

Internal Audit

Audit Committee In-Year Monitoring Report 2023/2024

Devon County Council

September 2023
Official

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Devon Audit Partnership

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

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Introduction

There has been much change to the Senior Leadership Team across the Council, and this has come with an increased scrutiny over policy and procedures in place across many services. There has been an increase in positive engagement from staff across the Council and we are being alerted to issues where control weaknesses may exist, which has targeted some of our audit work over the last 4-5 months. This targeted work will become more noticeable as we move into the Autumn and the work is finalised with management responses. The November update report will conclude on the outcomes of some of the targeted work we are undertaking.

Working closely with our Risk Management team we strive to ensure that we are reviewing the right areas of the Council at the right time to increase the likelihood of success and to be more resilient to change and challenges as they arise. Consideration of the Council's Strategic and Corporate Plan is vital when planning our work to support the Council in its vision to "manage potential opportunities and threats in achieving its objectives".

This report provides a summary of the performance against the Internal Audit plan to date for the 2023/24 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.

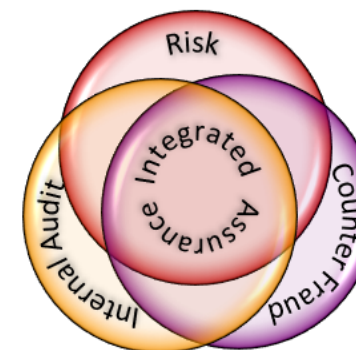
The key objectives of the Devon Audit Partnership (DAP) have been to provide assurance to Devon County Council on the adequacy, security and effectiveness of the systems and controls operating across the Council and to provide advice and assurance to managers and staff. The Internal Audit plan for 2023/24 was presented to, and approved by, the Audit Committee in February 2023. The following report and appendices set out the position to September 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.

Tony Rose Head of Devon Audit Partnership

Audit Assurance Statement

Overall, **based on work performed during 23/24 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 2023/24.

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 2023/24.

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.

High Level Summary Audit Plan – 2023-24						Corporate/ Strategic Risks and Projects	Client and Audit Governance
Prioritised Risk Areas	Adult Care & Health	Children's Services	Climate Change, Environment & Transport	Public Health, Communities & Prosperity			
	Supported Living Tender Impact Assessments Service Closure ACH System Replacement Project CQC – Assurance of Adults Social Care ICB Savings Plan Review of S75 Arrangements Direct Payments – System Development Liberty Protection Safeguards Commissioning – Best Value	Children's Services Social Care – Ofsted Monitoring Financial Arrangements of EHCP Payments to Independent Schools Payments to Independent Placements – Social Care Payment by Results (Used to be Troubled Families) Consultant Process for Schools Forum Financial Arrangements Financial Intervention Panel Schools (FIPS) Direct Payments – Virtual Wallet MASH IT System (F/Up) Direct Payments (F-Up)	Lack of capacity or capability to respond effectively to highway safety related issues Lack of capacity or capability to effectively respond to extreme weather events Waste Strategy Transport – Impact of Covid-19 Sustainable Urban Drainage System Section 106 Agreements Bio Diversity Net Gain Commuted Sums	Prosperity: Mobility Aids Learn Devon External Funding with Community Renewal Funds Public Health: Budget Pressures Business Continuity Fund led Audit Communities: Asylum Seekers Domestic Abuse Modern Slavery Incoming Serious Violence		Budget Targets – Delivery of Savings/Accountability SEND – Savings Review People Strategy Spend Analysis – Eight Point Plan Financial Resilience of Key Suppliers – Business Continuity Best Value Governance & Commissioning of Corporate Contracts Single Sign-On Lone Worker Absence Devices Sickness/Absence Management Climate Change Core Systems Replacement -Finest – CareFirst	Audit Committee Corporate Governance Follow Up Reviews Audit Planning and Coordination Contingency
Adaptive Plan	Unscheduled Resource, Options: OT & SW Recruitment Community Services	Unscheduled Resource, Options: Children's Homes Compliance with the Care Act Requirement	Unscheduled Resource, Options: Tree Management System – Ash Dieback Fees & Charges	Unscheduled Resource, Options: Public Health – Impact of Covid Prosperity - Animal Disease Emergency/Contingency Plans			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.						
	Grants - Troubled Families, Grants Out -Governance and monitoring						
	ICT – Disaster Recovery, Firewalls, Access Controls, IT Asset Management, Capacity & Availability, ICT Cyber Security – Vulnerability Management						

