

Internal Audit

Half Year Audit Report 2022-23

Torbay Council
Audit Committee

January 2023



Tony Rose
Head of Audit Partnership



Auditing for achievement

Introduction

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, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

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 audit system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2022/23 was presented and approved by the Audit Committee in March 2022. The following report and appendices set out the background to audit service provision; any updates to the agreed plan, a review of work undertaken to date in 2022/23 and provides our current opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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 in the first six months of the year that will help to inform that annual assurance opinion.

Expectations of the Audit Committee from this six-month progress report

Audit Committee members are requested to consider:

- the assurance statement 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;
- performance and customer satisfaction on audit delivery.

Tony Rose
Head of Devon Audit Partnership

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Opinion Statement

Overall, and based on work performed to date during 2022/23, our experience from previous years, and the outcome of the Annual Follow Up exercise as separately reported, the Head of Internal Audit's Opinion is one of 'Reasonable Assurance' on the adequacy and effectiveness of much of the Authority's internal control framework.

However, due to a lack of audit work in the first half of the year, we are unable to reconsider the assurance opinion for Children's Services. As such Children's Services (excluding Education) remains as 'Limited Assurance'. In the case of both the Public Health, and Adults Directorates, our assurance opinion is based on work undertaken in 2019/20 and prior years. Our audit planning process is risk based and as such our report will inevitably focus upon higher risk areas.

This opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 4. Assurance over arrangement for adult social care is mainly provided by colleagues at Audit South West, the Internal Audit provider for Health Services, who provides a separate letter of assurance (attached at Appendix 8).

The Authority's internal audit plan for 2022/23 includes specific assurance, risk, governance, and value-added reviews which, together with prior years audit work, provide a framework and background within which we can assess the Authority's control environment.

The reviews in 2022/23 to date have informed the Head of Internal Audit's Opinion. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement as part of the 2022/23 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 were reviewed by Internal Audit.

The Council's overall internal control framework is considered to have operated effectively during the year. Where internal audit work has highlighted instances of non or part compliance, none are understood to have had a material impact on the Authority's affairs. However, the opinion provided must be considered in light of the ongoing impact of the Council's recovery from Covid-19.

Covid-19 responses resulted in a significant level of challenge to the Council and new schemes have put pressure on the expected control environment. In respect of this report, it has not been possible to fully quantify the additional risk that may have arisen from such emergency and associated measures or fully determine the overall impact on the framework of governance, risk management and control.

Risk Management

We are aware that Risk Management continues to be developed within the Performance and Risk Framework (PRF) and that the strategic risks have been recently reset.

The audit of this area is planned for 2023-24 to allow for embedding of new practices. However, we maintain involvement through DAP's Risk Management arm when support is requested. PRF continues to be reported to Senior Leadership Team (SLT) and Audit Committee. Until fully embedded this area remains a risk. The ongoing Covid-19 response continues to present financial and service risks.

Governance Arrangements

Arrangements are generally reviewed within our Project Assurance provision. As described in the Business Case, there is opportunity to further broaden a formal Portfolio Management.

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.

Performance Management

As detailed under Risk Management, the Performance Framework remains subject to ongoing development, with monitoring arrangements continuing, and includes outcome mapping and business planning. Until embedded this area remains a risk.

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. Children's Services Sufficiency Strategy and Medium-Term Financial Plan (MTFP) are monitored by SLT.

Significant 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.	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.
Reasonable Assurance	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.	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 is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can.

We believe internal audit activity can add value to the organisation and its stakeholders by:

- providing objective and relevant assurance,
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Senior Management has found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

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

Corporate Services and Financial Services

- ongoing engagement in Business Improvement and Change programmes and projects. We also continue to provide relevant information and practices from Local Government articles and guidance;
- continued attendance at and support to the Council's Information Governance Steering Group
- support to the Council's Data Protection Officer in the provision of Freedom of Information (FOI) and Subject Access Request (SAR) data;
- advice prior to implementation in relation to the expected controls to support the Housing Support Fund scheme;
- identification of a significant overpayment of Housing Support Fund;
- completion of additional housing Benefits subsidy testing related to the prior year;
- ICT horizon scanning, including identification of available grant monies for Cyber defences; Cyber-attack simulation tools; and IE11 retirement considerations;
- Drafting of a Business Case to support a formal Portfolio Management role across the Council;
- Support to a Risk Management presentation and workshop with SLT and the Risk Manager.

Place

- annual Port Marine Safety Code compliance audit;
- in addition to the planned grant work, inclusion of the Local Growth Fund Grant (Torquay Gateway, EPIC and Torbay Business Centre) certifications;
- continued flexibility around completion of the prior year Grants - Home to school and College, Travel Demand Management and Bus Subsidy.

Children's Services

- ongoing engagement with the Liquid Logic project post go-live;
- quarterly certification of Troubled Families grants.

Covid-19 Response

- changes to the plan to accommodate grant certification

Schools

- The SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2021/22 was submitted to the Department for Education and work is underway to complete the statement for 2022/23.
- Several internal audit reviews have taken place in the autumn term 2022 to date and it is hoped to complete as many of the remaining planned audits as possible by the end of the audit year.

Progress Against Plan

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 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. It gives:

