



devonassurancepartnership
Support, Assurance and Innovation

Internal Audit

Interim Progress Report 2024-25

Torbay Council Audit Committee

February 2025

Official



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Introduction

This report provides a summary of the performance against the Internal Audit plan for the 2024/25 financial year to date, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls, and provides our current Annual Assurance Opinion on the overall adequacy and effectiveness of the Authority’s Internal Control Environment. The Internal Audit plan for 2024-25 was presented and approved by the Audit Committee in March 2024.

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 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.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This progress report provides a summary of work completed to date that will help inform the annual assurance opinion.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal control system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Audit Committee, under its Terms of Reference contained in Torbay Council’s Constitution is required to consider the Chief Internal Auditor’s annual report and opinion, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

- the assurance statement provided for the Council within this report;
- the basis of our opinion and the completion of audit work against the plan;
- changes to the plan and the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Committee are required to consider the assurance provided alongside that of the Senior Leadership Team, Corporate Risk Management and external assurance including that of the External Auditor.

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Overall Interim Opinion Statement

Based on work performed to date during 2024-25, our experience from previous years, the outcome of the Annual Follow Up exercise, the Head of Internal Audit’s Opinion on the adequacy and effectiveness of the Authority’s internal control framework is one of “Reasonable Assurance”.

Our audit planning process is both risk based and agile, as such our resources, and consequently our annual report will inevitably focus upon higher risk areas.

The Council’s internal audit plan for the year includes specific assurance, risk, governance, and value-added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority’s control environment.

The reviews to date in 2024-25 have informed the Head of Internal Audit’s Interim Opinion. If significant weaknesses have been identified, these will need to be considered by the Council in preparing its Annual Governance Statement as part of the 2024-25 Statement of Accounts.

In carrying out reviews, Internal Audit assesses whether key, and other controls are operating satisfactorily and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans rests with management, and these are reviewed during subsequent audits or as part of a specific follow-up.

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council’s policies, procedures and operational systems and 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 of all kinds. Core financial and administrative systems are reviewed by Internal Audit in accordance with the agreed Internal Audit Plan.

Risk Management

Risk Management (RM) continues to develop. SLT are considering establishing an assurance mapping framework that integrates with risk management (see page 4).

Processes are being developed to consider Audit recommendations and associated risks within the Council Redesign service review processes.

We audited Risk Management in 2023-24 and provided a reasonable assurance opinion.

We maintain involvement through DAP’s Risk Management arm when support is requested. Most recently support to the Directors Risk Appetite workshop.

RM is reported to Senior Leadership Team (SLT) and Members.

Governance Arrangements

Our involvement in Programmes and Projects provides a governance assurance role.

The Information Governance Steering Group provides overarching governance in relation to information security, cyber governance, management, and compliance.

Finance, Ethics and Probity (FEP) maintain governance over issues within their remit aligned with their terms of reference.

We provide all our Internal Reports for consideration within the Annual Governance Reporting process. Some reports provide assurance regarding governance responsibilities such as IG and Data Quality, Subject Access Request, S106 & CIL, SEND, Safety Valve, Audit Committee Assessment and Commissioning audits (see page 3).

Performance Management

The audit of Performance Management in 2023-24 was deferred pending further development and embedding and not in the 2024-25 plan.

Irregularity and whistleblowing complaints, alongside the work of the Corporate Fraud Officer are also reported to Audit Committee.

Budget performance is monitored by SLT and full Council.

A children’s Services Financial Project Board has been established to monitor financial performance.

Performance is reported to SLT and Members.

| | | | |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. |

Summary Assurance Opinions

High Level Summary Audit Plan

| Prioritised Risk Areas | Adult Services and Community & Customer Services | Public Health | Children's Services | Pride in Place | Corporate Services Financial Services | Business Projects & Value Added |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------|
| | ASC Transformation Plan (QA role) ANA – Critical (work ongoing) | NHS Health Checks (management of contracts with GPs) ANA Medium | Safety Valve (QA role) ANA Critical (work ongoing) | Highways Commissioning ANA Medium | Council Borrowing (including Loans) ANA High | Business Improvement and Change ANA Critical (work ongoing) |
| | ASC Use of social care grants ANA – High | 0-19 Procurement (governance arrangements) ANA Medium (work ongoing) | Home to School Transport (QA role) ANA Medium (work ongoing) | Planning Enforcement ANA High | Audit Committee Assessment ANA Medium | Safe on-boarding of TDA / TorVista (QA role) ANA Critical (work ongoing) |
| | ASC Client Debt (Follow Up) | | SEND (Special Educational Needs and Disabilities) ANA – High | Capital Programme ANA High (work ongoing) | Health and Safety (Follow Up) | Subject access and freedom of information requests |
| | ASC Precept Use (Follow Up) | | Early Help (including Family Hub) ANA High | Events Follow up of Festival Report ANA Medium | Information Governance and Data Quality CCTV (Follow Up) | Audit Advice |
| | Service Delivery Interdependencies (Follow Up) | | Fostering and Connected Carers (Follow Up) | Climate Change (Follow Up) | Subject Access Request Process (Follow Up) | Annual Follow Up Activity |
| | Housing ANA – High | | Vulnerable Pupils ANA Medium (Q4) | Harbour Income (Follow Up) | Business Continuity ANA Critical (work ongoing) | Irregularity Investigations |
| | Cost of Temporary Accommodation (Follow Up) | | Sufficiency Strategy Progress ANA High (Q4) | S106 and CIL (Follow Up) | CRM System ANA High (Q4) | Audit Process |
| | Vulnerable Renters (Follow Up) | | | SWISCo Commissioning (Follow up) | Democratic Services and Member Allowances ANA Medium (deferred to 2025-26) | Audit Plan Preparation and Monitoring |
| | | | | Land Release Fund (LRF) and Other Grants ANA High (Q4) | Financial Resilience ANA High (deferred to 2025-26) | Audit Committee Reporting |
| | | | Development Management Planning ANA High (deferred to 2025-26) | | External Audit liaison (information provision) | |
| | | | | | AGS (supporting information) | |
| | | | | Counter Fraud Liaison | | |
| Organisational Assurance | ICT ANA Critical – IT Service Review; Firewall; IT Asset Management (Follow Up); IT Change and Incident (Follow Up); IT User Management (Follow Up); ICT KFS (work ongoing); Patch Management (work ongoing); IT Risk Management (deferred to 2025-26) | | | | | |
| | Key Financial Systems (KFS) ANA High – Open Revs & Civica W2 System Admin; FIMS System Admin; Treasury Management; Group Company Loans; Payroll (Follow Up); Payroll Cloud Implementation; Income Collection; Creditors and POP (Follow up); Working Age Council Tax Support Scheme; Main Accounting System and Bank Rec; FIMS Upgrade; Housing Benefits (work ongoing); CTAX and NDR (work ongoing); Debtors (Q4); Asset Register (Q4) | | | | | |
| | Business Governance, Schools Assurance, Grant Certifications ANA High – Finance, Ethics and Probity Group; Information Governance Steering Group (work ongoing); Zero Emission Bus, Bus Subsidy, Local Transport Capital Block Funding, Adult Numeracy Programme Multiply, Schools Capital Allocations, Traffic Signal Green Light Fund, Local Growth Fund (EPIC), HB Subsidy (work ongoing); Schools audits | | | | | |

Assurance Mapping

Assurance Maps can be a valuable tool for organisations, aiding in monitoring and decision making and providing a source of reference for management at all levels on the overall health of the organisations control environment and in support of the Annual Governance Statement.

