

Internal Audit

Children's Services Internal Audit Plan 2018/19

Devon County Council Children's Services Scrutiny Committee

March 2018

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership

Contents

INTRODUCTION	1
HIGH LEVEL AUDIT PLAN 2018/19	2
PROPOSED AUDIT REVIEWS AND ASSOCIATED RISKS	3
FRAUD PREVENTION AND DETECTION AND INTERNAL AUDIT GOVERNANCE	5
APPENDIX 1 - AUDIT FRAMEWORK	6

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.

Confidentiality and Disclosure Clause

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

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

Introduction

This report details the draft Children's Services audit plan for 2018/19.

The key objectives of Devon Audit Partnership (DAP) are to provide assurance to senior management and Audit Committee on the adequacy, security and effectiveness of the systems and controls operating within the authority. The audit plan will additionally provide assurance to managers and staff.

Audit have met with management to discuss risks and how audit resources can be used most effectively to provide the necessary assurance against these risks. The draft plan attached forms part of a larger audit plan covering all areas of the authority which will be presented to the Audit Committee on 28th March 2018. Responsibility for review, direction and approval of the internal audit plan lies with the Audit Committee. However, we can see value can be added through working with and supporting Scrutiny in the provision of assurance to the authority. The draft plan is provided for consideration and for input into areas that Scrutiny consider useful to internal audit to consider in the planning process.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the County Treasurer (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

Expectations of Children's Services Scrutiny Committee from this report

The members of the committee are requested to consider:

- the draft audit plan and proposed areas of internal audit coverage in 2018/19;
- highlight audits they may wish to receive summary reports from;
- if they wish to receive any in year progress report(s).

Robert Hutchins
Head of Audit Partnership

High Level Audit Plan 2018/19

This table shows a summary of planned audit coverage for the year. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment - in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage for the year.

A detailed analysis of proposed audit reviews is provided in the following schedule.

Core Activity for Internal Audit Review (Extract for Children's Services Scrutiny Committee)	Coverage in Days
Children's Services	90
Public Health - Nursing Services	15
Grants	8
Total for Children's Services	113
Total for DCC	1060
School Audits (estimated)	280

Proposed audit reviews and associated risks

SRR / ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Children's Services				
Children's Social Care				
Homelessness in 16/17 year olds	Low; client request	New protocols being implemented with district councils to tackle homelessness for 16/17 year olds. Review the protocols and practices. Is the guidance working; are practices compliant with legislation (National Legislation).	Q4	10
Recruitment and Retention of Foster Carers	Medium; client request	Review of DCC's resilience of the system for recruiting and retaining Foster Carers	Q1	15
Fostering Service	Medium; client request	To provide assurance on DCC's response to the outcomes of the Narey fostering stocktake review.	Q4	15
Care Leavers	High; client request	To provide independent assurance that the service remains on track following the recent self-assessment peer review.	Q4	10
Education and Learning				
Early Help	High; client request	To provide an independent validation of where the Service has moved from the initial Early Help Assessment and where they are in relation to meeting the requirements of the new National Framework. The audit is likely to be jointly scoped with Children's Social Care	Q2	20
Early Years Provision	High; client request	A light touch review of the Council's policies, strategies, and its capacity around meeting the requirements for 30 hours provision.	Q4	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Public Health				
Public Health – Nursing Services	Medium; client request	Following the decision by Cabinet for the 0-19 Public Health Nursing Service to be delivered by Devon County Council, review and assess that the proposed governance and assurance mechanisms developed, as part of the transition plan, are sufficient to provide DCC with confirmation that the national Public Health Grant Determination and the statutory responsibilities of the Director of Public Health are upheld.	Q3	15
Children’s Services: Advice, planning, monitoring and performance reporting.			Q1-4	10
Grants				
Troubled Families Programme	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q1-4	5
Migration Fund Grant – Children’s Services	n/a	New migration fund grant. Audit requirements yet to be confirmed by funding body.	Q3	3

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally” and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit resources will be allocated to allow a focus on identifying and preventing fraud before it happens. Nationally these areas include Procurement, Payroll, Blue Badges, Direct Payments and Pensions.

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. Work on the 2018/19 exercise will commence in the summer, with resulting data matches available from early 2019. We will work with Council departments to ensure that the matches are reviewed and action taken as may be necessary.

Internal Audit Governance

An element of our work, additional to the above plan, is classified as “other chargeable activities” – this is work that ensures effective and efficient audit services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. External Audit, Audit South West);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during the year;
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

We have developed sound working arrangements with Grant Thornton, the authority’s external auditors and have regular liaison meetings to understanding their requirements and to provide the information they require, maximising the benefits of close working. We have also developed an effective working relationship with Audit South West (NHS Internal Audit) and anticipate more opportunities to work collaboratively together as integration between the Council and Health progresses.

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

This page is intentionally blank