Adaptive Plan – areas of review (priorities)

Key:

- Initial priorities
- Revised priorities

Corporate and Strategic

- Budget Targets – Delivery of Savings/Accountability
- SEND – Savings Review
- People Strategy
- Financial Resilience of Key Suppliers – Business Continuity
- Governance & Commissioning of Corporate Contracts
- Budgeting Processes
- ED/Out of Hours
- Barclaycard / Procurement Card Spend
- Safer Recruitment
- Single Sign-on – **pause until 24/25 due to on-going work in this area**
- Lone Worker Absence Devices – **on hold until 24/25 to allow the devices to be procured and training to be given**
- Sickness/Absence Management – **no longer a priority**
- Spend Analysis – Eight Point Plan – **removed from plan**
- Expenses
- Climate Change
- Core Systems Replacement – Finest - CareFirst

Adult Care and Health

- Supported Living Tender
- Impact Assessment
- Services Consultation Process (Service Closure)
- ACH System Replacement Project
- CQC – Assurance of Adults Social Care
- ICB Savings Plan
- Review of S75 Arrangements
- Direct Payments – System Development
- Liberty Protection Standard – **on hold until after the next General Election**
- CHC F/Up
- OT and SW Recruitment
- Community Services
- Effective replacement care offer to avoid carer breakdown
- Transitions – Project Board

- Review Programme 18-64
- Direct Payments – (F/Up)

Children's Services

- Children's Services Social Care – Ofsted Monitoring
- Financial Arrangements of EHCP Payments to Independent Schools
- Payments to Independent Placements – Social Care
- Payment by Results (Used to be Troubled Families)
- Consultant Process for Schools Forum Financial Arrangements
- Financial Intervention Panel (FIPS)
- Direct Payments – Virtual Wallet
- MASH IT System (F/Up)
- Direct Payments – (F/Up)
- Children's Homes
- Compliance with the Care Act Requirements
- CS Direct Payments Spend Analysis – (F/Up)

Public Health, Community & Prosperity

- Mobility Aids
- Learn Devon
- External Funding with Community Renewal Funds
- Budget Pressures – **no longer a priority**
- Business Continuity – **no longer a priority**
- Fund Led Audit – **no longer a priority**
- Sexual Health
- PHSE
- Asylum Seekers (Migration & Resettlement) – **no longer a priority look to review in 24/25**
- Domestic Abuse
- Modern Slavery
- Incoming Serious Violence
- Impact of Covid – **No longer a priority**
- Animal Disease Emergency/Contingency Plans – **no longer a priority, plans tested in real time last year.**

Climate Change, Environment & Transport

- Lack of capacity or capability to respond effectively to highway safety related issues
- Lack of capacity or capability to effectively respond to extreme weather events
- Waste Strategy – **this will be included within the Section 106 audit**
- Transport – Impact of Covid-19 – **No longer a priority**

- Sustainable Urban Drainage System
- Section 106 Agreements
- Bio Diversity Net Gain
- Commuted Sums
- Tree Management System – Ash Dieback
- Fees and Charges
- Planning Team Processes
- Co Cars
- SEND Transport – (F/Up)

Digital Transformation & Business Support

- Disaster Recovery
- Firewalls
- Access Controls
- IT Asset Management
- Capacity and Availability
- ICT Cyber Security – Vulnerability Management
- Cyber Security (Focus Governance Arrangements 22-23) – (F/Up)
- Change Management – Compliance with Internal Policy and Procedure – (F/Up)
- Project Management 22-23 – (F/Up)
- Cyber Security 21-22 – (F/Up)
- Data Storage – (F/Up)
- Shadow IT – (F/Up)
- Vulnerability Management – (F/Up)
- Data Protection – (F/Up)

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.
- 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.