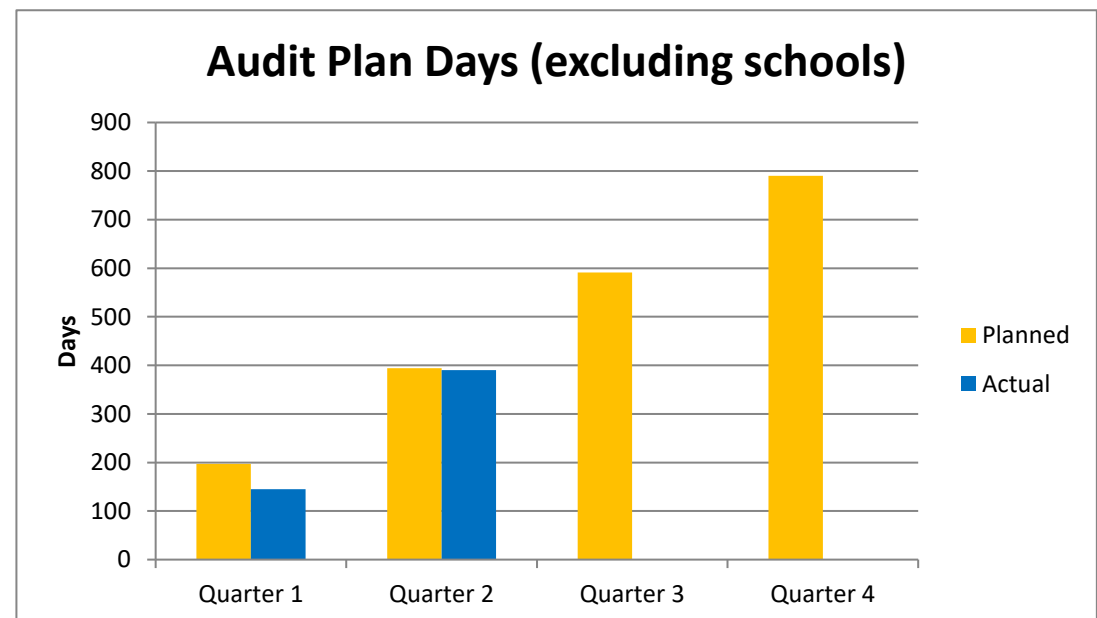
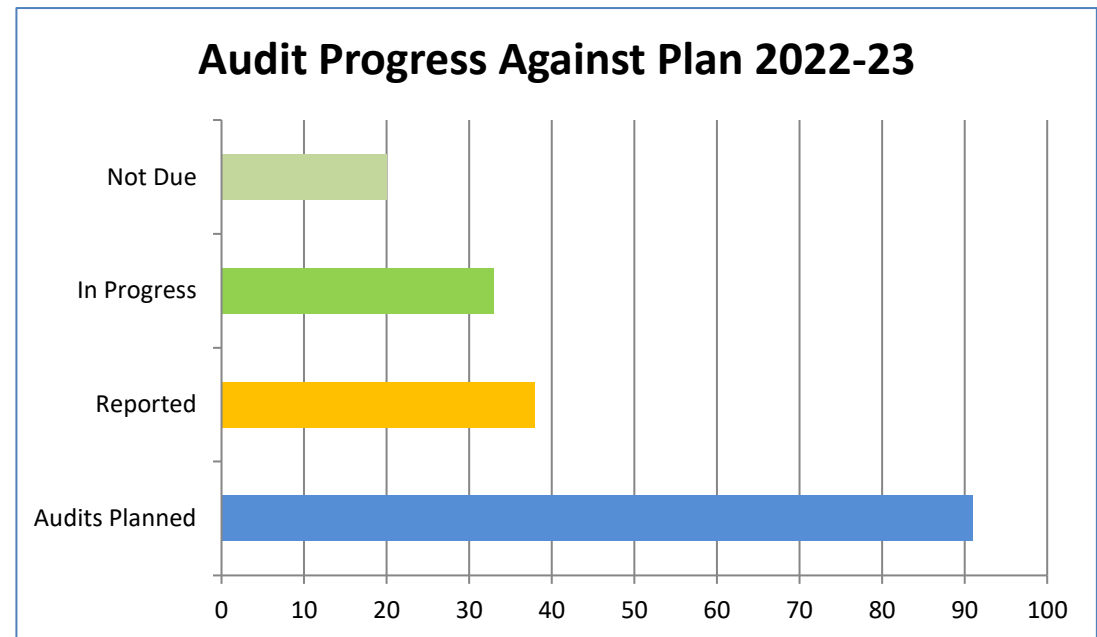
- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need,
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements, and
- a statement on the effectiveness of the system of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

There has remained a need to be agile in delivery as departmental capacity to support Audit activity continues to be affected by Covid-19 and other departmental higher priorities.

Some of our work supports projects and hence completion will be in accordance with project timescales.

The bar charts right show the status of audit progress against plan and audit days delivered against target planned.

The charts demonstrate that progress is largely in line with expectations, except in relation to completion of audit activity to report stage which has been impacted by departmental availability. For example, this is demonstrated in relation to Key Financial Systems, Covid-19 Response work and Grant Certification where prior year work is being reported in the current year.



Summary audit results

Place

As a result of our audit work completed so far during the 2022/23 year and in previous years, our opinion remains as one of '**Reasonable Assurance**'.

We have undertaken two audits in Tor Bay Harbour Authority with positive engagement and outcomes with further work ongoing in relation to ICT system administration at the harbour.

Whilst our assurance opinions remain as 'Limited Assurance' in relation to Public Toilets and Parking, it is pleasing to note the progression made.

The audits of Asset Management Strategy and Technology Forge System are ongoing, and further audits are planned in the second half of the year.

There are several Grant Certification audits where work is ongoing, but completion reliant on departmental capacity to support the work.

The Director of Place has overall responsibility for commissioning SWISCo services on behalf of Torbay Council. Key SWISCo Services functions and risks are audited by the Devon Audit Partnership, who provide an annual assurance report to the SWISCo Board.

Public Health

Based on areas audited in previous years, our opinion is one of '**Reasonable Assurance**' on the adequacy and effectiveness of the internal control framework.

Planned audit activity for this Directorate was deferred in relation to the 2021-22 year. As there was only one audit planned for the 2021-22 year and the 2020-21 audit deferred, our assurance opinion remains based on 2019-20 and prior year audit activity.

This deferred audit is now underway, and we will report our findings in the annual report including any update to our overall opinion for Public Health.

Corporate Services and Financial Services

As a result of our audit work completed so far during the 2022/23 year and in previous years, our opinion remains as one of '**Reasonable Assurance**'.

Based on indications from previous and on-going work, we can report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst some weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action.

Programmes and Projects within the Business Improvement and Change Portfolio continue to progress, supported by a dedicated team. Our Project Assurance role has identified some issues that have been accepted and taken forward, primarily Council Redesign and Children's Services Liquid Logic.

Within Council Redesign we are aware that each service area is being subject to process reviews, and we are currently awaiting formal engagement in relation to any potential changes to the control framework. Given the scale and complexity of the projects and associated workstreams, in our opinion the resource and associated capacity continues to present a significant risk to programme and project success.

We remain concerned regarding the Council's capacity within the IG Team to comply with the statutory deadlines associated with Freedom of Information and Subject Access Requests.

The same team manages Corporate Complaints and the audit identified that response times have declined further indicating capacity issues.

The public sector is facing significant risks in relation to malicious / cyber-attack events, and we have an audit planned in the second half of the year to examine this area along with other ICT and IG functions. We note that the Council has invested in CISSP (Certified Information Systems Security Professional) certification for the IT Networks Lead and are aware of the significant cyber defence work that is currently ongoing. We have undertaken a follow of our previous Cyber Governance work, the outcome of which is reported separately.

We note that the Service Level Agreement with the Coroner Service remains in draft many years after the combined coronial area was established.

Although formal audit of Performance and Risk Management has been deferred due to ongoing development, we have supported SLT and the Risk Manager in redefining the Council's strategic risks.

Children's Services

Our assurance opinion at the end of 2021/22 was one of '**Limited Assurance**' although we acknowledged a positive direction of travel as previously reported by Government appointed bodies for regulatory inspections as directed by the Education and Inspections Act 2006 legislation on behalf of the Secretary of State.

Whilst other higher priority activity within Children's Services has necessitated changes to the plan as detailed in Appendix 1, we have ongoing and planned work in the coming months to enable us to provide an updated assurance opinion at the end of the financial year.

We have undertaken a follow up exercise of two audits within Children's Services, the outcome of which are reported separately.

In addition, we have certified two troubled families claims.

The project to address post implementation issues regarding the new Liquid Logic system continues, effectively supported by Better Gov.

Covid-19 Response

Prior year audit reports have now been agreed and issued in final. This year's plan includes review of the Household Support Fund, Omicron Grants, CTAX Rebate and Covid Additional Relief Fund, and was extended to include certification of various Covid-19 related grants.

As detailed in Appendix 1, where our work is complete, individual assurance opinions were mainly 'Limited Assurance', and we have provided recommendations to support improvement and strengthening of the associated control frameworks going forward.

Adult Services including Community and Customer Services

The key Adult Services functions and risks are audited by the NHS Trust Provider, and wider assurance is provided by Health audit colleagues (Audit South West) who provide a separate letter of assurance.

Based on areas we audited in previous years, our opinion is one of '**Reasonable Assurance**' on the adequacy and effectiveness of the internal control framework.

