Internal Audit

Audit Committee
In-Year Monitoring Report
2022/2023

Devon County Council

February 2023
Official

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Support, Assurance and Innovation

CUSTOMER SERVICE EXCELLENCE
CSE

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 end of January 2023.

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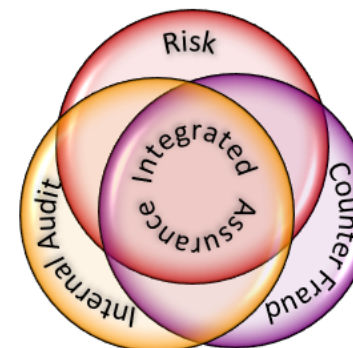
In review of these the Audit Committee are required to consider the assurance provided alongside that of Corporate Risk Management and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive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

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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	Home is Best Supported Living Tender Care Home Fee Model Liberty Protection Safeguards Effective Replacement Care Pandemic Response Care Provider Failure – lessons Learnt ASC Systems Programme	Ofsted/Improvement Plans Education Support Services Education - Academies and 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	Migration & Resettlement Food Insecurity Roundswell Enterprise Centre – The Node Animal Disease Emergency/Cont Plans Community Renewal Funds Sustainable Urban Drainage System SEN Transport COVID 19 - Cross service strategy and engagement, BCP Embedding Mental Health	Street Lighting System - UAT Advice - System Review Highways Contract - KPI's - Financial control/Schedule of Rates - Financial Reconciliation - Governance Arrangements	Health Inequalities Budget Monitoring – financial pressures Climate Change Business Continuity Core Systems Replacement -Finest – CareFirst 6	Audit Committee Corporate Governance Follow Up Reviews Client Service Support and Development (Head Accountants) Audit Planning and Coordination Contingency
Adaptive Plan	**Unscheduled Resource**, Options: Developing Disability Practice OT and SW Recruitment	**Unscheduled Resource**, Options: Public Health Nursing Safeguarding Transitions	**Unscheduled Resource**, Options: Population Health Management - Trusted advisor Domestic Abuse	**Unscheduled Resource**, Options: Tree Management System – Ash Dieback		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 - 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
- Care Home Fee Model
- Effective Replacement Care
- Pandemic Response
- Care Provider Failure – Lessons Learnt
- ASC Systems Programme
- OT and SW Recruitment
- Developing Disability Practice
- Liberty Protection Safeguards

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 - pandemic circumstances required 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 31/01/2023). It shows the number of audits completed so far during 22/23 financial year and audits currently in progress to be finished by the end of the financial year.
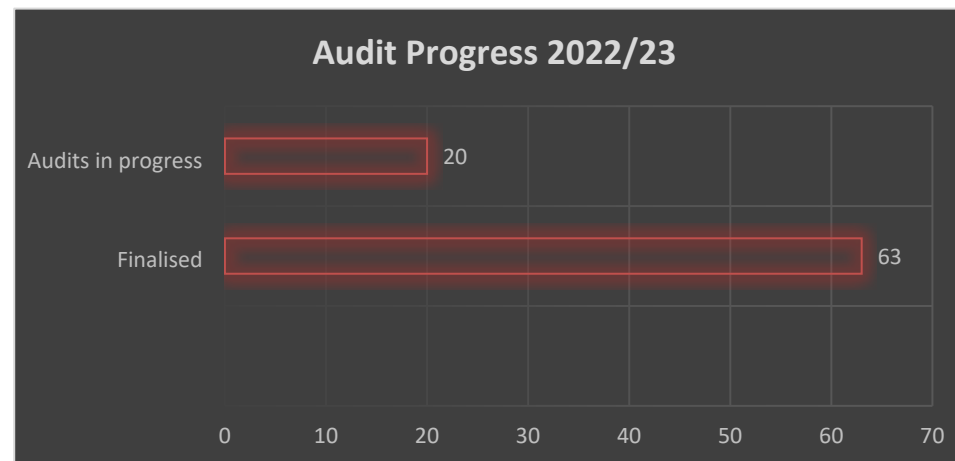
Value Added

We know that it is important that the internal audit services seek to "add value" whenever it can. We obtained feedback from those audited during the year 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
There are a number of reviews underway in this area. We have been asked to provide on-going audit engagement for the Community Services programme in providing challenge and advice regarding the effective management of the programme risks. In addition, we have recently undertaken a non-assurance piece of work in relation to Managing Care Provider Failure looking back at lessons learnt. We are also undertaking a follow up of Direct Payments.