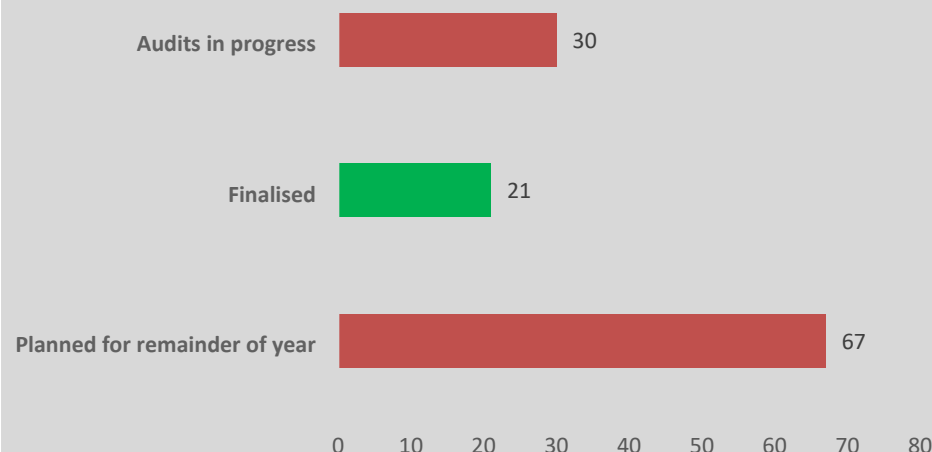
Our audit plans are always built around the Risks identified through Risk Management, audit needs and perceptions of current issues and in discussion with client management. The audit resource delivery envelope has been set to provide opportunity for greater depth of coverage and further extension of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

Our approach is to scope, schedule and resource plans throughout the year with Service Leads in an agile way incorporating risk changes as necessary. 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.

The positive engagement from staff across the Council has enabled us as at 15th August 2023 to have 21 pieces of work finalised for the 23/24 financial year and a further 30 audits in progress. We plan (subject to changes in risk and priorities) to complete a further 67 audits before the end of the financial year.

Audit Progress 2023/24



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 undertaken some non-assurance work reviewing the services response to a Care Provider who failed. This was a very valuable exercise looking back and reflecting on the decisions made to ensure improvement and clear action plans if this were to happen again in the future.

We are continuing to act as a critical friend attending regular Assurance and Governance Board meetings for the Care First system replacement, Transitions, Community Services and CQC. In addition, there are two further reviews underway for the 18-64 Review Programme and the Service Consultation Process, the findings of which will be reported to the next Audit Committee.

Public Health, Communities & Prosperity

We have undertaken a desk top review of the Asylum Seekers Emergency Handbook where we have provided Reasonable Assurance over the control framework. We have a further review on-going in relation to Sexual Health, the findings of which will be reported to the next Audit Committee.

Children and Young People's Futures

We have several reviews on-going in this area relating to the Financial Arrangements of EHCP Payments to Independent Schools, Payments to Independent Placements for Social Care, Consultation Process for Schools Forum Financial Arrangements and Financial Intervention Panel for Schools. The findings from these reviews will be presented to the next Audit Committee.

In addition, there is one draft report which has been issued for which we are currently awaiting management responses. This relates to Children's Services Use of iTrent where we have given Limited Assurance.

Key Financial Systems

The majority of our work in this area is underway with planned completion for October 2023. Since our last report we have completed work on the Treasury Management system and Substantial Assurance has been provided to support the good controls in this area.