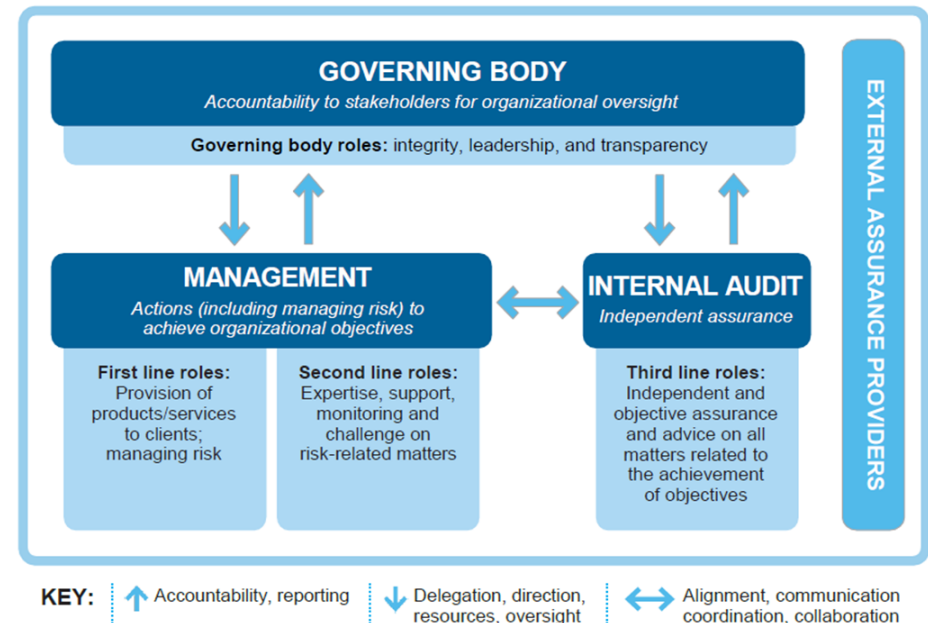
The Institute of Internal Auditors provides a summary of the benefits of Assurance Mapping:

- An assurance map brings an organisations risk appetite to life. At the same time as highlighting assurance gaps, it also shows where there is duplication or too much assurance. It is a simple way of aligning assurance resource, risk and internal control.
- It improves awareness of the control environment by looking across the organisation rather than at individual reports which can lead to siloed thinking.
- It drives positive behaviours by enabling robust discussions about risk, educating on the value of assurance and aiding collaboration between functions.
- Collectively, the assurance community of an organisation often has a more powerful voice when it works together; an assurance map is a practical platform benefiting all parties.

The Three Lines Model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. It can typically be used to indicate sources of assurance as well as strengths and weaknesses. The Assurance Map we have produced is based around the principles of the Model. The diagram is a typical representation of this model. Assurance mapping would typically form part of organisational governance arrangements and therefore sit within the Management section of the Three Lines Model.

We reported the outcomes of the 2023-24 Assurance Mapping process to Audit Committee on the 24 July 2024 [Agenda for Audit Committee on Wednesday, 24 July 2024, 2.00 pm](#). The Director of Corporate Services and the Director of Finance, agreed management actions as a result of the related Internal Audit report. It was agreed that:

- The report would be taken to Senior Leadership Team;
- SLT would determine a framework within which the assurance map would be maintained;
- Evolve the map to link with the Council's Risk Management framework.



Value Added

Internal audit activity adds value to the organisation and its stakeholders by:

- **Improving Efficiency and Effectiveness:** By evaluating the Council's operations and processes, internal audits identify areas where resources can be used more efficiently and effectively, leading to better service delivery.
- **Enhancing Risk Management:** Internal audits help identify and assess risks, providing recommendations to mitigate them. This proactive approach helps the Council avoid potential issues and ensures a more stable and secure operating environment.
- **Ensuring Compliance:** Internal audits supports the Councils adherence to relevant laws, regulations, and policies. This helps maintain legal and regulatory compliance, reducing the risk of penalties and enhancing the Council's reputation.
- **Promoting Accountability and Transparency:** By providing independent and objective assessments, internal audits promote accountability and transparency within the Council. This builds trust with stakeholders, including the public, and supports good governance practices.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported below:

Annual Follow Up Activity

We have completed follow up reviews to provide updated assurance to Officers and Members. This follow up activity is an opportunity to facilitate, review and expedite progress for individual audits, to inform Management of the current position and to integrate the outcomes into the organisation's strategic management arrangements.

We reviewed sixteen audits previously reported as Limited Assurance as shown on page 3. Of the sixteen reports, four have been uplifted to Reasonable Assurance.

Corporate Services and Financial Services

- Ongoing engagement in Business Improvement and Change programmes and projects.
 - Including examination and advice regarding the Council Redesign Services Review processes and supporting review templates.
- Payroll Cloud Implementation project.
- FIMS Upgrade project.
- Support to the IT Service review.
- Provision of Local Government articles and guidance.
- Attendance at and support to Finance, Ethics and Probity Group.
- Irregularity investigations.
- Attendance at and support to the Council's Information Governance Steering Group.
- Support to Subject Access Requests received by the Council.
- Support to Freedom of Information Requests received by the Council.
- Advice to the Council's Tax Compliance project group as required.
- ICT horizon scanning, including Cyber defences, Artificial Intelligence, and updates to National Cyber Security Centre (NCSC) guidance.
- Eight specific areas of advice as requested by Officers.
- Regular liaison with the Counter Fraud Officer.
- Engagement in the Payroll System implementation project.
- Resource for Counter Fraud investigation.

Pride in Place

- Support to the TDA onboarding project as required.

Children's Services

- Engagement in the Children's Services IT Systems Board.

Schools

- The SFVS Dedicated Schools Grant Chief Finance Office assurance statement submitted to the Department for Education.
- Ongoing delivery of the maintained schools plan.

Audit Coverage and performance against plan

This progress report compares the work carried out with the work that was planned through risk assessment and reported at Audit Committee in March 2024.