Public Health, Communities & Prosperity

We are currently discussing with management a piece of work around Migration and Resettlement, with the focus being on Homes for Ukraine. This work is currently underway and will be reported at the next meeting.

Children and Young People's Futures
There are a number of reviews underway in this area. A piece of work on Transitions which spans both IASC and CYPD. This is reviewing the current processes and procedures in place when a person transitions into adulthood to assess the impact on the individual and the financial implications to the Council. We have also been requested to undertake work on Children's Services use of iTrent to compliance with Council wide protocols. Finally, we are concluding our work on Adopt South West and the Direct Payments Follow Up.

Key Financial Systems
The majority of our work in this area is now complete with only the Fixed Assets audit to be finalised. Since our last report we have completed work on Debtors / Debt Recovery where Limited Assurance has been provided. We plan to review this system again earlier in 23/24 in order to review the high risk issues we identified and provide a further update on progress. We have also completed our work on the Main Accounting System and Income Collection both of which were given Reasonable Assurance, along with Treasury Management and Payroll where both received Substantial Assurance.

Transformation, Performance & Resources
Since the last meeting we have finalised our work on ICT Cyber Security Governance. Change Management and Project Management remain at draft awaiting management responses. All three of these reviews received limited assurance and therefore further work is planned for 23/24. We continue to work with the client to progress these reviews as tighter controls are required in all areas to ensure key risks are mitigated.

We have concluded our work on Data Protection and Data Storage Follow Up both of which were given Limited Assurance.

Climate Change, Environment & Transport
We have concluded our work on the Highways Contract KPIs – Phase 2 where we have given substantial assurance. This audit looked at the set of new KPIs which had been introduced following the extension to the contract.

There are a number of others reviews underway in this area for Highways; Winter 2021/22 Reconciliation, Financial Control / Pay Mechanism and Exeter ERF Annual Reconciliation Payment.

Finance & Public Value
We are continuing to undertake on-going work reviewing spend on Venue Hire, Car Hire and Credit Card usage.

We are currently providing advice on the Finest Replacement Project which will be on-going through to implementation.

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	20	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	50	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 Update Report Provided separately by DAP.
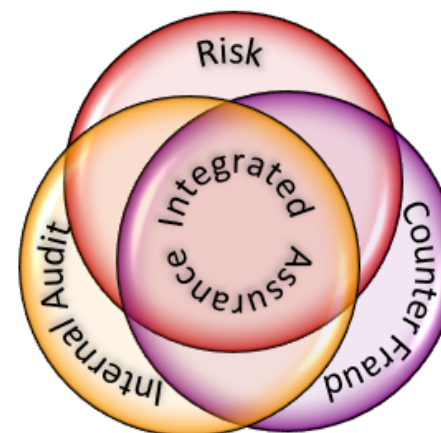
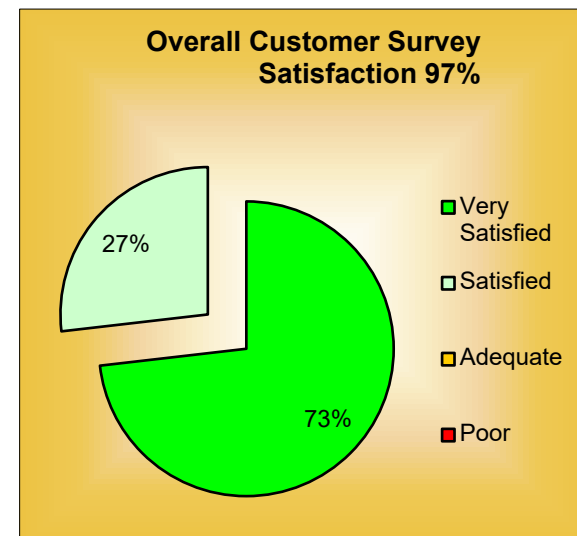# Customer Value

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.