Digital Transformation and Business Support

We have completed our reviews of Patch Management and Shadow IT for which we have provided Limited Assurance for both. We have a further review underway for IT Asset Management. In addition, Audit are attending the Disaster Recovery Project Board to provide assurance and / or challenge in real-time.

Climate Change, Environment & Transport

We have completed our review of the Exeter ERF Annual Waste Reconciliation and have provided Reasonable Assurance over the control framework as we found the reconciliations have not been undertaken on an annual basis.

There are currently two further reviews underway and these are Planning Team Processes and Sustainable Urban Drainage Systems (SUDS) the findings of which will be reported to the next Audit Committee.

Finance & Public Value

We have completed our review of Off Payroll Working and Reasonable Assurance has been provided over the control framework. In addition, we have concluded our 2022/23 review on the Barclaycard Spend.

Over the past few months, we have been reactive to additional work as requested by the Director of Finance and are currently carrying out further work on both the Barclaycard and Procurement Card spend and an additional review of the Financial Regulations. Our findings will be reported to the next Audit Committee.

We continue to provide advice and support as requested. We are currently providing advice on the Finest Replacement Project which will be on-going through to implementation.

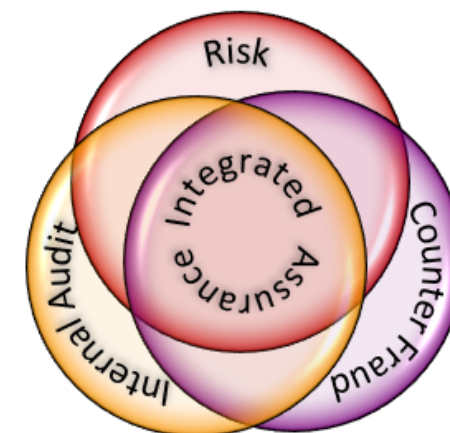
Appendix 1 of this report details the assurance opinions for individual audits, for which definitions of the assurance opinion ratings are in Appendix 2.

Investigations and Irregularities

To date during 2023/24 financial year Devon Audit Partnership was made aware of 22 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	6	These cases mainly relate to loss or potential theft of mobile phones/laptops.
Tenders & Contracts	0	None.
Financial Irregularities	0	None.
Employee Conduct	0	None.
Blue Badge Misuse	16	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 Report provided separately by DAP.



Customer Value

Public Sector Internal Audit Standards (PSIAS)

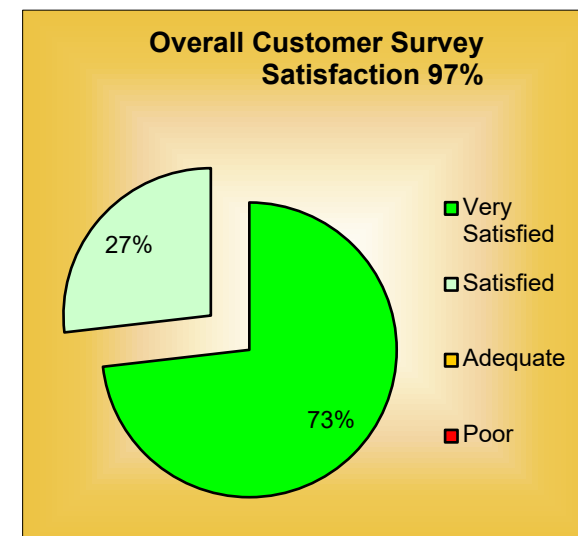
Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics*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



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 2023/24.

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 from June to September 2023 (since last Audit Committee meeting)

Integrated Adult Social Care

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

The following audits from 2023/24 have been completed and finalised since June

Managing Care Provider Failure

Advisory piece of work

Status: Final

Internal Audit facilitated a 'lessons learned' session with management to obtain their views on the process they followed in managing the care provider failure. We asked them to consider what went well, what did not go so well and what learning can be taking forward.