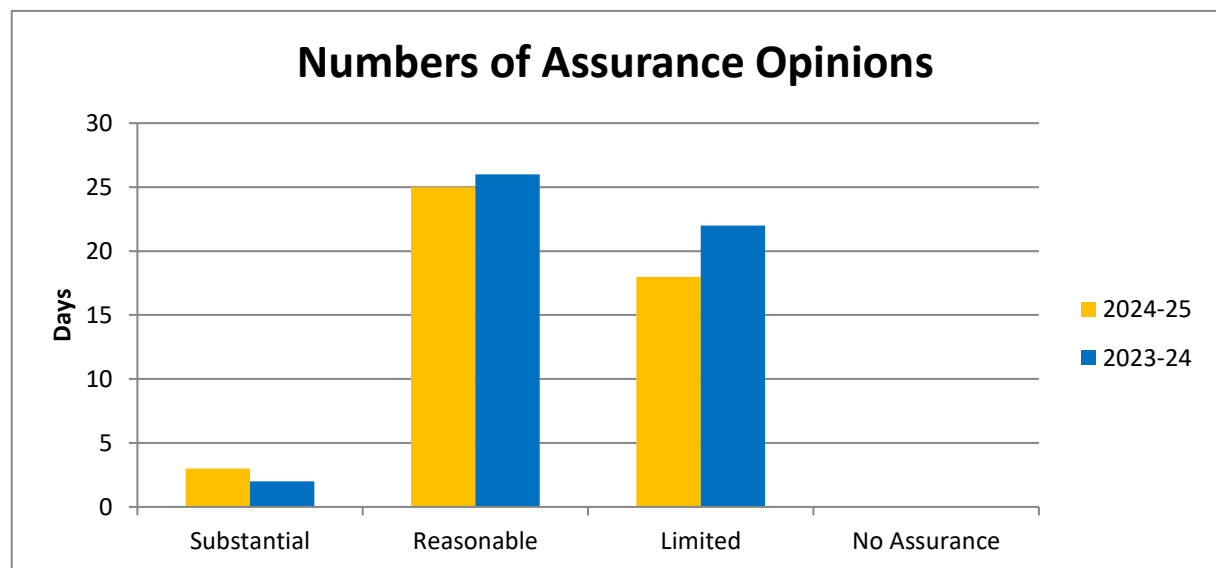
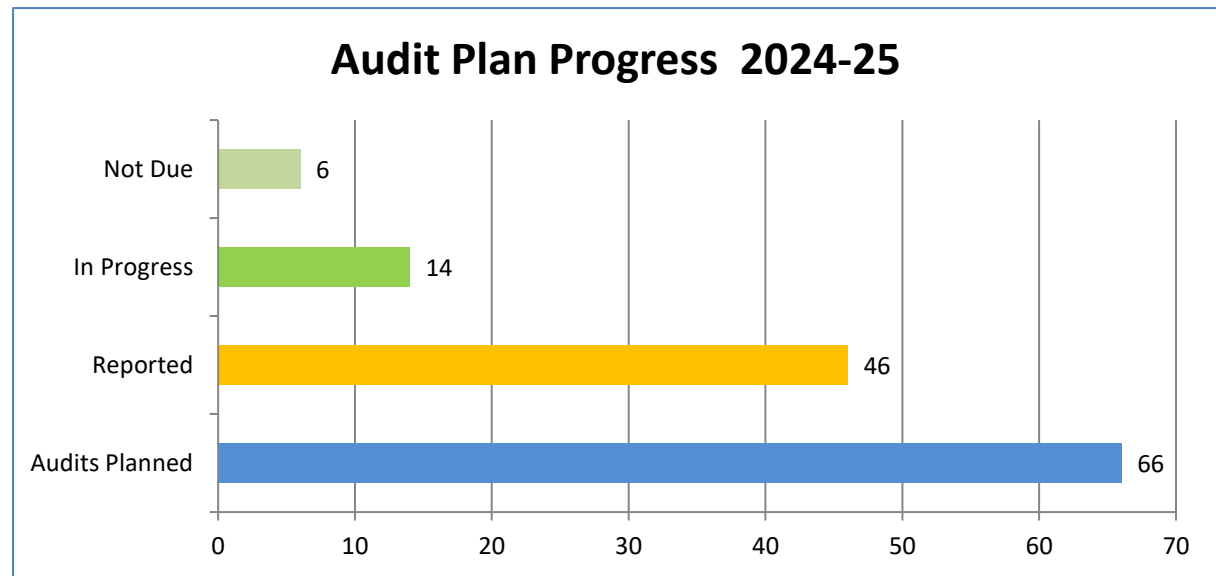
It presents a summary of the audit work undertaken, includes an interim opinion on the adequacy and effectiveness of the Authority’s internal control environment and summarises the performance of the Internal Audit function. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need, and
- a statement on the effectiveness of the system of internal control in meeting the Authority’s objectives.

The bar charts right show the status of audit progress against the plan and the numbers of assurance opinions to date compared with the previous year total. The charts demonstrate that progress is in line with expectations. There have been changes to the plan as shown on page 3.

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 has several benefits with ever changing priorities and related risks. We endeavour to ensure that sufficient coverage across the Authority is maintained to ensure that we can provide an assurance opinion.

This report provides a summary of the key issues reported and being addressed by management. Appendix 1 to this report provides a summary of the audits undertaken to date in 2024-25.



Irregularities Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice [Code of practice on managing the risk of fraud and corruption | CIPFA](#) states that "Leaders of public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management". The government has formed the Public Sector Fraud Authority and the Home Office have now produced the guidance on the new Criminal Offence of [Failure to Prevent Fraud](#). The offence will become live 9 months after the publication of the guidance on 6th August 2025. It is important that councils have effective measures to reduce the risk and impact of fraud. Management can refer any suspected issues to the Corporate Fraud Officer, Internal Audit or the Finance, Ethics & Probity (FEP) Group.

Devon Assurance Partnership (DAP) regularly liaise with the Corporate Counter Fraud Officer; the key outcomes of this role are the identification and investigation of external frauds and integration of fraud related aspects into our audit work. In relation to the Council's Counter Fraud investigations, DAP are providing operational counter fraud investigative resource to support capacity in the Council's Counter Fraud team. We have also supported the review of the Council's Whistleblowing Policy.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years. NFI activity on behalf of the Council is now undertaken by the Corporate Fraud Officer, with Internal Audit providing support in relation to Payroll matches.

We have continued to provide support to the Council's FEP Group; and undertake daily monitoring and management of the Council's Whistleblowing Inbox. We interrogate the Council's email archive system to support investigations, Freedom Of Information and Subject Access Requests.