All audits for this Directorate area were deferred in relation to the 2021-22 year, as was the case for 2020-21 year. As such our assurance opinion is based on 2019-20 and prior years.

These deferred audits are now underway or planned for the second half of the year, and we will report our findings in the annual report including any update to our overall opinion for Adult Services.

Schools

Arrangements are in place to carry out the outstanding audit reviews in this year's plan over the coming months.

The Schools Financial Value Standard is now an established tool for maintained schools and are required to annually submit their self-assessment to their local authority no later than 31st March. Schools are reminded of the need to complete an annual submission during audits and through other means of communication.

Irregularities Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Devon Audit Partnership (DAP) liaise with the Corporate Fraud Officer as required; the key outcomes of this role are the identification and investigation of external frauds.

Recent assessments state that there is an epidemic of fraud cases. Fraud now account for 40% of all crimes; it is anticipated that this will further increase by 25% in the coming years ([see Fraud and the Justice System](#)). The government has responded with formation of the Public Sector Fraud Authority. Given this landscape, it is important for councils to have effective measures to reduce the risk and impact of fraud. Management is aware that they can refer any suspected issues to the Corporate Fraud Officer, Internal Audit or the Finance, Ethics & Probity Group.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years. Most data matching for this involves the investigation of potential external fraud committed against the Authority, i.e., individuals or bodies external to the Council. NFI activity on behalf of the Council is now undertaken by the Corporate Fraud Officer.

DAP has continued to undertake daily monitoring and management the Council's Whistleblowing Inbox. We have provision to interrogate the Council's email archive system to support investigations, FOI's, and SAR's. Periodic fraud bulletins are also produced and published on DAP's website.

Irregularities – During the first six months of 2022/23, Internal Audit have carried out, or assisted in 6 new irregularity investigations. Analysis of the types of investigation and the number undertaken, and as compared with the total investigations for previous years shows the following:

Issue	22/23 Number Half Year	21/22 Number Whole Year	20/21 Number Whole Year	19/20 Number Whole Year
Poor Procedures	3	2	0	4
Employee / Member Conduct	0	7	9	9
Financial Irregularities	0	2	4	1
Misappropriation of Income	0	0	0	0
IT Misuse	1	1	0	0
Theft	0	0	0	0
Tenders & Contracts	0	2	2	1
Support to IG and HR Investigations	2	4	N/A	N/A
Total	6	18	15	15

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 have been asked to assist with two requests under Freedom of Information and Data Protection requirements or the Unacceptable Behaviour Policy during the first six months of 2022-23.

Appendix 1 – Summary of audit reports and findings for 2022/23

Risk Assessment Key

LARR – Local Authority Risk Register Score Impact x Likelihood = Total & Level


ANA - Audit Needs Assessment risk level as agreed with Client Senior


Management

Client Request – additional audit at request of Client Senior Management; no risk assessment information available

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	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Business Improvement and Change and Project Consultancy			
Business Improvement and Change Programme (ANA – Critical)	Status: Ongoing Added Value	<p>Our role remains one of primarily Project Assurance related to projects and programmes within the Business improvement and change portfolio of work. In addition, where required, we also continue to provide the Project Audit role, advising on control framework aspects of changes. The timing of our work is dependent on and linked to associated programme and project timescales.</p> <p>The project assurance role has primarily been provided through attendance at and participation at respective Board meetings and individual project assurance meetings with relevant Project Managers / Leads.</p> <p>Our focus continues to be in relation to two key Business Improvement and Change Programmes and Projects, as follows:</p> <ul style="list-style-type: none"> • Liquid Logic Post System Implementation – within the Children’s Services IT System Board; • Council Redesign Programme – attendance at and participation in Council Redesign Board along with the ongoing overview of sub-projects, including CRM and Open Portal. <p>Linked to these projects we have made recommendations around aspects such as project contingency, cost benefit analysis, evidenced decision making, procurement, and standard agenda items.</p> <p>As stated previously, our key concern remains as project capacity in relation to the ability of project teams to deliver outcomes in addition to maintaining business as usual in what continues to be challenging times. Following our previous recommendations regarding formal Portfolio Management, we provided operational support by drafting a Business Case to support a formal Portfolio Management role, that would provide a framework within which Council programme and project resource could be more effectively understood and managed.</p> <p>We continue to review information/articles from Local Government and other relevant publications identifying projects and programmes that may be of interest to Torbay Council.</p>	N/A




CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES			
Risk Area / Audit Entity		Audit Report	
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
ICT and IG Audit			
Information Governance Steering Group (including GDPR - trusted advisor) (ANA – High)	Status: Ongoing Added Value	<p>Due to capacity within the IG Team, formal steering group meetings have been limited, however where required we have continued to provide input to and active participation in the Council’s Information Governance Steering Group (IGSG). Part of our role continues to be horizon scanning for emerging issues that we share within the group or directly with specific departments. Recent examples include availability of Government grant monies for Cyber defences; retirement of Internet Explorer 11; and attack simulation tools to support user cyber-attack training and awareness.</p> <p>The group provides a framework around review of emerging information security matters and cyber risks. It was pleasing to note the Cyber briefing by the Head of ICT and the ongoing Cyber and related IT staff communication; and the ongoing development of Cyber defences utilising the Government grant monies.</p> <p>Concerns remain regarding the Information Governance Team’s capacity to comply with statutory timescales of Freedom of information requests and Subject Access Requests.</p>	N/A
<p>The following audit is currently in progress:</p> <ul style="list-style-type: none"> ICT KFS (including Continuity and Disaster Recovery arrangements for key systems) (ANA – High) 		<p>The following audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> Cyber Essentials (ANA – High) Change Management (ANA – High) Incident and Problem Management (ANA – High) Information Governance – Data Quality and Records Management (ANA – High) 	
Key Financial Systems 2021-22 completed in the 2022-23 year			
Treasury Management (ANA – Medium)	Status: Final Substantial Assurance	Assurance was reported in last year’s annual report; please refer to that report for details.	
IBS Open system Administration (follow up) (ANA – High)	Status: Final Reasonable Assurance	Assurance was reported in last year’s annual report; please refer to that report for details.	
General Ledger & Bank Reconciliation (follow up) (ANA – Medium)	Status: Final Reasonable Assurance	<p>Limited progress had been made this year in relation to implementing prior year recommendations, so the majority still stand. We note that this includes two areas where management have accepted the risk, and this has been the case for a number of years.</p> <p>In terms of system changes, for some areas we have been informed that there were no such changes, so further work was not required. For others, we have been unable to obtain a response to our request for information, so cannot provide any up-to-date information or related assurance in this regard.</p>	





CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES			
Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Creditors & POP (ANA – High)	Status: Final Reasonable Assurance	<p>This year’s audit has followed a sample testing approach, and issues were identified in relation to most areas within the creditors system. We note however that none of the issues are significant enough to warrant a change in this year’s opinion statement, which remains as ‘Reasonable Assurance’.</p> <p>In some instances, the issues raised were simply due to not being able to obtain sufficient evidence to be able to provide assurance that the control environment normally in place had been operating throughout the year, rather than having found evidence that procedures were not being followed.</p> <p>As in previous years, our main concern is in relation to the authorisation process for manual payments, whereby only payments over £5k are checked for appropriate authorisation before being processed. We understand a number of system-based solutions are available to mitigate this risk, but that delays caused by Covid-19 have prevented resolution as yet.</p>	
Payroll (ANA – High)	Status: Final Reasonable Assurance	<p>This year’s audit has followed a walkthrough approach and we can confirm that in most areas, there is still a robust control environment in place. We have, however been unable to obtain information in relation to parameter changes, so cannot provide assurance that these were checked and reviewed before being implemented.</p> <p>A number of small issues were found in relation to the appropriateness of some amendments that are being made to the system, for example an authoriser entering data incorrectly, an inappropriate amendment being authorised, and a temporary amendment not being reviewed in terms of its ongoing appropriateness.</p> <p>In addition, we have been unable to establish whether progress has been made in terms of implementing prior year recommendations. A number of these have been outstanding for a few years now, so it would be good to see these implemented soon.</p>	
Debtors and Corporate Debt (ANA – High)	Status: Final Limited Assurance	<p>As has been the case over the last few years, there has been little progress in terms of implementing prior year recommendations. With the impact of Covid-19 now lessening, it would be good to see some of these long-standing issues resolved, particularly in relation to the monitoring and reporting of debt at an overall level.</p> <p>Other issues are mainly prevalent in relation to Corporate Debt, and we understand that current staff pressures are preventing improvements from being made in this area. Specific risks remain in terms of monitoring recovery suppression and adherence to special payment arrangements.</p> <p>We also found issues in relation to monitoring performance of external debt collectors, and in relation to write-offs and the adherence to Financial Regulations. These were equally applicable to both Sundry and Corporate Debt.</p>	



CORPORATE SERVICES and FINANCIAL SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
Income Collection (ANA – Medium)	Status: Final Reasonable Assurance	This year’s sample testing audit found that, in the main, the controls in place across the Department to ensure significant risks are mitigated, have been operating throughout the year. Access to the system is not so well controlled, and we have raised a number of issues in relation to both new, and current users, including the wide-ranging access of a number of officers who have both system administration and operational access. Although common in many small departments due to operational necessity, these officers include IT support staff, who are unlikely to require operational access.	
Benefits and Council Tax Support Scheme (follow up) (ANA – High)	Status: Final Reasonable Assurance	2019-20 Follow Up We are pleased to report that the majority of recommendations made have now been implemented. Where these remain outstanding, either alternative solutions have been devised, or management continue to accept the related risk. We note that the majority of recommendations relate to improving the quality and accuracy of self-employed earnings assessments. Since the audit was undertaken two years of subsidy testing has taken place, and it is pleasing to note that no additional issues in relation to the assessment of self-employed earnings have been identified. Although our overall opinion remains ‘Reasonable Assurance’, we have updated our level of assurance in relation to risk 1 from ‘Improvements Required’ to ‘Reasonable Assurance’. 2020-21 Follow Up We are pleased to report that action is being taken to address the issues identified within last year’s report. Additional training has been undertaken in relation to overpayment classification, and there is evidence of additional QC checking taking place. Despite the progress made, we are unable to revise our overall opinion due to the very limited scope of the original audit and therefore the follow up, as this would not be indicative of the Department as a whole. Additional earnings training was undertaken in February 2021 following the outcome of the 2019-20 subsidy testing. Although more recent training has not been undertaken in this area, we note that the results of the 2020-21 subsidy audit have yet to be finalised. We will follow this up as part of the 2022-23 benefits audit	
Council Tax and National Non – Domestic Rates (ANA – Medium)	Status: Final Limited Assurance	The teams have faced increased pressures and workloads due to Covid-19 and have needed to adapt working practices to ensure a continuation of service whilst also processing various Covid related grants and discounts. These additional pressures are likely to be a contributing factor that have prevented the implementation of some outstanding audit recommendations. There remains therefore several areas where further improvements are required, examples being: <ul style="list-style-type: none"> • Update and review of procedures; • Development and implementation of performance indicators; • Management information demonstrating review of discount/relief reviews; • Ensuring 'stop recovery' is time limited; • Review and clearance of accounts in credit; • Independent checks of refunds, including bank account details. 	



CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES			
Risk Area / Audit Entity		Audit Report	
		Assurance opinion	Residual Risk / Audit Comment
Key Financial Systems 2022-23			
FIMS Sys Admin (follow up audit) (ANA – High)	Status: Final Reasonable Assurance	Limited progress had been made this year in relation to implementing the very few prior year recommendations, so the majority still stand. We note that this includes one area where management have accepted the risk, and this has been the case for a number of years. In terms of system changes, we have been informed that there were no such changes, so further work was not required.	
Asset Register (follow up audit) (ANA – Medium)	Status: Final Substantial Assurance	It is pleasing to report that the three recommendations made last year have now been fully implemented, and we have made no further recommendations. We understand that there have been no changes to the systems and working practices since the last audit except in response to audit recommendations, and the implementation of a new RAM reporting tool. We understand that the new reporting tool does the same functions as the previous reporting tool; we will examine this in more detail as required in the 2023-24 audit.	
Treasury Management (follow up audit) (ANA – Medium)	Status: Final Substantial Assurance	Limited progress had been made this year in relation to implementing the few prior year recommendations, so the majority still stand. We note that this includes one area where management have accepted the risk, and this has been the case for a number of years, another area which is not yet due to be implemented and an opportunity recommendation. The remaining recommendations are largely in progress. In terms of system changes, we have been informed that there were no such changes, so further work was not required.	
Housing Benefits Subsidy (additional testing for the prior year subsidy claim) (ANA – Client Request)	Status: Complete Added Value	Testing comprised a review of a sample of forty overpayments from cell 114 (eligible overpayments). Of those sampled three were deemed to be 'fails'. In one instance this was due to the overpayment having been incorrectly classified. In two instances this was due to the benefit calculation having been revised incorrectly. We note that in these two instances, our findings were in dispute at the time they were passed over to Grant Thornton, however we have not yet received feedback on whether the dispute was upheld.	N/A
The following audits are currently in progress:		The following audits are not due to commence until the second half of the year:	
<ul style="list-style-type: none"> • IBS Sys Admin (ANA – High) • Council Tax and Non-Domestic Rates (ANA – Medium) • Benefits and CTAX Support Scheme (ANA – High) • Housing Benefits Subsidy (current year claim) (ANA – Client Request) 		<ul style="list-style-type: none"> • Payroll (ANA – High) • Income Collection (follow up audit) (ANA – Medium) • Debtors and Corporate Debt (ANA – High) • Creditors & Electronic Ordering (POP) (ANA – High) • General Ledger (Main Accounting System) and Bank Reconciliation (ANA – Medium) 	
Other			
Apprenticeship Levy (ANA – client request)	Status: Final Limited Assurance	Assurance was reported in last year's annual report; please refer to that report for details.	