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Appendix 1 - Summary of audit reports and findings from December 2022 to February 2023 (since last Audit Committee meeting)

Integrated Adult Social Care		
Risk Area / Audit Entity	**Audit Report**	
	Assurance opinion	**Residual Risk / Audit Comment**
Pandemic Response	Advisory piece of work Status: Draft	A 'lessons learned' exercise was carried out after the second wave from which an action plan was derived to help inform responses to any subsequent waves or future pandemics. To help take this forward, Devon Audit Partnership facilitated a session with management to gain their views on what went well, what did not go so well and what learning can be taken forward. There were robust conversations held during the session and although it was felt that the response from Devon was good, there were areas where it was felt it could have been better. The main area to consider going forward is ensuring there is an appropriate and up to date response plan in place, which is reviewed regularly with the key elements of the plan tested. Other areas where it was considered learning could be taken forward was around staffing and ensuring there is appropriate support for staff during and after the event. We would like to add that it was evident that staff went 'above and beyond' during this period of unknown to do their upmost for the residents of Devon. Decisions were made under extreme pressure and in very short timeframes to help protect the people of Devon and staff who were working in these situations should be proud of the work they have carried out and achieved.

The following audit reviews are in progress:
- Community Services
- Developing Disability Practice
- Managing Care Provider Failure
- Direct Payments Follow Up

Public Health, Communities & Prosperity

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment
Active Devon – New Code for Sports Governance – Compliance	**Reasonable Assurance** **Status - Final**	The self-assessment completed by Active Devon suggested that they fully meet the requirements of the new Code of Sports Governance. The audit review supports the outcome assessed and have found Active Devon to meet the new Code requirements. Active Devon was found to have a clear and appropriate governance structure, led by a properly constituted Board which is collectively responsible for the long-term success of the organisation and exclusively vested with the power to lead it. Active Devon are aware of its ethnicity and wider diversity profile, and knowledge, and skills gaps in their current Board membership, and are actively addressing this through a targeted recruitment campaign, which together with the drafting of a Diversity and Inclusion Action Plan, demonstrates that they are working actively to promote diversity and inclusion, to enable effective decisions that further the organisation's goals and best serve their communities, stakeholders, and wider UK society.

The following audit review is in progress:
- Migration and Resettlement

Children and Young People's Futures

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment

The following audit reviews are in progress:
- Adopt South West
- Transitions
- Children's Services use of iTrent
- Direct Payments Follow Up

We have continued to provide advice and support on the Care First Replacement Project.

Key Financial Systems

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment
Debtors / Debt Recovery	**Limited Assurance** **Status - Final**	ASH, the Debt Recovery System is not working / functioning as expected at present. It is understood that the current problems mostly relate to the daily connection between ASH and FINEST. This means that debt recovery status and actions is challenging to monitor, and its effectiveness limited. This increases the risk of outstanding debt not being recovered promptly. It is noted that the Revenue & Payments team have been liaising with Scomis/DCC ICT regarding the matter, but there have been problems with the issues not being escalated to the third-party supplier. At the time of our review the Outstanding Debt levels were within the target set by management. However further development of KPI's should be considered in order to improve the monitoring of performance against the expected terms of payment/collection. Several previously agreed management actions to improve the control framework have not progressed as expected since the previous audit.
Main Accounting System	**Reasonable Assurance** **Status - Final**	The control framework for the main accounting system (FINEST) remains generally sound and effectively operated by skilled staff. There are some areas where consideration of additional measures would enhance the existing control framework and observations have been made accordingly, for consideration and response by management. This year, bank reconciliations have been included as part of the MAS audit, rather than as a separate audit, and continue to be undertaken regularly with sound processes in place. Progress has been made since the last audit regarding the process for identifying and deactivating FINEST accounts for DCC leavers and inactive users. However, this area could be strengthened further to include checks on employees who have changed roles within DCC and may not require the same level of FINEST access.
Income Collection	**Reasonable Assurance** **Status - Final**	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. There are system user account controls in place however, as reported last year, the system administrators continue to not be able to provide definitive confirmation of which officers have administrator access/privileges. As reported previously we have confirmed that there remains a high value of unallocated income transactions being posted to the FINEST suspense account. We note that the Revenue and Payment team have further progressed attempting to educate and work with accountants and service areas to improve processes with the intention of reducing significant amounts of income remaining unallocated. At present there is no documented policy / procedure with regard to the management of unallocated income.