There were good conversations had during the session, allowing staff to debrief and reflect on their feelings surrounding the process. Staff involved in managing the response of the care failure worked well together as a team and have built strong working relationships. The experience has provided a greater understanding in some areas including knowledge around default notices and contracts, and staff feel they are more aware of some of the warning signs which could be acted upon sooner.

However, gaps in communication due to high volumes of staff changes in the provider, insufficient due diligence processes and the time to form a clear exit strategy, will have impacted on staff and the timeliness of the response. The main area to consider going forward is to establish a policy/strategy for managing whole service provider failure issues to help limit the risk exposure when encountering further care provider failures within Devon, and to ensure a robust response plan is in place, should that event occur again.

The consensus from those involved in the session is that it is within their skillset to manage large failures, however they believe an awareness/ownership at a senior corporate level, e.g., risk committee, would have been beneficial to the organisation given the potential reputational risk. This awareness/ownership could have enabled other corporate resources to be quickly mobilised to mitigate any emerging risk.

Public Health, Communities & Prosperity

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

The following audits from 2023/24 have been completed and finalised since June

Asylum Seekers – Emergency Handbook

Setting up and supporting Contingency and Emergency Asylum Hotels - A local guide is a well-structured, formatted, and accessible document.

Reasonable Assurance Status: Final	<p>Following a desktop review, it was considered that the handbook is a validated resource, includes key strategies and actions, highlights some learning and development opportunities, and provides recommendations particularly in high-risk areas.</p> <p>Minor observations have been reported for management to consider to potentially increase partner experience and obtain clarity that document security/access is controlled. Whilst the document is well put together, it would merit a periodic review to ensure latest guidance is captured even though the document is currently in draft.</p>
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Children and Young People's Futures

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

The following audits from 2023/24 have been completed and finalised since June

Children's Services use of iTrent

Limited Assurance

Status: Draft awaiting management responses

As part of our testing to provide assurance that iTrent is being adequately used, discussions were had with staff in HR, Children's Social Work Academy, Children's Services Project Management team, Children's Social Care Business Support Managers and the Finance team within Children's Services. We also undertook a range of sample testing of HR/Payroll data, with some of our testing focussed on employees who had been confirmed as working within Children's Social Care.

Work is continuing in HR and the Social Work Academy to assist Children's Services by providing ongoing manager training and support, supplementing the comprehensive suite of user-friendly iTrent guidance available to all employees and managers via Inside Devon. However, within Children's Services, there has been a high turnover of staff with more agency managers than some other areas within DCC and as such, this may increase the risk of inadequate knowledge of iTrent requirements within the service.

In most areas, our testing found that iTrent is being used to record, request and authorise data in accordance with the Council's policy and procedures, however there are areas of concern where updates are not being managed appropriately or incorrect staffing structures have been recorded, which could mean managers may not be permitted to access and authorise updates for their employees, such as recording sickness, annual leave and expense claims.

As iTrent is reliant on the information entered into the system, it is difficult to evidence or quantify the information that may be omitted, increasing the risk of incorrect payments made to employees, and could result in inaccurate reporting and monitoring of staff.

Adopt South West – Review of Financial Arrangements

The main focus of this audit was to provide assurance on the current controls in place to mitigate the continuing costs of inter-agency fees, whereby children are placed outside of adopters registered with Adopt South West.

Management has demonstrated that they are aware of the types of adopters they need to attract and have undertaken a digital marketing campaign directed towards reaching a large audience of these prospective adopters in respect of 'priority

Reasonable Assurance

Status: Final

children' who may be harder to place, for example, older children, siblings or children with additional needs. Management is also aware of the national effect that the cost-of-living crisis is having on attracting new potential adopters and have advised they are following the national trajectory with the number of registered interests having declined between 2021/2022 and 2022/2023. However, they have yet to undertake further work to understand the impact specifically on prospective adopters within the partnership area.