CORPORATE SERVICES and FINANCIAL SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Corporate Complaint System (ANA – Medium)	Status: Final Reasonable Assurance	<p>Corporate Complaints is supported through local procedures which are managed by the Information Governance Team. Our review process focused on compliance with these local procedures, guidance from the Local Government and Social Care Ombudsman and how the Corporate Complaints system is configured to support Torbay Council's handling of complaints.</p> <p>Based on the quarter 4 performance report published to the audit committee on the 11th of May 2022 the number of complaints received in the last financial year has increased with only 49% being dealt with within the timescale. From our sample, all complaints had the supporting evidence which demonstrated compliance with the complaints procedure's initial assessment and investigation. There is, however, a downward trend in respect to response times exceeding 20 working days or 30 working days where an extension was permitted. We also noted an increase in cases being referred to the Ombudsman and an increase in cases being upheld by the Ombudsman. We have made some recommendations to strengthen the procedures surrounding the corporate complaints system and to support improvement in performance.</p> <p>We are confident that Torbay Council have an effective IT system in place to deliver Corporate Complaints. iCasework is linked to active directory along with user access requests managed by the Information Governance team, as such we are confident unauthorised access to the system is a relatively low risk. We have identified some areas which require further input with a focus on system administration procedures to include user access, leavers processes, training, and data protection.</p>	
Coroner (agreement monitoring) (ANA-Medium)	Status: Draft Limited Assurance	<p>We understand that both the Coroners Service and NHS support services have experienced a significant impact as a result of the pandemic and as such progression and finalisation of the draft SLA for the combined coronial area is yet to be fully agreed and signed by all parties. We have been advised that parties are working to the spirit of the SLA, however given the nature of the service and the associated charging mechanisms in place, it is vital that the draft SLA and any supporting contracts are reviewed, updated, and agreed by all parties.</p> <p>Included within the draft SLA is the associated charging schedule, however, although invoicing and payments are up to date, the charging is one aspect of the draft SLA that requires agreement. Our findings would support the need for further clarity and additional charging aspects being included in the SLA to ensure all charges applied by Plymouth City Council and the method by which they apply them are clear, fair, and accurate</p>	
The following audits are currently in progress: <ul style="list-style-type: none"> • Legal Services (cross Council use of Legal Advice) (ANA – Medium) 		The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"> • Capital Programme (focussed on Town Deal and Future High Streets) (ANA – Medium) • Risk Management - Assurance Mapping (ANA – Medium) Consultancy 	

COVID-19 RESPONSE




Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
<p>Business Grants - Post Award Assurance</p> <p>Discretionary Business Grants - Post Award Assurance</p> <p>Local Additional Restrictions Support Grants</p> <p>Local Restrictions Support Grants (Closed) and Closed Business Lockdown Payments</p> <p>Local Restrictions Support Grants (Open)</p> <p>Local Restrictions Support Grants (Sector)</p> <p>Christmas Support Payments for Wet led Pubs</p> <p>Business Restart Grants</p>	<p>Status: Final</p> <p>Limited Assurance</p>	<p>Assurance was reported in last year's annual report; please refer to that report for full summaries of findings for individual audits.</p> <p>For information, in response to COVID-19, the Government provided support for businesses who suffered financial hardship due to local and national restrictions. There were several schemes under which grants were being made available to such businesses, depending on the specific restrictions that were in place over certain time periods</p> <p>The audits of the Covid-19 Response grant schemes were at client request to address the associated emerging risks with the audit plan being revised in-year to accommodate this requirement which spanned the 2020-21 and 2021-22 years.</p> <p>Management action plans are in place to address the findings and recommendations made in relation to specific claims and where lessons can be learnt for any future similar schemes. We note that reporting to government was addressed post the audits due to delays in receipt of templates from the government.</p> <p>We acknowledge the impact of the number of schemes, the speed of implementation required by the government, delays in scheme information from the government, the volume of applications and the known capacity issues on the Council's ability to implement and operate the required framework in addition to business as usual and during the pandemic.</p> <p>We raised issues with the design of the processing frameworks established in relation to the control environment and consistency with the government scheme requirements. These concerns have been noted by management and will be considered for any future similar grant schemes.</p> <p>Whilst we recognise the impacts on the service areas in implementing and operating these grants, the outcomes of our audits resulted in Limited Assurance being provided. This is primarily due to various factors, including inconsistencies in application assessment and awards; quality, accuracy, and availability of supporting evidence; instances of potential duplicate payments, albeit that this issue was not across all schemes.</p>	
<p>Household Support Fund (ANA – High, Client Request)</p>	<p>Status: Final</p> <p>Limited Assurance</p>	<p>The audit identified many lessons to be learnt from the first schemes (October 2021 to September 2022) that are applicable to the new scheme effective October 2022.</p> <p>In our opinion the scheme design would have provided a more robust framework and subsequently reduced the risk of the issues and errors had the pre scheme advice and recommendations from Internal Audit been implemented. However, this does not negate the impact of the advised capacity issues, scheme timing requirements, and volume of applications on the Council's ability to fully implement and operate the required framework.</p>	

COVID-19 RESPONSE

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>We identified a number of issues, notably a significant overpayment to one applicant, and a lack of service agreements for third party processing of funds, particularly the Citizen Advice Bureau. This has led to the need for discussions between the Council and the Citizens Advice Bureau in relation to the return of monies, identified during the Audit.</p> <p>Whilst we were aware of the process for Pensioner Credit applications and the introduction of a QC process, due to the timing of these being taken forward i.e., August 2022, they were not examined within this audit. We did however note a potential risk in relation to Pensioner Credit applications in that reliance was placed on provision of a listing from DWP which was a point in time listing and therefore could have been subject to change through the timing of the scheme.</p>	
Covid-19 Response Grant Certification			
Test and Trace Contain Outbreak Management Fund Surge Funding x 3	Status: Complete	No issues identified	N/A
Practical Support for Self-Isolation x 4	Status: Complete	An initial review found that the grant had not been spent so will be returned to the Department for Health and Social Care	N/A
Test & Trace Support Payments Scheme 2020-21	Status: Complete	No issues identified	N/A
Test & Trace Support Payments Scheme 2021-22	Status: Complete	No issues identified	N/A
The following audits are currently in progress: <ul style="list-style-type: none"> • Omicron Grants (ANA – High, Client Request) • CTAX rebate (ANA – High, Client Request) • Covid Additional Relief Fund (ANA – High, Client Request) 			


CROSS DIRECTORATE

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audit is currently in progress: <ul style="list-style-type: none"> • Service Delivery Interdependencies and related Improvement Plans (Adult Services, Children's Services and Public Health) (ANA – High, Client request) 			

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Tor Bay Harbour Authority – Mooring System (contract management) (ANA - Medium)	Status: Final Reasonable Assurance	<p>We evaluated the ongoing management of the Tor Bay Harbours contract for the provision of Inspection and Maintenance of Brixham Harbour Moorings. We found that contract monitoring is being undertaken, the processes for which are considered reasonably robust. There are opportunities to further strengthen the contract monitoring processes through identification and ongoing monitoring of associated performance indicators.</p> <p>In relation to value for money, the charging aspect of the contract is closely monitored, and we understand that upon contract end date, Tor Bay Harbours are considering undertaking a tender exercise to ensure value for money is maintained.</p> <p>Within the current contract charges, we identified an instance where the overall annual charge may potentially exceed the agreed contract charges. We understand this is related to a supplier issue and increased cost of parts. Whilst the contract supplier has indicated that they would endeavour to ensure charges remain within the agreed contract, this is outside of the contract terms. We have therefore recommended that Procurement advice is sought to determine whether a contract variation may be required.</p>	
Port Marine Safety Code (ANA-Medium)	Status: Final Compliant	<p>We have undertaken a follow up of the previous findings and recommendations made in relation to 2021 and undertaken a current assessment of Tor Bay Harbour Authority against the requirements of the Port Marine Safety Code. We have examined a restricted sample of records relating to both previous recommendations made and current practices in relation to the Tor Bay Harbour Authority and its compliance with the requirements of the Code and obtained such explanations and carried out such tests as we consider necessary to confirm Management have actioned previous recommendations and remain compliant with the Code.</p> <p>To the best of our knowledge and belief, having carried out appropriate checks within the remit of both the follow up and annual compliance exercise and considered responses provided to us by relevant Harbour staff, in our opinion Tor Bay Harbour Authority remains compliant with the Port Marine Safety Code.</p>	
Parking (ANA-Medium)	Status: Draft Limited Assurance	<p>Although there is a Parking Strategy in place, it is dated 2016-21 and has not been reviewed since it was implemented in 2016.</p> <p>It is pleasing to see that many of the recommendations from the previous audit have been implemented and testing has now been able to take place due to reports being produced from the Taranto system. However, there are still a number of issues that were identified this year, hence the opinion still being one of 'limited assurance'.</p> <p>Parking charges are reviewed annually by the Council as part of the budget. In April 2022, an amendment was made to the approved charges, however the proper procedures, as required by the Authority's Financial Regulations were not followed. In addition, for some zones, the published charges are not in line with the approval document as we understand the document was inaccurate when approved.</p>	

PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>As of 31st March 2022 the level of debts in relation to PCNs had increased significantly on the previous year. It is understood that this figure includes cases that have been returned from the bailiffs as unrecoverable and need to be written off, however staffing issues have meant these write-offs have been unable to take place.</p> <p>Management have advised that areas of weakness identified should in part be attributed to insufficient capacity in the team which we are advised is an ongoing issue.</p>	
Public Toilets (contract monitoring) (ANA – Low, client request)	Status: Draft Limited Assurance	<p>There has been progress against the previous audit agreed actions, with one action currently outstanding in relation to a discrepancy between the supplier's system (MOXI) and the Council's finance system (FIMS). The contract clearly defines the required aspects of the Public Toilet provision, however there are some areas where this could be strengthened, for example the requirement for further contract variations where additional requirements have been added.</p> <p>Due to an advised capacity and staff availability issue at SWISCo, the provision of supporting evidence has been limited and as such, whilst we have been able to provide some aspects of assurance in relation to the contract content itself, we have been very limited in relation to being able to provide assurance regarding the practical operational contract management processes operated by SWISCo, and as such, are unable to fully confirm the suppliers compliance with the contract. We have made a number of recommendations requiring SWISCo to provide the Council with assurance that the required contract management processes are being effectively operated and that the supplier is compliant with contract terms.</p>	A
<p>The following audits are currently in progress:</p> <ul style="list-style-type: none"> • Tor Bay Harbour Authority (ANA – Medium) • Asset Management Strategy / Plan (ANA – High) • Technology Forge system review (ANA – Medium) <p>The following audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> • Housing Companies (client role / management) (ANA – High) • SWISCo (client role / management) (ANA – High) • Climate Change (ANA – High) 		<p>The following grant certification audits are currently in progress:</p> <ul style="list-style-type: none"> • Grant - Bus Subsidy x 2 (2020-21 and 2021-22) • Grant – Home to School and College • Grant – Travel Demand Management • Grant – Local Transport Capital Block Funding • Grant – Local Growth Fund (Torquay Gateway) • Grant – Local Growth Fund (EPIC) • Grant – Local Growth Fund (Torbay Business Centre) <p>The following grant certification audits are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> • Grant – Local Growth Fund (Claylands) 	

CHILDREN'S SERVICES

CHILDREN'S SERVICES			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Virtual School – Personal Education Plan (ANA – Medium)	Status: Draft Limited Assurance	Assurance was reported in last year's annual report; please refer to that report for details.	
Children's Services Grant Certification			
Troubled Families Grant Claims x 2	Status: Complete	One family on each claim was removed as found to be ineligible. However, these were replaced with new cases, so the amount claimed in each instance did not change.	N/A
<p>The following audits / grant certifications are currently in progress:</p> <ul style="list-style-type: none"> • Child Protection Processes and Planning Conference (ANA – High) • Commissioning & Performance Management (direct contract management – Young Devon Contract) (ANA – Medium) • Recruitment, Retention and Learning Academy • School Condition Allocations Grant • Basic Need Funding Grant <p>The following audits / grant certifications are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> • Quality Assurance and Audit Frameworks (ANA – High) • Troubled Families Grant Claims (Quarters 3 and 4) 		<p>The following audits have been deferred / cancelled due to the impact of other priorities on the service or due to alternative oversight arrangements:</p> <ul style="list-style-type: none"> • Fostering and connected carers (ANA – Medium) • Sufficiency Strategy Progress (ANA – High) • Higher Needs / SEND Block Progress (ANA – High) 	
Schools Financial Value Standards (SFVS)	Reasonable Assurance	The SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 21/22 was submitted to the Department for Education. Work is already underway to collate the 2022/23 returns received from schools, the results of which will appear in the latest CFO assurance statement that has to be submitted to DfE by 31 st May 2022.	N/A
Maintained Schools audit programme	Not Applicable	Following the impacts of Covid-19, plans are in place to complete the necessary reviews by the end of the Spring term 2023 so that the audit cycle is back on track.	N/A
Maintained Schools Summary Data			
Whilst no school visits have taken place during this time, the reviews are planned for completion by the end of the Spring term 2023, enabling us to provide a summary in the annual audit monitoring report.			N/A

ADULT SERVICES INCLUDING COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Audit Report				
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance		
The following audits are currently in progress: <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Adult Services <ul style="list-style-type: none"> Adult Social Care Precept Use (Control of Procurement and Spend) (ANA – High) Adult Social Care Client Debt (Monitoring of commissioned function) (ANA – High) </td> <td style="width: 50%; vertical-align: top;"> Community and Customer Services <ul style="list-style-type: none"> Vulnerable Renters (use of Homelessness Prevention grant and other grants) (ANA – High) Housing Options (focussed on Temporary Accommodation) (ANA – High) </td> </tr> </table>				Adult Services <ul style="list-style-type: none"> Adult Social Care Precept Use (Control of Procurement and Spend) (ANA – High) Adult Social Care Client Debt (Monitoring of commissioned function) (ANA – High) 	Community and Customer Services <ul style="list-style-type: none"> Vulnerable Renters (use of Homelessness Prevention grant and other grants) (ANA – High) Housing Options (focussed on Temporary Accommodation) (ANA – High)
Adult Services <ul style="list-style-type: none"> Adult Social Care Precept Use (Control of Procurement and Spend) (ANA – High) Adult Social Care Client Debt (Monitoring of commissioned function) (ANA – High) 	Community and Customer Services <ul style="list-style-type: none"> Vulnerable Renters (use of Homelessness Prevention grant and other grants) (ANA – High) Housing Options (focussed on Temporary Accommodation) (ANA – High) 				
The following audits are not due to commence until the second half of the year: <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Community and Customer Services <ul style="list-style-type: none"> Health & Safety (ANA – High) Housing (including cross council joint working) (ANA – Medium) </td> <td style="width: 50%;"></td> </tr> </table>				Community and Customer Services <ul style="list-style-type: none"> Health & Safety (ANA – High) Housing (including cross council joint working) (ANA – Medium) 	
Community and Customer Services <ul style="list-style-type: none"> Health & Safety (ANA – High) Housing (including cross council joint working) (ANA – Medium) 					

PUBLIC HEALTH

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Public Health Grant Certification			
Universal Drug Grant	Status: Complete	No issues identified	N/A
Adult Weight Management Services Grant	Status: Complete	No issues identified	N/A
The following audit is currently in progress: <ul style="list-style-type: none"> 0-19 Service Commissioning and Performance Management (ANA – High) 			

Appendix 2 - Professional Standards and Customer Service

Conformance with 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 March 2021. This is supported through external assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note in November 2021.

