



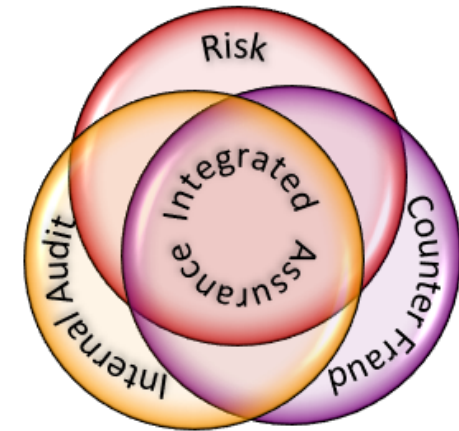
Internal Audit

Audit Committee Half-Year Monitoring Report 2023/2024

Devon County Council

November 2023

Official



Support, Assurance and Innovation

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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. This has informed our audit work over the last 5-6 months. From our interactions with SLT we know that the number of actions arising from our audit work need further prioritisation to ensure that they can be achieved, notably at present in the Childrens and Young Peoples Service. We will continue to work across services to help prioritise those actions that are most urgent and achievable.

To ensure progress is being made to mitigate risks on those pieces of audit work that achieved Limited Assurance during the first half of 23/24, it is our intention to work with the relevant service area and carry out further testing during the last quarter of the year to progress and inform the end of year opinion.

It is important to note that our assurance work reviews the process in place which often lends us to look back and then report at a point in time. Within our work we ensure that we also look forward at any planned changes whether they are in progress or at the development stage. It is clear from our work to date that the Council are taking forward a number of key changes across a number of services which should have a positive impact on risk and controls.

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 Assurance 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 Assurance 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 November 2023.

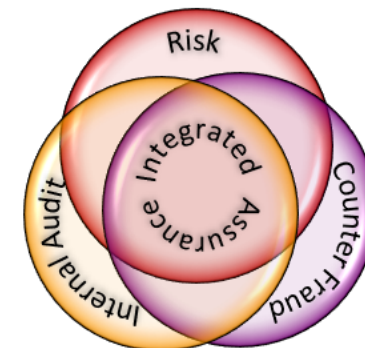
The Public Sector Internal Audit Standards require the Head of Internal Audit to prepare a report providing an opinion at the end of each year that can be used by the organisation to inform its governance statement, this report provides a position statement on the progress towards that. The level of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

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; Any audit findings provided, and 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.

The above assurance opinion is at this half-way point in the year and is subject to change as we move through the second half of 2023/24. There are a higher number of limited assurance reviews to date when compared to previous years and this could have an impact on the assurance opinion given at the end of the financial year. We are also of the opinion that if a particular service area has a significant number of limited reviews, we will provide a separate assurance opinion of limited overall to that service area.

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
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
- 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**
- 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 – **moved to 24/25 due to an external review currently underway**
- 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 – **No longer a priority**
- Fees and Charges
- Planning Team Processes
- SEND Transport – (F/Up)

Digital Transformation & Business Support

- Disaster Recovery
- Firewalls
- Access Controls
- IT Asset Management
- Capacity and Availability – **moved to 24/25 plan to allow capacity to undertake the limited assurance follow-ups**
- 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:

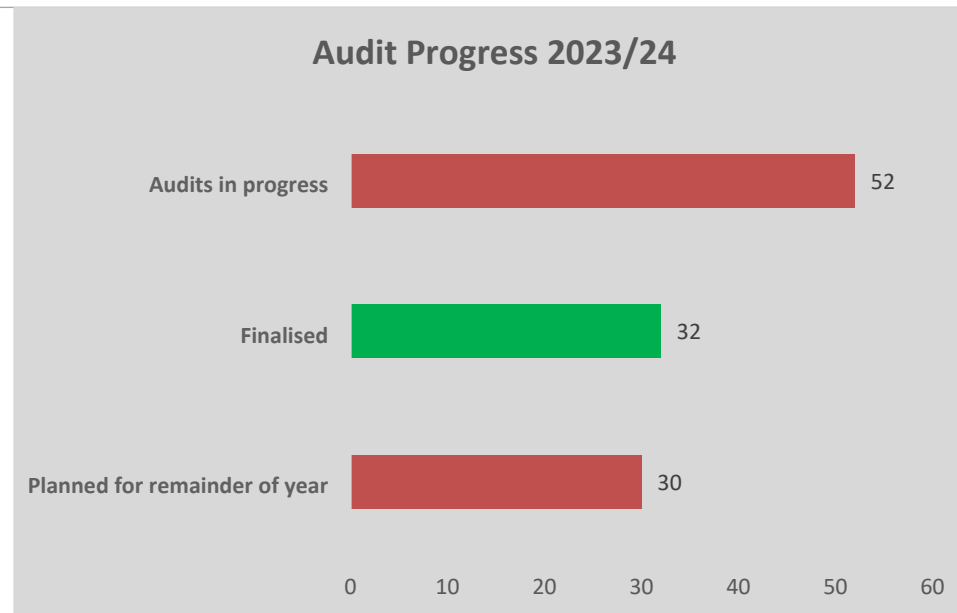
- Reduction in non-productive resource planning.
- Improved opportunity to keep plan aligned to current risks within Service Areas and as a whole for the Authority.
- More effective and timely pre-audit engagement with Service Leads.
- Greater and more regular discussion with client leads – supporting 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 20th October 2023, to have 32 pieces of work finalised for the 23/24 financial year and a further 52 audits in progress. We plan (subject to changes in risk and priorities) to complete a further 30 audits before 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:

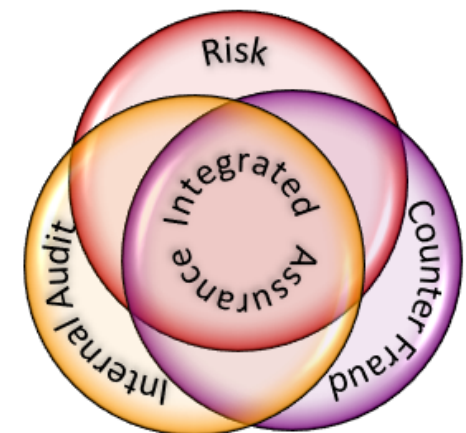
- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Linking across Risk, Counter Fraud and Audit to respond to issues that occur.

Investigations and Irregularities

To date, during 2023/24 financial year, Devon Audit Partnership was made aware of 31 irregularities across the Council. Analysis of the types of investigation and the number undertaken is shown in the following table.

Fraud / Irregularity Summary		
Case classification	Number of cases	Summary Details
Theft / Loss of IT equipment	8	These cases mainly relate to loss or potential theft of mobile phones/laptops.
Tenders & Contracts	0	None.
Financial Irregularities	0	None.
Employee Conduct	1	This case relates to a possible misuse of position and is being investigated.
Blue Badge Misuse	22	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)

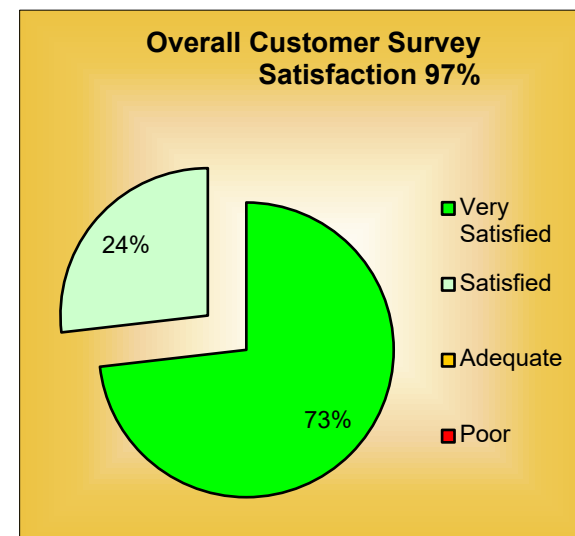
Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics*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