Irregularities – During 2024/25 to date, Internal Audit have carried out or assisted in **11** new irregularity investigations. Analysis below:

| Issue Classification * | 2024/25 Number (part year) | 2023/24 Number (whole year) | 2022/23 Number (whole year) | 2021/22 Number (whole year) |
|-------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Poor Procedures | 2 | 4 | 11 | 2 |
| Employee / Member Conduct | 6 | 7 | 1 | 7 |
| Financial Irregularities | 1 | 0 | 0 | 2 |
| IT Misuse | 0 | 0 | 1 | 1 |
| Tenders & Contracts | 2 | 1 | 0 | 2 |
| Support to IG and HR Investigations | 0 | 1 | 2 | 4 |
| Total | 11 | 13 | 15 | 18 |

- * The 'Issue classification' title relates to the allegation made and may not be reflective of the investigation outcomes, which are summarised below:
- Support to IG and HR investigations - This work is limited to provision of emails from the archive solution, and we have no further involvement.
 - Poor Procedures – Of the two matters raised, both have been concluded and management are taking actions forward.
 - Employee / Member Conduct – Of the six matters, two were unsubstantiated, one was substantiated and action taken, and three are ongoing.
 - Financial Irregularities – this related to a historical matter that had been resolved at the time.
 - Tenders and Contracts – both investigations are currently ongoing.

Summary details as follows: - Some irregularity investigations are as a result of allegations made by whistle blowers. In addition, we have supported Information Governance and Human Resources with the provision of emails in relation to their investigations.

Freedom of Information / Subject Access Requests and Referrals made under the Unacceptable Behaviour Policy: -




We assisted with **three** requests under Freedom of Information and Data Protection requirements or the Unacceptable Behaviour Policy in 2024-25 to date.

Appendix 1 – Summary of ‘Limited Assurance’ audits for 2024/25 to date



Risk Assessment Key

- ANA - Audit Needs Assessment risk level as agreed with Client Management
- Client Request – audit at request of Client Senior Management




Direction of Travel Assurance Key




-  action plan agreed with client for delivery over appropriate timescales & is progressing.
-  action plan agreed and is being progressed though some actions are outside of agreed timescales or have stalled.
-  action plan not fully agreed, or we are aware progress has stalled or yet to start.
* report recently issued; assurance progress is of managers feedback at debrief meeting



CORPORATE SERVICES and FINANCIAL SERVICES

| Risk Area / Audit Entity / Assurance Opinion | Audit Report Executive Summary | Direction of Travel Assurance |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| ICT and Information Governance | | |
| IT Asset Management – Follow up (ANA – Critical) Status: Final Limited Assurance | <p>We acknowledge the work that’s ongoing regarding physical security; supplier accreditation checks being progressed within Procurement project work; and the software update required to address asset information issues identified. In terms of wildcat purchasing, we understand that none are known to have occurred and as such any progression of management actions will be dependent on the purchasing activity occurring. Risk related to the lack of single inventory of IT assets and lack of discovery tools have been accepted and as such the risks remain. As above, we note the additional advised data security measures in place regarding the lack of a software utility to physically wipe devices prior to disposal. Whilst we have not audited the advised measures to confirm adequacy in mitigating the risk, given the nature of them they are highly likely to be effective.</p> <p>Given the nature of the accepted risks and that work remains ongoing in some areas, the level of assurance remains as ‘Limited’.</p> |  |
| IT User Management – Follow up (ANA – Critical) Status: Final Limited Assurance | <p>Some progress has been made, in particular the quarterly review of domain admin accounts having been established; the further update to the Council’s System inventory; reinstating notifications to Managers regarding IG and DP training completion rates; improved identification of agency users; and some strengthening of the leaver process including provision of a Children’s Services agency report to IT.</p> <p>Although we note the progress, we understand that the IG and DP training completion rates have not yet seen an improvement and this will be subject to further review within the Council’s IG Steering Group. In addition, a key risk remains regarding Agency leavers, where, due to the use of BYOD (Bring Your Own Device), the weakness in the control framework (i.e., inconsistent notification to IT of agency leavers) increased the risk of agency leavers retaining 365 access to applications and data using their own devices after having left the Council. We note the ongoing investigation by IT into the technical feasibility of restricting access.</p> <p>We note and acknowledge progress made, however, a number of actions remain ongoing and the risk posed by Agency staff using their own devices remains. Until such time as the agency BYOD issue is resolved, the overall level of assurance remains as ‘Limited’.</p> |  |



CORPORATE SERVICES and FINANCIAL SERVICES

| Risk Area / Audit Entity / Assurance Opinion | Audit Report Executive Summary | Direction of Travel Assurance |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <p>Information Governance – Data Quality and Records Management (CCTV) - Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>Some progress has been made against the previously agreed management actions. Where actions were outstanding or remain ongoing we have agreed revised due dates for intended completion. Although progress is evident, given the residual risk remaining, the assurance opinion remains as Limited.</p> <p>From a wider Corporate IG perspective, progress includes policy and procedure review and update; inclusion of mandatory training within the IG Steering Group; and dedicated resource to support SAR process. The wider corporate IG actions that remain outstanding primarily relate to the data retention policy and schedule review and update, and review and update of the information asset register.</p> <p>The CCTV service have implemented stronger controls for internal sharing of CCTV data. The new CCTV and Security Manager was recently appointed, and has taken on responsibility for progressing the management actions specific to the CCTV service. It was pleasing to note that despite being new in post they had already undertaken some work to support IG compliance, including a review of physical access to the control room; and a review of i-learn training completed with intention to establish some protected time for staff to complete the training. The CCTV aspects of the retention schedule and information asset register will be progressed with the Head of IG.</p> |  |
| Key Financial Systems | | |
| <p>Group Company Loans (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>This years Treasury Management (TM) Audit included a follow up of last year’s review of the control framework relating to group company loans.</p> <p>We still have concerns in relation to group company and commercial loans made by the Council. Whilst there is an ‘advised’ process and governance framework in place, last year’s sample testing found that there were inconsistencies in information held, with no single location to evidence compliance or support the loan lifecycle. Without a documented and adhered to governance framework, the Council is open to financial and reputational risk. This year’s audit found that there has been little progress against recommendations made last year. A revised management action plan with new target dates has been agreed.</p> |  |
| Corporate Services | | |
| <p>Health and Safety – Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>It is pleasing to note the progress made since the original audit, and the ongoing work to ensure compliance with Corporate Health and Safety requirements. Some actions remain outstanding or ongoing, and in some cases the responsibility for these lies outside of Corporate Health and Safety. Progressing the remaining areas may benefit from greater SLT involvement especially where the required actions rest with other departments; these include compliance with DSE completion, personal safety training, departmental workplace self- assessments, contractor H&S compliance, and establishing responsibility for H&S in public places. Although we acknowledge the progress made by the Corporate Health and Safety team and the plans in place to complete some more actions by January 2025, due to the nature and risks in this area, the level of assurance remains as ‘Limited’.</p> |  |


