maintaining an audit trail of activity. However, we have made a number of observations, where we consider actions are required prior to Go Live in order to provide sufficient assurance that the risks are sufficiently managed. With regard to the system processing financial transactions to Finest, we are satisfied based on our observations of the system that financial transactions will be posted accurately to Finest, with appropriate segregation of duties and an adequate audit trail.	⬈ A
Highways Contract/KPI's	**Reasonable Assurance** **Status: Final**	Since the previous audit, agreement was given to extend the Term Maintenance Contract with Milestone beyond the initial seven-year contract for a further three years up to 2027. As part of the negotiations, all works undertaken after 1st April 2022 will be paid for through an Option E pay mechanism whereby Milestone is reimbursed the actual costs incurred plus a fee of 4.91% which can be adjusted up to plus or minus 1% dependent on performance.	⬈ A

Climate Change, Environment & Transport

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
		During the previous audit it was found the service had encountered problems in managing the performance measures in place. A working group was established to develop a suite of KPIs to measure Milestone's performance and can be used to vary the fee paid. The outcome from this group was that a set of 29 KPIs have been identified, 13 of which were ready to go live from 1st April 2022 with the remaining 16 coming on board during the year. The priority in which these will be added has been determined and agreed by the Strategic Partnership Board. Further work will be undertaken by Internal Audit in September 2022 to ensure that the KPIs are working as intended.	
SEN Transport – 1st part	Advisory piece of work Status: Final	As part of the budget setting for 2022/23 a significant budget gap of £5.5 million was identified and is showing as a saving needing to be made as part of SEND transport. This is also included on the service risk register with a current score of 20 (High). The main issues currently affecting the transport costs are: • Market pressures on the bus, coach and taxi sectors in terms of driver shortages and increased fuel costs: and • The increased demand in SEND places which has a knock-on impact on the transport. From all the discussions held, it has become apparent that the £5.5 million saving identified within the risk register cannot be achieved during 22/23. Discussions with Finance confirmed that this 'saving' would be shown as an overspend in the month 1 budget monitoring for 22/23. In addition, it is clear from our discussions that the identified savings of £5.5m cannot be achieved solely by the Transport Team. The savings need to start being made higher up the chain within Children's Services, something that is in progress since the appointment of the Interim Deputy and SEND Strategic director within the Safety Valve Intervention Improvement and Budget Recovery Action Plan. Once any savings have been identified and made within this plan then it is possible that savings can also be made with the SEN Transport Budget. The key to success is the clear link of the EHCP and SEND processes with officers from TCS having input into the decision-making at an earlier stage.	A

Finance & Public Value

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
The following audits on the 2021/22 audit plan have been completed and finalised in 2022/23			

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Finance & Public Value

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Risk Registers	**Reasonable Assurance** **Status: Final**	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. 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. 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. 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) Corporate 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. 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.	⬆️ G
The following audits on the 2022/23 audit plan have been finalised			
Budget Monitoring	**Reasonable Assurance** **Status: Final**	Within each service area, there are numerous budgets with designated Finance staff undertaking the monitoring in their allocated areas. The frequency and intensity of the monitoring depends on whether the budget area is considered 'highly volatile' (harder to predict and likely to change) or 'non-volatile' (lower risk and more consistent). Finance staff are experienced and well versed in the procedures relating to the monitoring of individual budgets with regular discussions taking place between budget holders and Finance staff to communicate any significant variances identified by either party. However, there was little in the way of written policies and procedures for the budget monitoring undertaken in the areas we sampled. Timely, accurate, complete and up to date budget information is provided to a Budget Monitoring Group (comprising of all Head Accountants, Director of Finance, Head of Financial System and Processes, Deputy Director of Finance and Public Value and the Head of Investments) in line with the timetable of every two months for most service areas, and monthly for the highly volatile	➡️