There has been a decrease in inter-agency spend in 2022/2023 compared with 2021/2022 with more children being placed with adopters registered with Adopt South West. However, unrealistic budget setting for inter-agency expenditure has remained at a standstill for at least the past three financial years, and net spend in this area was still 42% over budget for 2022/2023 with a projected overspend already predicted for 2023/2024.

The new process implemented by management in April 2022, whereby the individual Local Authority is required to authorise the use of inter-agency spend, has reduced previous administrative delays to provide a more timely decision in order to find a family outside of Adopt South West adopters.

Additional audit work was agreed to consider whether the volume of Adoption Support Fund (ASF) applications was impacting on service resources. The ASF is government funding which provides up to £5,000 per child per year to pay for essential therapeutic services for those eligible adoptive families. The ASF is well administered with adequate processes in place and a cohesive working approach across the service. Over the past six months, the procurement of relevant and acceptable service providers (e.g. therapists) has increased, ensuring that families are offered a wider choice of support. However, due to promotion of the fund and after-effects of the COVID-19 pandemic, applications have increased by over 54% since 2020, impacting on staff resources, particularly within Business Support who liaise with providers and families. Furthermore, a change in the way the fund is paid to Adopt South West, has created more time-consuming processes within the Finance team. It has been recognised by management that without access to the ASF, many more families would be in crisis as Adopt SW would not be able to provide the same level of support with their current staff and resources

Key Financial Systems

Risk Area / Audit Entity

Audit Report

Residual Risk / Audit Comment

The following audits from 2023/24 have been completed and finalised since June

Treasury Management

Substantial Assurance

Status: Final

The Treasury Management function continues to show an adequate control framework. Our review of the Treasury Management function concluded that there are effective measures in place to safeguard the Council's funds when investments are being made.

The Treasury Management strategy, policies and procedures are in line with the CIPFA code of practice and have been approved for this financial year by the Full Council and the Investments and Pension Fund Committee. Investments continue to be made in line with procedures, and adequate supporting documentation is retained and available.

Key Financial Systems

Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
	<p>The newly implemented rota for obtaining secondary sign-off for Barclays.net transactions is proving to be effective. Monthly reconciliations are completed for both the principal and interest monthly, with unallocated transactions and imbalances being investigated and resolved promptly.</p> <p>Access to the Treasury Management system is adequately controlled and the system is restricted to authorised users, who have the minimum required access to perform operational activities. Following from last year's observation, the Business Continuity Plan in place has been updated and is deemed adequate.</p>

Digital Transformation and Business Support

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

The following audits from 2023/24 have been completed and finalised since June

Patch Management

Limited Assurance

Status: Final

See Part 2

Shadow IT

Limited Assurance

Status: Final

See Part 2

Climate Change, Environment & Transport

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

The following audits from 2023/24 have been completed and finalised since June

Waste – Exeter ERF Annual Reconciliation

As part of the annual reconciliation process the payment mechanism model is reviewed by the service area and an external consultant to ensure the data contained within is accurate. Where data is found to be inaccurate, this is challenged and queried with Viridor. The work conducted by the consultant is valuable to DCC and provides extra

Climate Change, Environment & Transport

Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
Reasonable Assurance Status: Final	<p>assurance that the annual reconciliation is adequately controlled. From our testing we can confirm that there are adequate controls in place internally, however some observations were highlighted in relation to the service Viridor provide.</p> <p>Through sample testing we identified an error with the payment mechanism model spreadsheet where a charge had been assigned against the wrong month. Furthermore, one invoice within the sample did not match the figure presented.</p> <p>Since the contract was adopted in 2014 the reconciliations have not been conducted annually with the previous reconciliation taking place in 2019/20. A plan is in place to bring these up to date.</p>