Our internal audit charter was approved by senior management and the Audit Committee in February 20. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment - Through external assessment in 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 and 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 September to October 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 September	
<p>Review Programme / Care Assessments 18-64</p> <p>Limited Assurance</p> <p>Status: Final issued 10/11/23</p> <p>Draft issued 29/09/23</p>	<p>The general view from the Officers that we met with was positive and that the new "Urgent Intervention and Review Model" is the appropriate approach to undertaking a review. Officers we spoke with were passionate about their roles and the people of Devon that they support, engaged fully with the audit process and were keen for their views to be listened to.</p> <p>The number of reviews completed is significantly below target. As at 14/08/2023 only 1684 of 7992, 21% (18-64 and 65+) have been completed as per the monitoring dashboard. Based on a Q1 analysis, 46% of reduced costs relate to over 65s. Also, 55% of reviews completed related to those clients over 65.</p> <p>From reviewing the Q1 analysis produced by Officers, neither CHSCT (Community Health and Social Care Team), CDP (County Disability Team) or County Teams are reaching targets. Therefore, it is unlikely that the targeted level of reviews or the associated targeted budget savings of £6m, due to reduced costs following care reviews, will be achieved in 23/24.</p> <p>This piece of worked involved a high level of discussion with officers which has identified several obstacles/barriers to meeting the targets of reviews completed and the reduction of costs, details of which are highlighted below:</p> <ul style="list-style-type: none"> • Structure and allocation or resources. • Availability of required suitably capable resources including nature of Team Manager role. • Culture and behaviour of the organisation and individuals. • Significant variety and volume of work carried out by the Community Teams. • Lack of quality control of reviews. • Lack of focus on 18-64 rather than 65+ <p>There are also areas where the data quality monitoring and reporting of reviews and financial outcomes could be improved.</p> <p>It was highlighted by Officers, that for the required improvements regarding completing effective reviews, there is a need for a cohesive message and view from the top. Management should consider the need to improve efficiencies, effectiveness and consistency in ways of working before increasing resources.</p> <p><u>Overall Management Response</u></p>

Integrated Adult Social Care

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

	<p>All findings have been agreed and we are working with our teams to ensure they are actioned between now and the end of June 2024. Targets have been re-set with a stronger focus on prioritising the right “planned proactive” reviews where there is a realistic prospect of promoting independence and therefore a reduction in costs. Additional resource has been provided to support Team Managers.</p> <p>The anticipated savings delivery from the review programme is monitored regularly within the service and reported to SLT and Transformation Board monthly, we are estimating the risk to planned savings delivery as being £1m in 2023-24.</p>
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Other work on-going:

- Governance and Assurance Board for the Care First system replacement, Transitions, Community Services and Care Quality Commission - to provide advice on risk and controls through attendance at meetings.

Public Health, Communities & Prosperity

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

No audits have been completed and finalised since September

Other work in-progress:

- Sexual Health
- Modern Slavery
- Domestic Abuse

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 September

<p>Children’s Services use of iTrent</p> <p>Limited Assurance</p> <p>Status: Final issued 02/11/23</p> <p>Draft issued 16/06/23</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><u>Overall Management Response</u></p> <p>All findings have been agreed and we are working with our teams to ensure they are actioned between now and the end of January 2024. Reminders of the use of iTrent will be issued to all managers to ensure correct completion of the necessary forms for recording sickness and leavers information. Managers will be asked to demonstrate the use of iTrent correctly in their 1-2-1’s.</p>
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Transitions to Adult – Financial Impact

Limited Assurance

Status: **Final issued 10/11/23**

Draft issued 08/09/23

Our audit has concluded that there are no documented processes or written guidance, surrounding the responsibilities to ensure Children's Services are informed that a transitions assessment has taken place. Furthermore, there are no current reports run which can identify whether care and support payments are being made by both services for the same individual.

There are some controls in place, such as a default end date for the Children's Service Agreement meaning the support payments will automatically stop in line with the young person's 18th birthday, however this does not apply to all young people in receipt of Children's Services support, such as those placed in care, where payments will continue until notified otherwise.

Reports showing all children and young people with an active Children's Service Agreement, are discussed between Finance staff from Children's and Adult Services each month, however they are dependent on social care teams providing updated information in the first instance. There are fortnightly checks in place for high cost 'Children in Care' placements which also identifies where payments are being made for young people over the age of 18 (including those that can be paid in accordance with legislation, such as care leavers remaining with the same foster carer), though again, its effectiveness is reliant on information being adequately shared at service level.

Whilst we have been made aware of examples where Children's Service Agreements continued with payments being made after a transitions assessment had been made by Adult Services (in some cases with an overlap of payments), there is inadequate data available to identify the total amount of overpayments created. In addition, Corporate accounting system limitations and insufficient information provided to, and held by, the Council's Debt Recovery Team, means we have been unable to quantify any outstanding debt or total write-offs which have occurred because of an overlap or delay in ending Children's Service payments.