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| Risk Area / Audit Entity / Assurance Opinion | Audit Report | Direction of Travel Assurance |
| | Executive Summary | |
| <p>Highways Commissioning (ANA – Medium)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>The Highways Services delivered by SWISCo are supported by the Commissioning Agreement and detailed service level agreements, with the Highways Management Services SLA being in draft at the time of our work. We have made a small number of recommendations to strengthen the agreements and the associated service specific performance monitoring framework. The level of assurance is primarily due to the lack of transparency in charging and the dual SWISCo and Council role performed by the Head of Service for Highways, resulting in a lack of segregation and independence.</p> <p>There remains a need to clearly evidence Council approval of the annual Commissioning fee payable to SWISCo and its break down between the service areas. Although costing and charging processes are established and supported by the Mayrise and FIMS systems, there are transparency issues in these processes linked to charging methodologies used, and compounded by the structure of Highways roles within both SWISCo and the Council.</p> |  |
| <p>SWISCo Commissioning – Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>It is pleasing to note that progress has been made, in particular we have been advised that an action tracker to support monthly monitoring of the SWISCo Strategic Work Programmes by the Lead Commissioner and SWISCo MD has been developed thereby providing records of the monthly meetings. In addition, we note the quarterly financial monitoring reviews, and the ongoing review of SLA service level standards including the key performance indicators, and the Commissioning Agreement, which we understand is due to be in place for April 2025.</p> <p>The first Lead Commissioner Performance report is due to be presented at the next Shareholder Panel due in February 2025. Progress has also been made in relation to the Commercial Services framework, in particular work request forms which include prompts to ensure value for money considerations are made and recorded, and work in this area remains ongoing.</p> <p>We have not been provided with evidence to support all aspects of progress, in addition to which a number of actions remain ongoing, albeit revised due dates have been agreed. Given the current status, the level of assurance remains as ‘Limited’.</p> |  |
| <p>Planning Enforcement (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>There is a published Enforcement Policy, but this is not supported by internal procedures to aid consistency in operational practice. We found that complaints were being logged and records supported the investigation and decision process. Performance management arrangements are insufficient and there is a growing backlog of cases that we were advised is due to capacity issues in the team and the number of complaints received annually (approximately 300). Only one third of the 2023-24 cases had been closed.</p> <p>Whilst investigation records were comprehensive, decisions recorded and notified to the complainant, there was no decision authorisation or quality assurance element in the process. Enforcement is included in the Council’s risk register, but the risk may not be specific enough to best support the service in mitigating their risks and is not routinely reported to Audit Committee as the score is below 16. Performance is not routinely reported to Overview and Scrutiny Board as part of the regular performance reporting framework.</p> <p>We note that the Overview and Scrutiny Board have received reports on the ‘Planning, Housing and Climate Emergency Service of the Future Project’ which includes Planning Enforcement.</p> |  |

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| Risk Area / Audit Entity / Assurance Opinion | Audit Report | Direction of Travel Assurance |
| | Executive Summary | |
| <p>S106 and CIL – Follow Up ((ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>Progress has been made, in particular the improved governance arrangements between Planning and Finance, with regular meetings scheduled at an operational level, and inclusion of the Council’s S151 Officer in CIL spend panel meetings. We have not been provided with any supporting information to evidence the governance improvements, and as such have not yet been able to determine how embedded those arrangements are. We understand that significant work has been ongoing to improve data accuracy, and work is ongoing in relation to the review of outcomes arising from the work commissioned from the Obligations Office. In terms of compliance with regulations, project ownership and monitoring, we understand a framework is in place and supported by the new governance arrangements with Financial Services and the new Infrastructure Programme Officer role. The CIL debt enforcement policy remains outstanding as does the publication of the CIL charges including indexation information and development of local operational procedures.</p> <p>Knowledge sharing and training remains ongoing to address the key reliance risks in relation to the S106 / CIL support and system administrator roles, although the supporting local system administrator procedures still require development to further strengthen operational resilience. From an IT system contractual perspective, we have been advised that regular account meetings are now held with the system supplier, although again, we have not received any supporting evidence and are therefore unable to determine how embedded and effective these meetings are in ongoing management of the service provided by the supplier. There has been confirmation of the suppliers disaster recovery procedures and outcomes from system penetration testing, which identified some low risk issues. System user management arrangements have been strengthened. The contractual issue does still require further clarification to ensure compliance with Procurement regulations.</p> <p>Whilst we acknowledge and confirm progress made in relation to some areas where supporting evidence has either been provided or obtained during the follow up, a majority of improvements and actions have not been supported by evidence during the follow up and as such, whilst it is pleasing to note the advised progress, we are unable to change the overall level of assurance, which remains as ‘Limited’.</p> <p>We acknowledge the report from the Divisional Director, Planning, Housing & Climate Emergency, that was presented to Audit Committee on 27th November 2024 and includes actions and related risks in terms of the ongoing work to address the matters highlighted in our original audit. The position outlined aligns with the findings in our follow up activity.</p> |  |
| <p>Harbour Income – Follow Up (ANA – Medium)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>We acknowledge that recent Management changes within Harbours has impacted progress against the previously agreed management actions.</p> <p>A majority remain outstanding and revised due dates have been agreed. Given the status, the original risks remain and the overall assurance opinion remains as ‘Limited’.</p> |  |

PRIDE IN PLACE

| Risk Area / Audit Entity / Assurance Opinion | Audit Report Executive Summary | Direction of Travel Assurance |
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| <p>Events – Follow up of Food and Music Festival Recommendations (ANA – Medium)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>We acknowledge the significant progress made by Commercial Services in developing and establishing a robust framework through the Transforming Procurement project to implement the Procurement Act 2023, due to come into effect in February 2025. New Contracts Procedures were approved by the Council on 22 February 2024 and the changes are being rolled out as part of the transforming procurement programme. There has been a Commercial Service restructure to further support the ongoing development. Commercial Services work remains ongoing, which when all fully embedded will provide a far more robust framework within which service area compliance with Procurement regulations can be managed and monitored.</p> <p>We note the strengthening of the financial checks processes, and a more robust waiver process supported by a weekly waiver meeting between Commercial Services and the Council’s S151 Officer. We also acknowledge the new 'start a procurement' form being introduced which instigates engagement with the Commercial Services team and captures advice on the advised route to market. We have made some further recommendations to support the ongoing development of the new procurement framework.</p> <p>Events team compliance with procurement processes has been problematic to discern given the unusual nature of the procurement activity related to the Food and Music Festival. We understand that Events usual procurement activity is engagement of various suppliers to support an event, rather than a single supplier to operate a single event. As such there is no current related Events procurement activity that would allow us to sample test to determine progress against all of the management actions arising from the original Food and Music Festival audit review. Therefore we have been unable to assess their compliance in a majority of areas and have had to record progress as ongoing. We noted a small number of areas of compliance in relation to recent events sampled, which demonstrated liaison with Commercial Services and use of the waiver process, however there are some aspects that could still be strengthened, such as retention of supporting records. We have given a Commercial Services assurance opinion of 'Reasonable Assurance' based upon the Procurement framework and the associated policies, procedures, guidance and records that have and continue to be established. Due to the above Events position, we have given Events an assurance opinion of 'Limited Assurance'.</p> |  |
| <p>Climate Change – Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>Improvements have been made in relation to the governance aspects of Climate change within the organisation, and the climate risk management framework including the ongoing development of risk assessment tools. We note the updates to service plans which now include clear reference to climate risks / considerations and associated responsibilities, and the ongoing work with service areas to undertake the reviews and identify risks for inclusion within the Council’s Corporate risk register. There is greater SLT engagement, with the risk framework having been presented, and priorities for ongoing service reviews established by SLT. A forum is in place within which best practice can be shared; and implementation of a process to identify any related grant funding.</p> <p>In terms of visibility and raising the climate profile within the organisation, staff communications have been issued and training remains ongoing, albeit the uptake has been limited.</p> <p>The Council’s climate risk appetite and risk profile requires definition and we understand there is work planned to complete this aligned with the ongoing service area reviews. There remains the need to effectively stress test climate risks across varying climate change scenarios.</p> <p>Whilst we acknowledge the progress being made, given that a large proportion of work remains ongoing, the level of assurance remains as Limited.</p> |  |