Key Financial Systems

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment
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. 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.
Payroll	**Substantial Assurance** **Status - Final**	The control framework for the payroll function remains generally sound and we consider the key risks associated with the service to be managed effectively and operated by skilled staff. Management have also demonstrated a sound awareness of the Counter Fraud Policy and the potential risks to the payroll system. Whilst access to the system is adequately controlled, current password complexities are not fully in-line with the National Cyber Security Centre (NCSC) guidance. We do acknowledge that further controls are being introduced in early 2023 which would meet NCSC's recommended standards. The HR recruitment module for DCC corporate employees has decreased the need for Payroll intervention in respect of starters, however DCC schools (not included within the recruitment module) still require manual input from the Payroll team. There remains a risk that new starter forms, which are accessed externally for DCC schools, could be submitted inappropriately. Observations from previous audits have been considered and some management actions have been applied to mitigate or accept the risks. There are areas where additional measures could enhance the existing control framework, and observations have been made accordingly for consideration and response from management.

The following audit review is currently in progress:
- Fixed Assets

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Transformation, Performance & Resources

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment
ICT – Cyber Security Governance	**Limited Assurance** **Status: Final**	Cyber Security awareness by staff is part of the Digital and Technology Service Strategy. The D&TS Strategy sets out the intention/plan to keep all infrastructure and software up to date and secure. This supports the strategic goals of the DCC Strategic Plan of being more resilient. DCC has not fully established an "Information Security Management System", a formal regime or structured approach to cyber security and resilience, which guides both its activities and expenditure. The lack of a formal structured approach increases the risk of Cyber Security risks not being effectively managed. Key areas where improvements in the governance arrangements should be made; • There is a lack of established and documented policy and processes in place to support effective Cyber Security decision making. • Cyber Security roles and responsibilities have not been fully assigned, for example to the Strategic Leadership Team (SLT). • We have found there to be limited reporting mechanisms in place to appropriately report on the Cyber Security status of the organisation. • We also note that there are some areas where policies, with regard to the NCSC 10 Steps, could be further developed. • There is no documented/established policy/process/mechanism for approving an acceptable Cyber Security appetite or how identified risks will be managed. • The Reporting of Cyber Security risks is limited. All Cyber Security risks are not currently routinely reported to SLT/the Board. • There isn't currently a Cyber Security Risk Register that identifies all Cyber Security risks.
ICT Change Management	**Limited Assurance** **Status: Draft – Management Actions not received**	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.
ICT – Project Management	**Limited Assurance** **Status: Draft – Management Actions not received**	There are established governance arrangements and a control framework in place. However, there are significant areas where improvements to the governance arrangements and supporting processes and procedures can be made to provide greater control and reduce the risk of unsuccessful project delivery and the associated benefits. It is noted that the Project Management Office, along with ICT colleagues, are working to improve aspects of the control framework. Current activity includes: • Developing documentation regarding roles and responsibilities of different project roles. • Internal discussions regarding challenges being faced with projects/project management. The issues being discussed internally have become apparent or have been raised in discussions with Officers during our audit review/work. • Initial steps taken with regard to improving resource management – system to identify Business as Usual (BAU) commitments of operational teams in order to identify availability for project work. • Have a Project Management software solution (PM3) which is currently a work in progress with regard to establishing the use of it. One of the key factors in designing an effectively managed approach, to support business and digital and technology changes, is that there isn't a "one size fits all". There is need for Digital Transformation/ICT to be supported by appropriate governance and control framework in running major change programmes, projects, work packages (streams) as part of wider business change programmes and to work in agile ways to respond quickly and work in innovative ways. DCC is an organisation, like many, where change is constant and certain and where Digital Transformation/ ICT need to respond with a level of consistency but without having a one size fits all approach.