		budget areas. This in turn is reported to senior management and Council members on a regular basis to ensure budgets are being deployed as planned and highlighting any variances in the forecast with accompanying reasons. At the time of our audit, the budget monitoring for Month 2 (up to 31 May 2022) had been concluded with an estimated £30.5 million budget overspend and it has been recognised by the Chief Executive that the Council's top priority is to identify options to save money. As such, a Tactical Leadership Team (TLT) has been established to tackle the budget deficit. At the time of issuing this report, the TLT are conducting focused sessions in order to identify budget savings.	
Court of Protection Procurement Cards	**Reasonable Assurance** **Status: Final**	Overall, we consider the controls surrounding the use of Procurement Cards within the Court of Protection team to be reasonable. This is supported by the fact that there are robust processes in place to ensure that client's money is being used in a way which is appropriate for the client's needs. Testing within this audit highlighted that there is potential to bypass the separation of duties prior to the processing being completed by the Finance / Team Administrator(s). 17% (5/29) of our sample had Court of Protection Officers authorising their own requests; partially nullifying the separation of duties. However, all of the purchases in our sample had a supporting procurement card expense slip, which was signed off and authorised by two other Court of Protection Officers, before the Finance Administrator claimed the money from the client's current account. Expenditure had documentation to support the spend, although not always in the client's P:Drive. However, with assistance from the Court of Protection Assistants, we were able to locate further documentation from the Court of Protection Officer's mailbox / accounts, supporting the notion that processes are being followed, but the saving of documentation is not consistent. It is audit's opinion that the Court of Protection team have adequate processes and procedures in place to safeguard their client's and Devon County Council's money.	

During 2022/23 we have provided advice on risk and controls in the following areas:

1. Civica Bank Reconcilaion
2. Court of Protection Bank Chamge Project
3. Financial Standards Project
4. External Audit Processes & Relationships
5. FINEST System Replacement

Grant Claims Certified

Grant Name	Audit Report	
	Grant Certification	**Audit Comment – if applicable**
CBSSG	Certified with audit statement disclosed	Certified, but audit statement includes disclosure of non-testing of tranche 2 of funding due to supporting records held via email being deleted and not saved prior to deletion. Lessons learnt to be reported to Finance.
Learn Devon	Certified	Certified without amendment
Green Homes Grant	Certified	Certified without amendment
HoTSW – Local Growth Fund 2021/22	Certified	Certified without amendment
HoTSW – Local Growth Fund 2021/22 – GD42b FE Digital Accelerator (FEDA)	Certified	Certified without amendment
HoTSW – Getting Building Fund – Devon Work Hubs	Certified	Certified without amendment
HoTSW - Getting Building Fund - ZEBCAT 2	Certified	Certified without amendment
Active Devon (including Engaging Rural Macros)	Certified	Certified without amendment
Contain Outbreak Management Fund & Track and Trace	Certified	Certified without amendment
School Conditions Allocations	Certified	Certified without amendment
Active Devon	Certified	Certified without amendment
Universal Grant S31	Certified	Certified without amendment
Innovate UK – StreetHubz	Certified	Certified without amendment
Innovaye UK – REME	Certified	Certified without amendment
Future Farming Resilience Scheme	Certified	Certified without amendment
Supported Families Programme April	Certified	Significant & Sustained Progress: Potential claim 91; Tested 18; Failed 2: Claim made 89 families = £71,200
Supported Families Programme May	Certified	Significant & Sustained Progress: Potential claim 87; Tested 9; Failed 0: Claim made 87 families = £69,600
Supported Families Programme June	Certified	Significant & Sustained Progress: Potential claim 113; Tested 11; Failed 0: Claim made 113 families = £90,400
Supported Families Programme July	Certified	Significant & Sustained Progress: Potential claim 64; Tested 10; Failed 0: Claim made 64 families = £51,200
Supported Families Programme August	Certified	Significant & Sustained Progress: Potential claim 24; Tested 4; Failed 3: Claim made 21 families = £16,800

Appendix 2 - Definitions

Definitions of Audit Assurance Opinion Levels		**Definition of Recommendation Priority**	
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.	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.
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.	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.
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.	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.
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.	Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.

Devon Audit Partnership

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

Direction of Travel Indicators

Indicator	Definitions
R (red arrow)	No Progress has been made. The action plan is not being progressed at this time; actions remain outstanding.
(orange arrow)	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.
G (green arrow)	Good Progress has/is being made. Good Progress has continued.