In some cases, the support provided by Adult Services is less than the Children's Services costs paid for an individual, particularly with placements for Children in Care, so a timely transition is required to reduce potential overspend. Our understanding is that 'better transition planning' is being considered as part of the Transforming Transitions Project.

Overall Management Responses

All findings have been agreed and we are working with our teams to ensure they are actioned between now and the end of November 2023. An Operations and Finance (Transitions to Adulthood) Group has been established to track the completion of transfers for young people moving from Children's Social Care to Adult Social Care. A new dashboard has been implemented by Adult Social Care providing centralised information about young people transitioning to Adult Services.

Finance have implemented an accompanying letter for invoice amounts above £1,000 explaining the detail behind the overpayment. In addition action has been taken to remind staff of DCC's Code of Practice for Income Management and Financial Regulations.

<p>Financial Arrangements of EHCP Payments to Independent Schools</p> <p>Limited Assurance</p> <p>Status: Final issued 14/11/23</p> <p>Draft issued 14/09/23</p>	<p>This audit focused on the planning and review process of EHCPs and the associated payments and budget monitoring to independent providers.</p> <p>The Council have a backlog of overdue cases at various stages of the EHCP process. Areas that need addressing are the stage of whether to issue an EHCP or not, the EHCP implementation stage and the annual reviews. The service has developed impressive PowerBi reports to monitor the overdue cases, however, with such a large backlog the Council is at risk reputationally for delaying the support of a child/young person.</p> <p>Responses from external stakeholders at the EHCP request and assessment stages are inconsistent. EHCPs themselves are written inconsistently as are the annual review reports. With annual review reports written by individual schools and case workers, inconsistency is to be expected, however, not to the scale we have assessed.</p> <p>The Council pay for a child/young person to attend their placement full time. There are opportunities for significant savings to be made if the Council only paid for how much each individual child/young person attended their placement. Evidence of over and underpayments have also been captured after reviewing the Council's financial reports.</p> <p>Independent providers are commissioned by each individual caseworker which poses a risk of placements being inconsistently assigned. To bring in some consistency the Council should adopt a written Value for Money (VfM) process. With costs to independent providers increasing the Council should look at ways of limiting the use of them where appropriate whilst maintaining their legal duty to use a provider through parental preference.</p> <p><u>Overall Management Response</u></p> <p>All findings have been agreed and we are working with our teams to ensure they are actioned between now and the end of March 2024. The SEND Transformation Programme includes a project which is focused on improving SEN Statutory Processes and includes a review of the EHC assessment process to identify what is working well, any problems and ideas for improvements.</p> <p>Resources are being identified for a full commissioning review after which options for future commissioning strategies and frameworks will be looked at along with the possibility of block contracting. Work is commencing on quality assurance checks. We are also looking at links across the wider system including transport.</p>
<p>Payments to Independent Placements - Social Care</p>	<p>Staff within the Social Care Team are experienced and well versed in procedures relating to care planning for individual children, with comprehensive plans and reviews recorded adequately and timely on ECLIPSE (the Children's Social Care</p>

<p>Limited Assurance</p> <p>Status: Final issued 19/10/23</p> <p>Draft issued 26/09/23</p>	<p>system). However, there is no evidence documented to confirm the circulation of the plans to the relevant stakeholders, as required within local procedural guidance.</p> <p>There are processes in place surrounding the commissioning of placement providers under formalised frameworks, including pricing negotiations, but there is no current strategy with regards to spot placements outside of the framework and for the procurement of additional local providers.</p> <p>A high impact area of concern relates to the financial risk, with weaknesses identified in the current processes for setting up and ending payments to providers, resulting in some providers unnecessarily waiting for payments whilst others are being overpaid. Furthermore, there are no mechanisms in place to identify these discrepancies, with errors generally being discovered following contact from a provider or noticed by staff whilst working on other aspects of the claim.</p> <p><u>Overall Management Response</u></p> <p>As reported to Cabinet there are emerging risks within Children and Young People’s Futures with increasing numbers of complex placements and continued pressure associated with excessive agency costs. In response additional intensive work and the establishment of a cross council placement taskforce is seeking to address this issue at pace. There has been significant progress in establishing management tiers with the level of interim managers reducing by 70% since February 2023 and agency levels by 11% since May. These activities are subject to weekly support and intervention by the Chief Executive and Director of Finance and Public Value</p>
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Other work in progress:
<ul style="list-style-type: none"> • Financial Intervention Panel for Schools • Direct Payment Follow-Up review from 22/23 • Direct Payments Spend Analysis Follow-Up review from 22/23 • MASH IT Follow-Up review from 22/23 • Direct Payments – New System (Virtual Wallet) - to provide advice on risk and controls through attendance at meetings.