Finance & Public Value

Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
The following audits from 2023/24 have been completed and finalised since June	
Barclaycard Spend Analysis Advisory piece of work Status: Final	<p>The spend analysis carried out covers the period from September 2022 to March 2023, and this report provides a summary of the main observations.</p> <p>The total expenditure made on the corporate credit cards during this period amounted to £26,498.69 across 18 of the 32 Barclaycard holders. For the remaining 16 cards there had not been any spend incurred on these cards during this period.</p> <p>A breakdown of the £22,119.70 expenditure by service area shows that Human Resources were responsible for most of the expenditure over the period, with £13,022.32 being spent on recruitment advertising and staff recruitment costs, which accounts for 58.87% of all corporate credit card expenditure. This expenditure was reviewed and deemed compliant with the credit card acceptable use guidance.</p> <p>In relation to the merchant category “Miscellaneous Stores”, most of the £4,605.69 spending related to software purchases and subscription costs by Public Health, Communities and Prosperity. £516.58 were payments made to Amazon. It is unclear why these payments are being made using the corporate card, as DCC has an Amazon Business account, where Amazon orders should be processed through.</p> <p>In relation to the “Amazon Prime” transaction, this appears to consist of a monthly subscription charge, which is not in line with the acceptable use guidance section of the DCC Credit Card Policy. This was an area that was highlighted in the initial spend review that took place between April and August 22, and whilst Amazon Prime subscriptions have reduced, one remains.</p> <p>Except for the Amazon Prime transaction, the spend analysis has not identified any areas of concern in relation to spending, with all expenditure incurred being appropriate and legitimate.</p>

Finance & Public Value	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
Off Payroll Working (IR35) Reasonable Assurance Status: Final	<p>We have found there to be a generally adequate control framework and processes in place to manage the risks associated with Employment Status Checks. However, there are several areas where the control framework could be strengthened.</p> <p>As per the Head of Payroll and Employment Changes and the Tax Compliance Manager, there isn't a complete central record/system that holds the details of all DCC workers. The majority would be held on iTrent, but there would also be some agency workers held on a separate agency system. Without a complete central record of all workers there is an increased risk that some workers may not be treated correctly for tax purposes. It is appreciated that the creation of such a record is not the responsibility of the Tax Compliance Team.</p> <p>We also identified some gaps in the records relating to Employment Status Checks that should be reviewed and additional data entered to ensure that records are clear and complete.</p>

Since February 2023 we have continued to provide advice on risk and controls for the Finest System Replcement.

1. FINEST System Replacement

Grant Claims Certified Since June 2023

Grant Name	Audit Report	
	Grant Certification	Audit Comment – if applicable
HoTSW – Local Growth Fund (including FE Digital Accelerator)	Certified	Grant Certification without amendment.
HoTSW – Getting Building Fund – Devon Work Hubs		
LEP – Digital Skills Series		
HoTSW – Getting Building Fund – ZEBCAT2		
Home Upgrade Grant (HUG 2)		
Digital Business Utilisation Service (DBUS Contract)		
Active Devon (including Engaging Rural Macros)		
Schools Conditions Allocations		
Supported Families Programme April	Certified	Significant & Sustained Progress: Potential claim 7; Tested 1 ; Failed 0: Claim made 7 families = £5,600.
Supported Families Programme May	Certified	Significant & Sustained Progress: Potential claim 26; Tested 3 ; Failed 1: Claim made 25 families = £20,000
Supported Families Programme June	Certified	Significant & Sustained Progress: Potential claim 43; Tested 4 ; Failed 0: Claim made 43 families = £34,400.
Supported Families Programme July	Certified	Sustained Progress. Potential claim 63; tested 9; failed 1; claim made 62 families = £49,600.

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.