Quality Assessment – through external assessment “DAP is considered to be operating 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. Our development plan is regularly updated, and a status report was reported to the Management Board and Partnership Committee in June 2022.

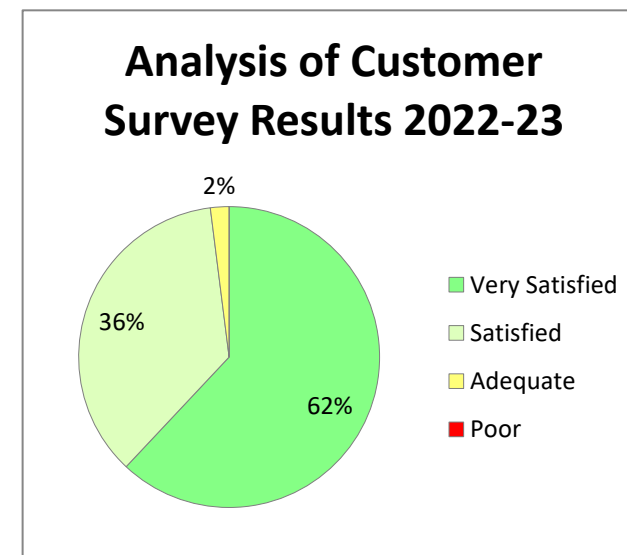
Performance Indicators

Overall, performance against the majority of indicators has been maintained with one exception (see Appendix 6). To note that certain areas of the audit plan relate to project work and will not be complete until the end of the year. As already mentioned on page 4, there has remained an ongoing need for agility in the delivery of the 2022/23 agreed audit plan, in order to accommodate departmental capacity to support the audit process.

Customer Service Excellence (CSE)

In November 2021, DAP was successful in re-accreditation by G4S Assessment Services of the CSE. We continue to issue client survey forms with our final reports and the results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with 98% being “satisfied” or better across our services, see appendix 7. 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.

The next External Assessment is being planned and is due to take place early in 2023.



Appendix 3 - Audit Authority



Appendix 4 - 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.

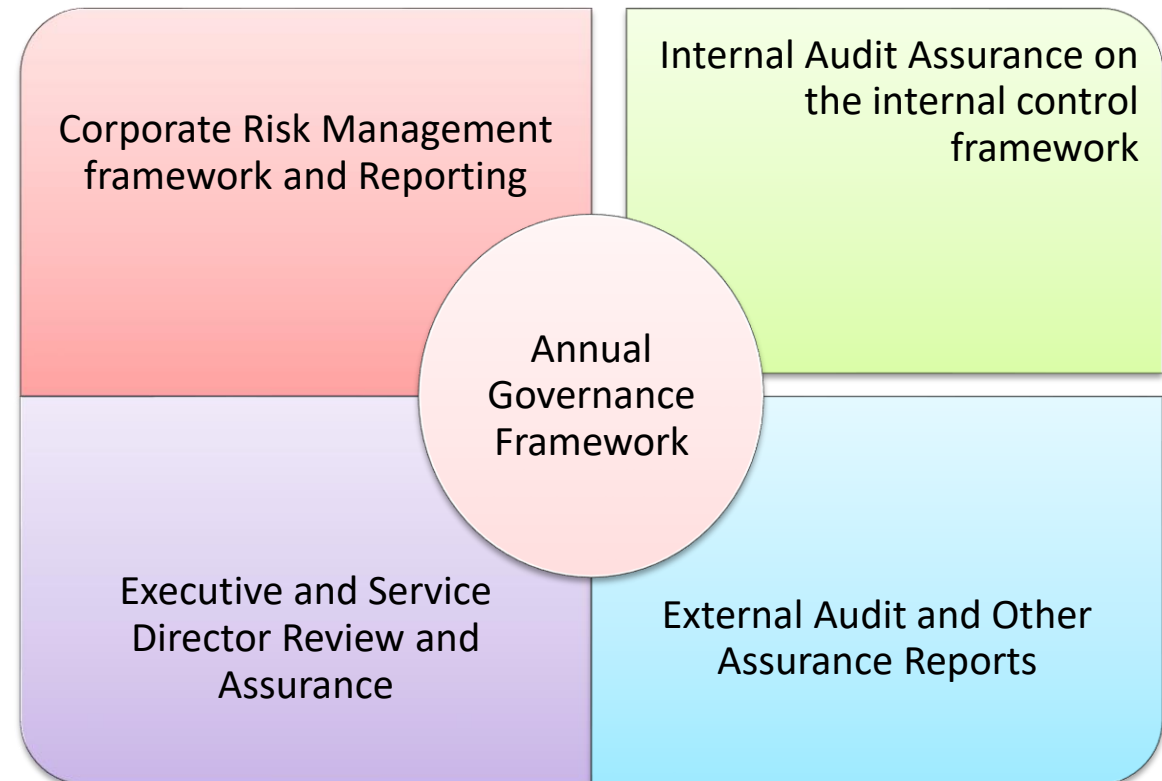
The Annual Governance Statement (AGS) provides assurance that

- 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 AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

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

Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council 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 reasonable 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 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. 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 audit plans has been minimal and any changes are shown in Appendix 1.

However, as mentioned, completion of work has been delayed. 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:

all audits completed during 2022/23, including those audits carried forward from 2021/22;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the Council's audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

any limitations that may have been placed on the scope of internal audit.