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 September

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Key Financial Systems	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
<p>CHAPS (Clearing House Automated Payments System) Process</p> <p>Substantial Assurance</p> <p>Status: Final</p>	<p>Our review of the CHAPS process found there to be appropriate and robust controls in place to minimise the risk of inappropriate or inaccurate CHAPS payments being made.</p> <p>The ability to process CHAPS payments is suitably restricted to appropriate Officers and payments require three Officers to process the payment via the Councils banking system. From our sample of CHAPS payments reviewed we found;</p> <ul style="list-style-type: none"> • Payments were supported by the relevant forms and supporting documentation. • CHAPS payments correctly/appropriately authorised. • CHAPS payments were processed accurately to the correct supplier/recipient. • All accounting entries (Journals) were processed accurately.
<p>Debtors</p> <p>Reasonable Assurance</p> <p>Status: Final</p>	<p>Based on our testing we consider there to be an appropriate control framework in place for ensuring that debt owed is effectively and efficiently collected.</p> <p>The controls for user account management (i.e., the creation / removal of user accounts) to the debt recovery system (ASH) could be improved. However, as ASH is a low-risk system, used by a close-knit team and doesn't process financial transactions, this reduces the impact of inappropriate or unauthorised access to ASH, with our assurance opinion reflecting this. User management for FINEST was found to be adequate and is reported in the Main Accounting System audit. There are suitable controls in place to reduce the likelihood of inappropriate or inaccurate amendments to the debtor system.</p> <p>The credit notes and debtor invoices tested all followed the expected procedures, although there is the continued risk of debtor invoices being raised inappropriately as there is no enforced segregation of duties in the process. Recovery action and write-offs were deemed to be appropriate and timely. All debts that are in dispute or suppressed show procedures were followed, with reports to identify and monitor such debts. Our review did highlight the inconsistent use of the instalment plan function in ASH, which could lead to inefficiencies in monitoring on debt on an instalment plan. There is now a centralised record of write-offs held in SharePoint to improve recordkeeping. Debts that are referred to the external agency for collection are monitored effectively, although further investigation on the use of this external agency may produce more success in the collection of debts.</p>

Key Financial Systems	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
	<p>Positively, it is noted that the fix applied to ASH earlier this year has improved the accuracy of the system in reflecting debt position correctly. With the upgrade to ASH which is going live in the coming months, this will further enhance the functionality of the system.</p> <p>The aged debt dashboard continues to be used to monitor the debt position. Using a month-on-month comparison for Corporate aged debt between 22/23 and 23/24, 23/24 is showing a higher amount of aged debt. There are two debtors with a high level of aged debt (NHS Devon ICB and Persimmon Homes (both of which are being pursued by the County Legal team) and if we exclude these figures, the aged debt as a percentage of the rolling year invoice total is approximately 1.7%, which is in line with the agreed target (1.9%).</p>
<p>Creditors</p> <p>Reasonable Assurance</p> <p>Status: Final</p>	<p>From our review of the key system controls within FINEST, P2P (OnBase) and payment feeder systems we conclude that generally orders and payments made by the Council are effectively controlled.</p> <p>User access and authorisation to reduce the likelihood of inappropriate access to the creditors system continues to be effective.</p> <p>We found the creation of Creditor entities, within the Finest system, to be suitably restricted. There continues to be no established periodic review of duplicate entities, however, it is noted as part of the Future Finance Project, these are being assessed as part of the data cleanse.</p> <p>Based on our sample of payments made via the electronic ordering process, the majority were found to have followed expected procedures. The Payments Team have limited involvement in error investigation, but they maintain a record to ensure that service areas are promptly notified of rejected payments. Rejected entries are independently investigated, with sufficient segregation of duties when re-issuing a failed payment.</p> <p>One Time Creditor (OTC) payments follow the relevant procedures which are available to all appropriate staff. However, it is noted that there was an example of a re-occurring monthly payment using the OTC payment process, and not all OTC payments are being coded correctly.</p> <p>There are three previously agreed management actions which have not progressed by their planned target dates.</p>