CHILDRENS SERVICES

| Risk Area / Audit Entity / Assurance Opinion | Audit Report | | Direction of Travel Assurance |
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| | Executive Summary | | |
| SEND (Special Educational Needs and Disabilities) (ANA – High) Status: Final Limited Assurance | <p>SEND Education, Health and Care (EHC) processes are critical in supporting children and young people with special educational needs. Within public sector, there is recognition of the major concerns regarding sufficiency of provision for SEN children and young people, and associated funding. A recent Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Local Authority Treasurers (ALATS) article stated that the nationwide SEND deficit currently exceeds £3 billion, projected to rise to £8 billion in 2026-27, presenting significant risks to Council's. There has therefore been a call on government to urgently reform the SEND funding system.</p> <p>Our audit reviewed the SEND project / improvement framework and sampled compliance with the EHC statutory assessment processes (including graduated response) and statutory timescales (excluding evaluation of outcomes for children and young people). A statutory assessment is a process where information is collected from families, child/ or young person and professionals (health and education) which allows the Council to gain a clear picture of the education, health and care needs of the child / or young person. An EHC needs assessment will not always lead to an Education, Health and Care Plan (EHCP). The Graduated Response is the process which must be carried out when there are concerns about a possible special educational need. If the full Graduated response process has been completed and there remain additional needs, then a Request for Statutory Assessment (RSA) may be made.</p> <p>In relation to the SEND project / improvement work, this is managed within a governance framework. We identified a number of areas where there was opportunity for improvement which will strengthen the project processes. These primarily focussed around the project aspects, including governance arrangements, decision making, scale of actions, and clarity regarding definition of ongoing project works. In relation to compliance with the EHC processes (excluding outcomes), our sample testing identified that whilst processes / steps were complied with and monitoring arrangements were in place, supported by an experienced team, compliance with statutory timescales was inconsistent. In addition, we noted that requests for statutory assessment are being made and subsequently refused as the graduated response processes have not been engaged with as they should be.</p> | |  |


ADULT AND COMMUNITY SERVICES

| Risk Area / Audit Entity / Assurance Opinion | Audit Report | | Direction of Travel Assurance |
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| | Executive Summary | | |
| Adult Services Client Debt – Follow Up (ANA – High) Status: Final Limited Assurance | <p>We acknowledge formal engagement of a Transformation partner in the ASC Transformation programme. We note that Transformation partner is reviewing the agreed management actions related to formal debt management arrangements and as such this work remains ongoing. We noted progress made in relation to finance reporting from the Trust, which includes ASC client income, aged debt and bad debt provision, which are reviewed with the Trust and Council Officers, and reported to the ASC performance committee. Given the progress made in relation to reporting, we have uplifted the assurance opinion for one risk area within the report, however, whilst action to progress the formal arrangement with the ICO is ongoing, the overall assurance opinion remains as Limited.</p> | |  |



ADULT AND COMMUNITY SERVICES

| Risk Area / Audit Entity / Assurance Opinion | Audit Report | Direction of Travel Assurance |
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| | Executive Summary | |
| <p>Service Delivery Interdependencies – Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>We understand that compilation of the framework to define interdependencies, review how they are managed across the organisation and monitor associated outcomes remains in progress, and that a supporting dependency tracker has been drafted. Once completed DOM will undertake periodic documented reviews, with the first session planned for Q3 2024.</p> <p>We have been further advised that the interdependency review of 2024-2025 service plans has been undertaken and some arising issues identified. We understand that these will form part of the items for consideration by DOM within the review process, with resultant outcomes being recorded within the dependency tracker once formally agreed and adopted.</p> <p>Whilst we recognise that progress has been and continues to be made, the overall assurance opinion remains as Limited due to the ongoing development of the dependency framework and supporting infrastructure.</p> |  |

Community and Customer Services

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| <p>Housing (Prevention Duty) (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>An up to date Housing Strategy is in place, which acknowledges the challenges faced by the Council regarding homelessness, and the need to engage early on with those threatened with homelessness. A Housing Needs Service Plan is also in place and contains prioritised actions that are themed to provide synergy with the Council's Corporate Plan. Actions in the Service Plan relating to prevention are '<i>To continue to develop our prevention offer and explore alternative sources of funding and support to enhance this</i>' and '<i>Review and or development of appropriate prevention policies/procedures with partners</i>', both with target dates during this financial year.</p> <p>Some additional policies and practices were in development at the time of the audit and will need to be finalised in order to ensure that the framework for service delivery including prevention is fully established. Staff have recently undertaken refresher training with Shelter that should help with maintaining competencies and awareness of legislative issues.</p> <p>We found that only circa 20% of all cases are handled at prevention activity stage and this information forms part of the highlight report to senior management. Addressing homelessness at the prevention stage is preferable to both service users and the Council where effective prevention reduces cost to the Council. We acknowledge that the Service Plan incorporates intended actions relating to prevention, and that the draft Homelessness and Rough Sleeping Strategy that was submitted to Cabinet on 11 July 2024 contains priorities starting with Increasing Early Help and Prevention. Additional revenue budget has also been allocated for 2024-25 with the proviso that this be used in part for prevention.</p> <p>Our sample of cases selected from the period April 2023 to May 2024 provided mixed results, with some having been progressed in a timely way and suitably evidenced, and other cases (approximately 50% of our sample) which appeared to have stalled, or where the quality and reliability of the case records were in need of improvement. We identified aspects of the system design which may be adding to inconsistencies in records maintenance. Whilst we understand that quality assurance has been recently introduced, our sample findings indicate that it is not yet effective, or sufficiency embedded.</p> <p>Monitoring and performance data are produced routinely, and this is reviewed by service managers as well as selected Senior Management Team members, including the Chief Executive. This helps to ensure that current issues and concerns are escalated up to the most senior levels for consideration and decision making.</p> |  |
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ADULT AND COMMUNITY SERVICES