DCC Data Protection 22-23	**Limited Assurance** **Status – Final**	The Data Protection Officer has been in post for six years and has a wealth of knowledge, experience and qualifications to support their role. The DPO effectively maintains their own awareness of emerging data protection issues through activities such as participating in a local information sharing network with other DPO's. Observations have been made,, regarding business continuity risks as the DPO does not have a deputy. Based on discussions with the DPO, resourcing issues within the Data Protection and Information Security team remain challenging and observations have been made regarding the DPO's ability to discharge all the duties of their role effectively due to insufficient resourcing. Positively, • There is an effective system in place for logging, recording and monitoring data breaches, or 'Information Security Incidents'. Trend identification and analysis is reported on formally on at least a bi-monthly basis to the SIRO. • There is an extensive library of privacy notices in place for different service areas, as well as an overarching corporate privacy notice. There is a Security Incident Management Policy and Security Incident Management Procedure published on the intranet for all staff to access, however both of these documents are out of date and require updating and aligning as a priority. Our review has identified a number of areas where improvements to the current control framework are required. It is a requirement of Data Protection legislation that an organisation should understand and document the data that it holds; the Information Commissioners Office expects organisations to meet this requirement by way of maintaining an Information Asset Register and has published a range of guidance on what a register should include. The Council does not currently have an up-to-date Information Asset Register and the updating of this register in line with the ICO's expectations should be treated as a high priority. There are also further significant weaknesses regarding the governance arrangements. Including for example; • There is no Data Protection risk register. • There is no coherent Data Protection work plan or strategy for the Council. • There are limited reporting mechanisms in place to effectively report on the Data Protection status of the organisation.

The following audit reviews are currently in progress:
- Patch Management
- Shadow IT

Climate Change, Environment & Transport

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment
Highways Contract KPIs – Phase 2	**Substantial Assurance**	Following the extension to the Term Maintenance Contract a working group was established to develop a suite of KPIs that will be used to vary (up or down) the fee paid to Milestone. The purpose of the KPIs is to drive quality and improved operational practice with the fee variation used as a mechanism to help drive the right behaviours. Not all KPIs will have an impact on the fee variation. This working group continues to meet on a weekly basis and work collaboratively to ensure that the measures introduced to monitor the contractor's performance remain appropriate. The output from this working group is that a suit of 29 KPIs have or will be introduced with 13 of these going live from April 2022. For a KPI to go live, it has been agreed between both the Council and Milestone that 12 months' worth of performance baseline data is required. As data is collected for the remaining KPIs, this is included within the performance reporting for information only. As these are new measures, this will ensure that the information needed to monitor these is relevant and accurate.

The following audit reviews are currently in progress:
- Highways Contract – Winter 2021/22 Reconciliation
- Highways Contract – Financial Control / Pay Mechanism
- Waste – Exeter ERF Annual Reconciliation Payment

Finance & Public Value

Risk Area / Audit Entity	Audit Report	
	Assurance opinion	Residual Risk / Audit Comment

Since December 2022 we have continued to provide advice on risk and controls for the Finest System Replcement.

1. FINEST System Replacement

We are continuing to provide on-going work on Venue Hire Spend, Car Hire Spend and Credit Care usage in line with the requirement set out in the Eight-Point Plan.