Key Financial Systems	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
<p>Income Collection</p> <p>Reasonable Assurance</p> <p>Status: Final</p>	<p>Based on our testing we consider there to be an appropriate control framework in place for ensuring that income is being correctly received and recorded to the accounting system using CIVICA and FINEST.</p> <p>There are adequate user account controls for CIVICA. Two management actions in relation to access controls from last year’s audit have been implemented, which include a review of accounts with administrator access and a review of recent leavers to confirm that they are deactivated from the system.</p> <p>The Finance Support Team (FST) informed audit that a full review of user roles is not viable due to the capacity and resources available.</p> <p>Adequate controls regarding income collection remain unchanged since the previous audit and continue to show suitable levels of risk mitigation. However, as reported previously, there still remains a high value of unallocated income transactions which are posted to the FINEST suspense account, which had a balance of £550,469 as of 26 June 2023. It is noted that there has been a positive direction of travel in regard to the current balance of the suspense account with a reduction of approximately £22,000 between April - June 2023.</p> <p>At present, there is still no documented policy / procedure with regard to the management of unallocated income.</p>
<p>Other work in progress:</p> <ul style="list-style-type: none"> • Fixed Assets • Payroll • Main Accounting System (MAS) 	

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 September

IT Asset Management	See Part 2
Limited Assurance	
Status: Final issued 18/10/23	
Draft issued 16/08/23	

Other work in-progress:

- IT Access Controls
- Firewalls
- Project Management Follow-Up from 22/23
- Change Management Follow-Up from 22/23

Climate Change, Environment & Transport

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

No audits have been completed and finalised since September

Other work in progress:

- Planning Team Processes
- SEND Transport Follow-Up from 22/23
- Response to Extreme Weather Events
- Response to Highways Safety Related Issues
- Sustainable Drainage Systems (SuDS)

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 September

<p>Financial Regulations</p> <p>Advisory piece of work</p> <p>Status: Final</p>	<p>Audit were asked to undertake a review of the proposed amendments to the Financial Regulations, all was found to be satisfactory.</p>
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Other work in progress:

1. FINEST System Replacement - to provide advice on risk and controls through attendance at meetings
2. Barclaycard / Procurement Card Spend Analysis
3. Budget Targets – Delivery of Savings
4. Best Value
5. Governance of Corporate Contracts
6. Budget Setting Process

People & Culture

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

No audits have been completed and finalised since September
Other work in-progress:

- Job Evaluation
- Expenses

Grant Claims Certified Since September

Grant Name	Audit Report	
	Grant Certification	Audit Comment – if applicable
Sustainable Warmth - Home Upgrade Grant (HUG 1)	Certified	Grant Certification without amendment.
LCTB Capital Block Funding (includes Transport Infrastructure Investment Fund)		
Bus Subsidy Opportunity Grant (BSOG)		
Supported Families Programme August	Certified	Significant & Sustained Progress: Potential claim 20; Tested 3 ; Failed 0: Claim made 20 families = £16,000
Supported Families Programme September	Certified	Sustained Progress. Potential claim 104; tested 10; failed 0; claim made 104 families = £83,200

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

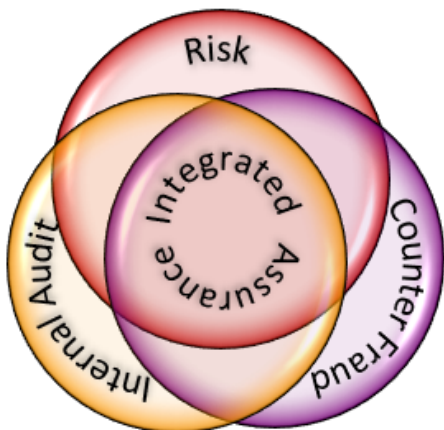
Indicator	Definitions
	No Progress has been made. The action plan is not being progressed at this time; actions remain outstanding.
	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress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

Appendix 3 – Audit Authority



Our Vision

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



Operational delivery

- **Assurance Audit** Plans based on the best and most up to date risk information
- Agile **Internal Audit** Plan
- Live **risk management** reporting and support across the Council
- Deliver a best in class **risk management framework**
- **Counter Fraud** Team co-ordinate / undertake irregularities work coming through the **audit** plan
- Potential irregularities triaged to **fraud or audit** for review
- **Proactive fraud** work e.g. NFI, developing a 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 where possible

Our Goals