| Risk Area / Audit Entity / Assurance Opinion | Audit Report Executive Summary | Direction of Travel Assurance |
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| <p>Cost of Temporary Accommodation – Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>It is pleasing to note that some progress has been made against the original agreed management actions particularly in relation to the FIMS structure for Housing Services.</p> <p>Work remains ongoing to address the other issues identified; this includes ongoing development of the PBI dashboard to allow live tracking and the bringing in of the separately tracked Children's Service spend; the planned ASC system migration due in 2025-26 to allow inclusion of ASC spend; and ongoing examination of options to establish a corporate assessment of spend on homelessness and the provision of accommodation across the organisation in a shared performance reporting indicator on SPAR.</p> |  |
| <p>Vulnerable Renters – Follow Up (ANA – High)</p> <p>Status: Final</p> <p>Limited Assurance</p> | <p>We have not received a full update on the original management actions, however we do note the management response provided when the original report was finalised which stated that the situation was unique at the time and that should one off funding be received in the future, the new detail code structure would be used.</p> <p>However, as we have not been provided with supporting evidence or a current status regarding any similar funding the level of assurance remains as 'Limited'.</p> |  |

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Assurance 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 March 2024. This is supported through external assessment of conformance with Public Sector Internal Audit Standards & Local Government Application Note.

The Institute of Internal Audit (IIA) are the key body involved in setting out the global standards for the profession which form the basis for the Public Sector Internal Audit Standards (PSIAS) and have been undergoing review and revision. The proposed new standards will take effect in the public sector in April 2025 and provide clarity and raise awareness of the audit committee's governance roles and responsibilities. [2024 Global Internal Audit Standards \(theiia.org\)](https://theiia.org)

Quality Assessment - the Head of Devon Assurance Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

External Assessment - The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An **external assessment** must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was recently conducted in 2024 by an IIA qualified ex Assistant Director of an Audit Partnership.

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP generally conforms* with the Standards and the Code of Ethics”*. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

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 are included in this development plan which is ongoing. Our development plan is regularly updated and links to our overall strategy, both of which are reported to the DAP Management Board and DAP Committee.

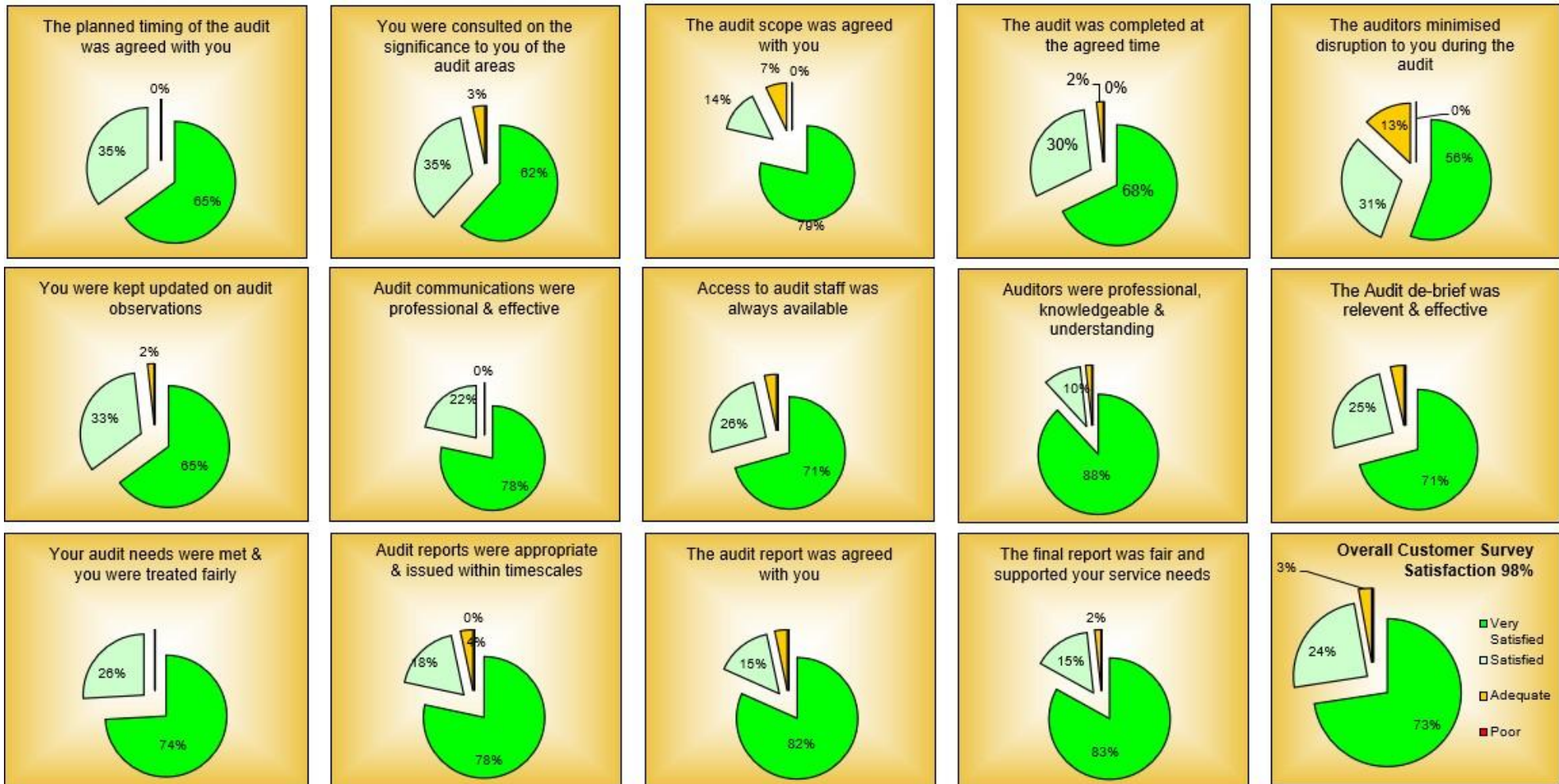
Customer Service Excellence (CSE)

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during 2024. This accreditation is a UK-wide quality mark which recognises organisations that prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