Grant Claims Certified Since December 2022

Grant Name	Audit Report	
	Grant Certification	**Audit Comment – if applicable**
Supported Families Programme Nov	Certified with Amendment	Significant & Sustained Progress: Potential claim 59; Tested 7; Failed 1: Claim made 58 families = £46,400

Appendix 2 - 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.

Definition of Recommendation Priority

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

Devon Audit Partnership

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

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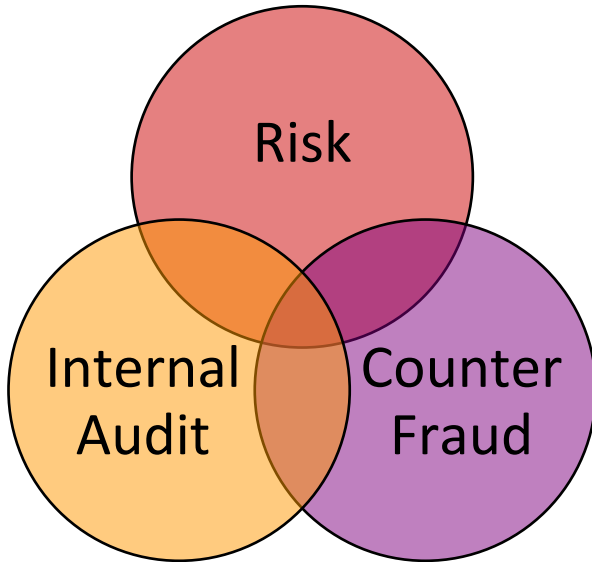
Indicator	Definitions
R	No Progress has been made. The action plan is not being progressed at this time; actions remain outstanding.
A	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
G	Good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

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
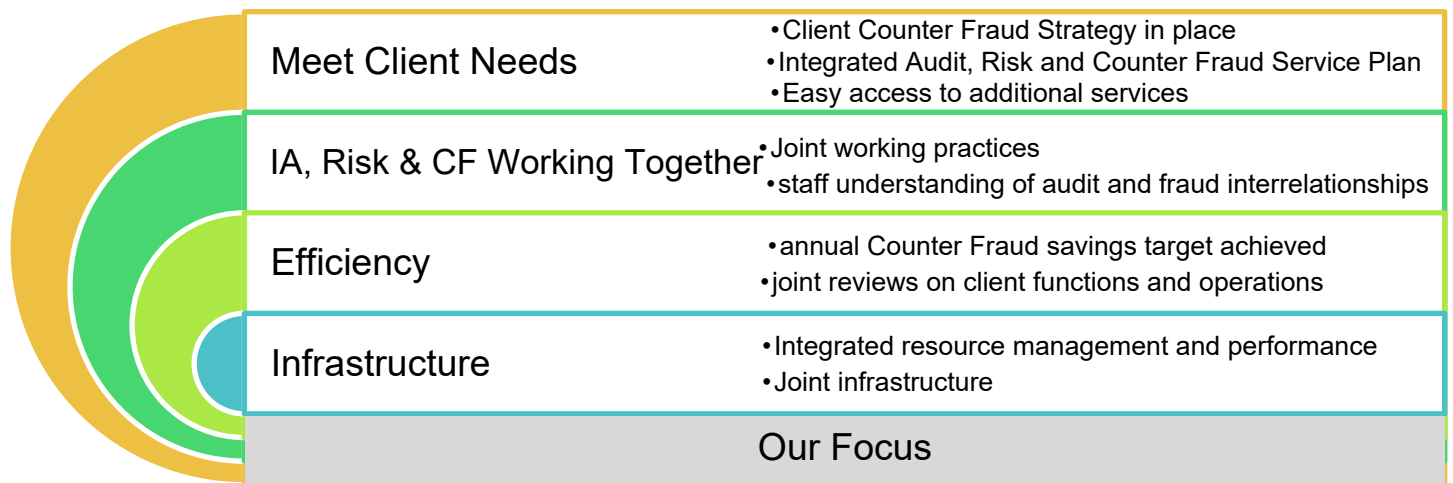
devon audit partnership

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