Appendix 3 – Audit Authority

Service Provision

The Internal Audit (IA) Service for Devon County Council is delivered by the Devon Audit Partnership (DAP). This is a shared service arrangement constituted under section 20 of the Local Government Act 2000. The Partnership undertakes an objective programme of audits to ensure that there are sound and adequate internal controls in place across the whole of the Council. It also ensures that the Council's assets and interests are accounted for and safeguarded from error, fraud, waste, poor value for money or other losses.

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Strategy

Internal Audit Strategy sets out how the service will be provided, and the Internal Audit Charter describes the purpose, authority and principal responsibilities of the audit function.

Regulatory Role

There are two principal pieces of legislation that impact upon internal audit in local authorities:
Section 5 of the Accounts and Audit Regulations (England) Regulations 2015 which states that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.….."
Section 151 of the Local Government Act 1972, which requires every local authority to make arrangements for the proper administration of its financial affairs

Professional Standards

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards.
DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).
Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

Support, Assurance and Innovation

Appendix 4 - Audit, Risk & Counter Fraud Integration Plan
Support, Assurance and Innovation
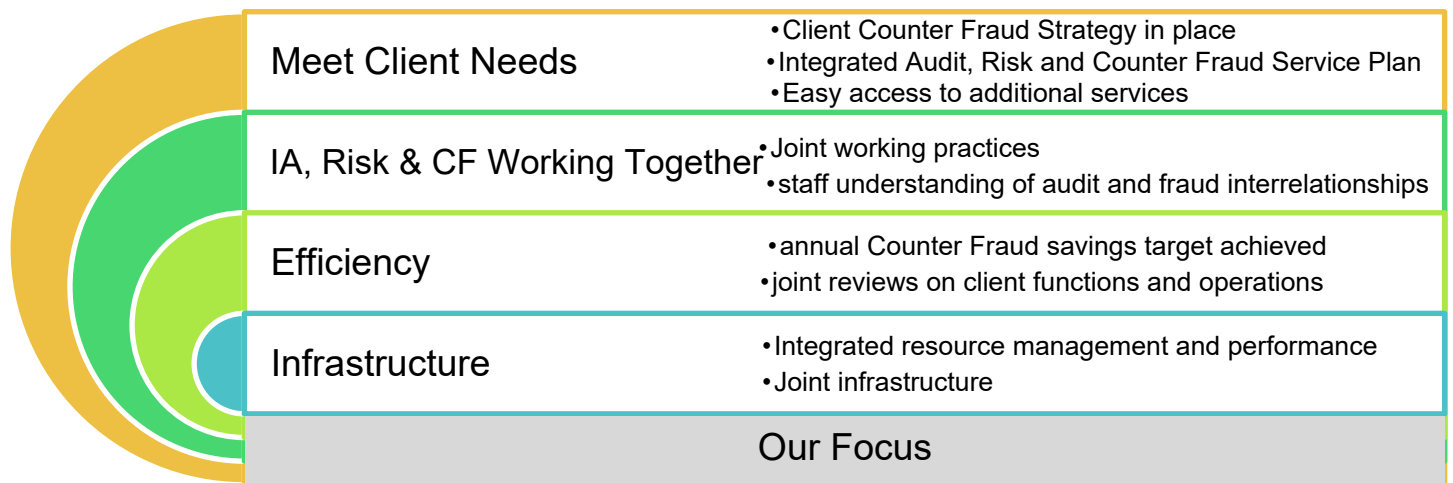
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Our Vision
To be a leading provider of internal audit, counter fraud, risk management and other assurance services to public and not-for-profit organisations in the South West and beyond.

Risk

Internal Audit

Counter Fraud

Our Goals

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

Meet Client Needs
- Client Counter Fraud Strategy in place
- Integrated Audit, Risk and Counter Fraud Service Plan
- Easy access to additional services

IA, Risk & CF Working Together
- Joint working practices
- staff understanding of audit and fraud interrelationships

Efficiency
- annual Counter Fraud savings target achieved
- joint reviews on client functions and operations

Infrastructure
- Integrated resource management and performance
- Joint infrastructure

Our Focus

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

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

Our Objectives

Integration