Appendix 3

Customer Survey Results April 2024 - December 2024



Appendix 4 – Audit Authority



Appendix 5 - Annual Governance Framework Assurance

The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

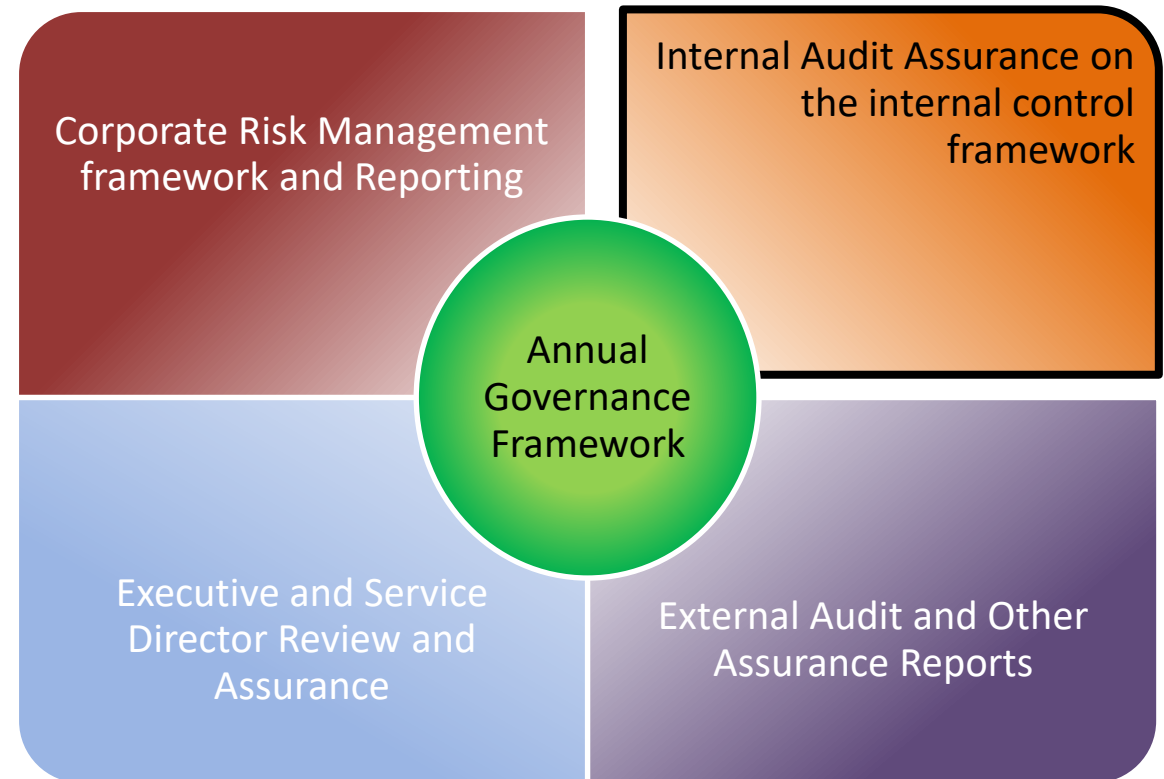
The Annual Governance Statement (AGS) provides assurance that

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit;
 - Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Framework, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 6 - Basis for Interim Opinion

The Chief Internal Auditor is required to provide the organisation with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council.

In giving our opinion, it should be noted that this assurance can never be absolute. The most that the Internal Audit service can do is to provide assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an interim opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria.

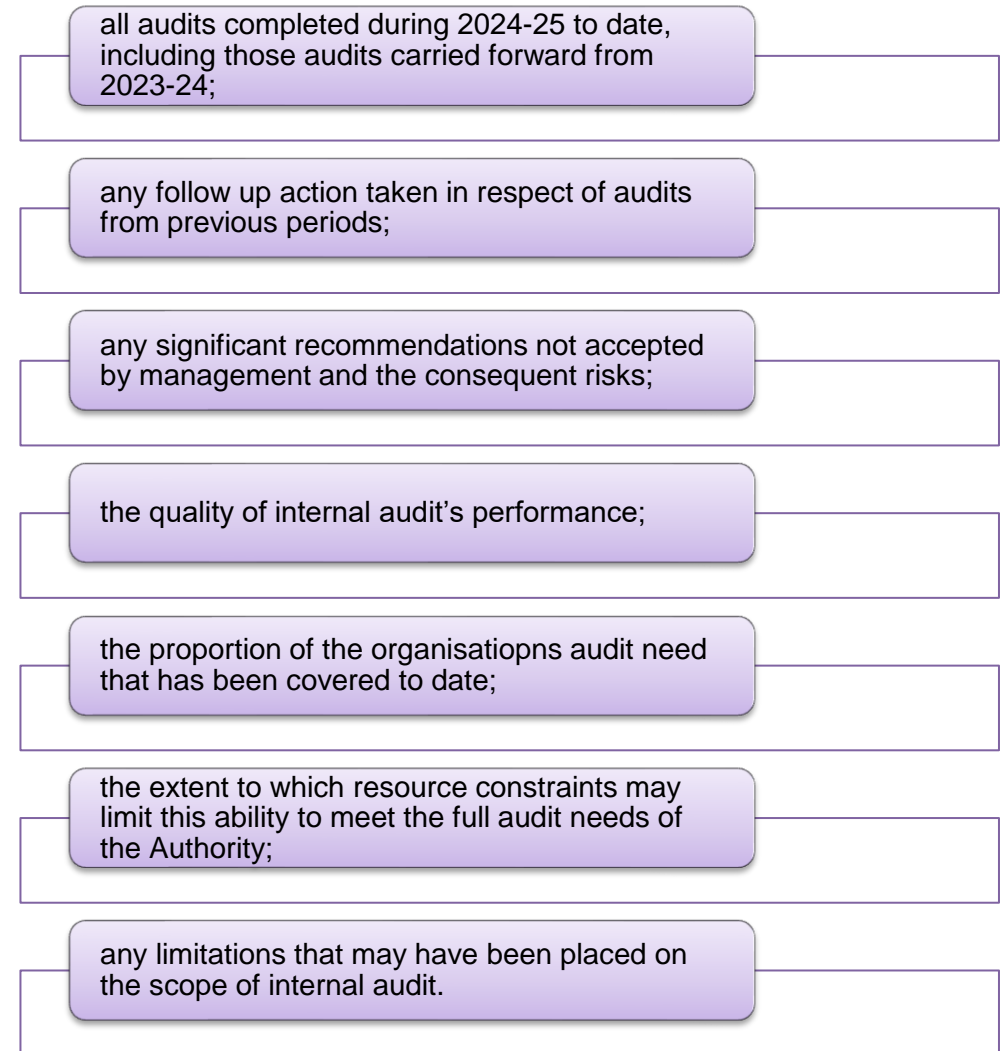
The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year to date. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of Internal Audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to the audit plan are shown on Page 6.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:



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Devon Assurance Partnership

The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services 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 National Protective Marking Scheme. 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.