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

Definition of Recommendation Priority

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

Direction of Travel Indicators

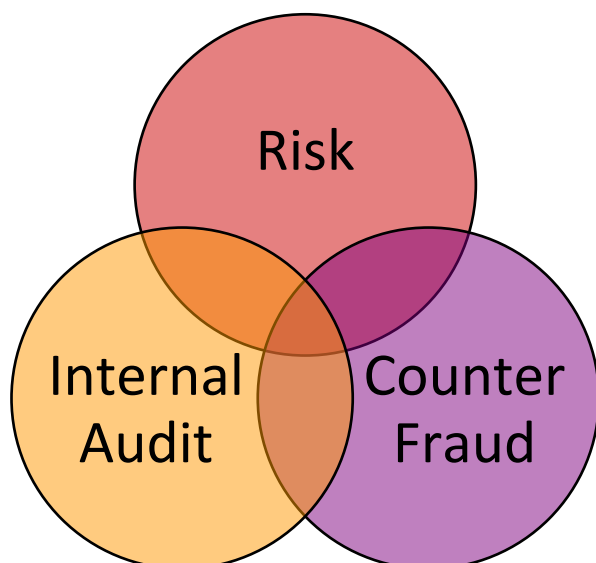
Indicator	Definitions
	No Progress has been made. The action plan is not being progressed at this time; actions remain outstanding.
	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress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

Appendix 3 – Audit Authority



Our Vision

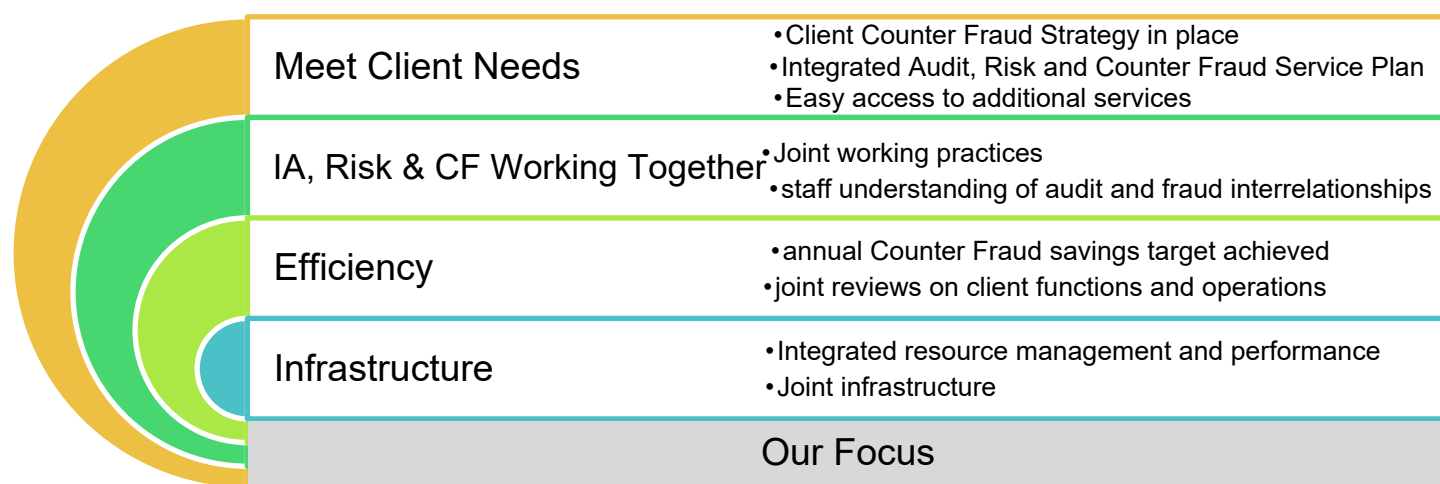
To be a leading provider of internal audit, counter fraud, risk management and other assurance services to public and not-for-profit organisations in the South West and beyond.



Operational delivery

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

Our Goals



Client Services

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

IA, Risk & CF Working Together

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

Efficiency

Restructure of PCC Team work plan (releasing resources)
 Joint working practices
 Single Point of Contact for Fraud and Irregs

Infrastrucrture

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

Integration