Appendix 6 – Performance Indicators

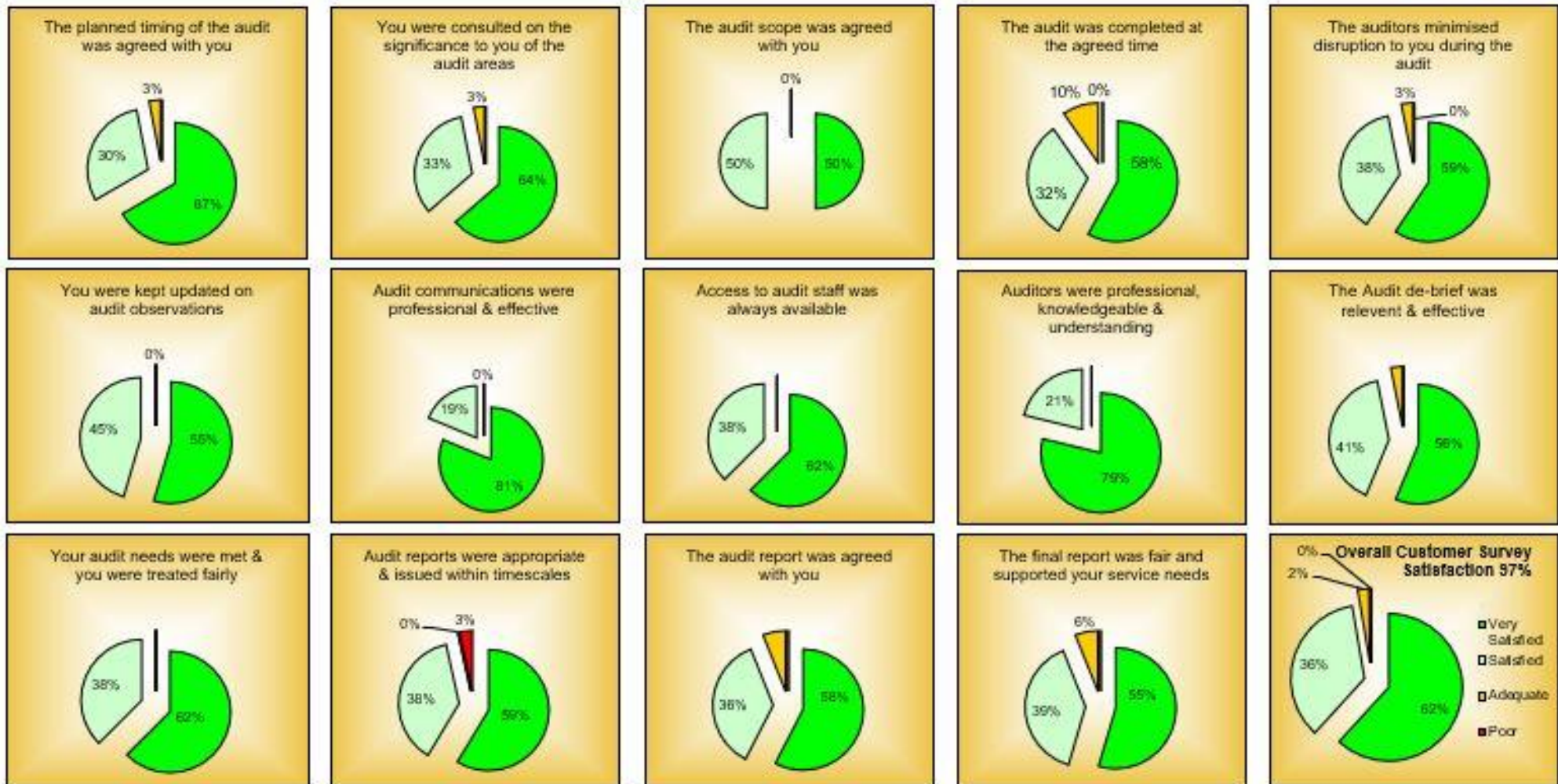
There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

<i>Local Performance Indicator (LPI)</i>	<i>2020/21</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2022/23</i>
	<i>Target</i>	<i>Actual</i>	<i>Target</i>	<i>Actual</i>	Full Year Target	Six Month Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%	100%	69%
Percentage of Audit plan Completed (Inc. Schools)	93%	95%	93%	83%	93%	35%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	108%	95%	86%	95%	47%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	96%	90%	97%	90%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	90%	90%	92%	90%	93%
Final reports produced within target number of days (currently 10 days)	90%	100%	90%	98%	90%	100%

Overall, performance against most indicators has been maintained, the exception to this being 'Percentage of Audit plan completed'. Departments have been less able to support the audit process due to the continued recovery from and ongoing impacts of Covid-19, and departmental higher priorities, resulting in delays in audit completion. As expected, certain areas of the audit plan relate to project work, the completion of which is aligned to project timescales.

Appendix 7 - Customer Service Excellence

Customer Survey Results April 2022 - September 2022



APPENDIX 8 – Adult Social Care Letter of Assurance



ASW Assurance
Newcourt House
Newcourt Drive
Old Rydon Lane
Exeter, EX2 7JQ

Mr M Phillips, Chief Finance Officer
Torbay Council
Town Hall
Castle Circus
Torquay, TQ1 3DS

Sent via email to marin.phillips@torbay.gov.uk

28th July 2022



Our ref: JM

Dear Mr Phillips,

Introduction

The following statement of assurance is provided by the Director of Audit and Assurance Services at ASW Assurance; the provider of internal audit, counter fraud and consultancy services to Torbay and South Devon NHS Foundation Trust; in relation to services provided to the Trust for 2021/2022.

This assurance statement consists of the following elements:

-  Internal Audit Assurance Statement.
-  Counter Fraud Service Assurance Statement.

Internal Audit Assurance Statement

In conformance with the ASW Assurance Internal Audit Charter, Public Sector Internal Audit Standards and the Core Principles for the Professional Practice of Internal Auditing, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of an organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). ASW Assurance is externally assessed as compliant with Public Sector Internal Audit Standards.

The opinion provided to Torbay and South Devon NHS Foundation Trust for 2021/2022 was substantially derived from the risk-based plan generated from the Trust-led Assurance Framework that took into consideration the strategies, objectives and risks of the organisation, the expectations of senior management, the Trust Board and other stakeholders, that was agreed by management and approved by the Audit Committee.

The **basis** for forming my opinion, was as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes.
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within the internal audit risk-based plan that were reported throughout the year. This assessment took account of the relative scope and materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that was placed upon third party assurances.

My overall opinion was that:

Significant assurance could be given that there was a generally sound system of internal control, designed to meet the Trust's objectives, and that controls were generally being applied consistently. Weaknesses in the design and/or inconsistent application of controls, which put the achievement of particular objectives at risk, were appropriately managed.

The assurances provided from the work undertaken, which together supported this opinion, are set out below. Our work continued to consider the impact of any changes to relevant systems, processes and/or procedures in response to COVID-19, any limitations in scope of work on account of the pandemic and/or any subsequent restoration and transformation changes.

The Trust took the opportunity through the Audit and Assurance Plan for 2021/2022 to focus resource on areas where Internal Audit could add the most value to the Trust during the COVID-19 period and transition toward recovery. The robustness of the actions to be taken to address risks identified from our work and to make sustainable improvements to policies and practice are considered by the Risk Group.

The tables below detail the audit and assurance work we completed in support of the Head of Internal Audit Opinion for 2021/2022:

Corporate Governance, (incorporating Board Assurance Framework and Risk Management):

Audit	Assurance Rating
Board Assurance Framework	Significant
Risk Management	Satisfactory

Financial Management Systems:

Audit	Assurance Rating
Combined Finance Review	Satisfactory
Ledger	Satisfactory
Payroll, Part 1 annual review	Limited
Payroll Part 2 Winter Incentive Payments	Draft Limited
Social Care Debt Management	Satisfactory
External Financial Assessments, Financial Reporting and Budgetary Control	Satisfactory

Corporate Assurance:

Audit	Assurance Rating
Torbay Council Assurance – Transition from Children's Services	Satisfactory
Estates and Facilities Management (Safety) Management	Satisfactory
Bank and Agency Management	Satisfactory

Health Informatics Service External review - Sirius action Plan	Satisfactory
Torbay Pharmaceuticals	Satisfactory

In support of the Head of Internal Audit Opinion work we reviewed Trust Board Sub-committee and group papers to assess the Cyber Security arrangements and conducted an assessment of the Trust's self assessed position of its compliance with the requirements of the Data Security and Protection Toolkit (DSPT) using NHS Digital's Auditing guidance.

Third Party Assurance

We included the following Third Party assurance report in the Head of Internal Audit Opinion:

Third Party Assurance report in respect of IT General Controls in respect of the Electronic Staff Record (ESR)

The 2021/2022 Independent Service Auditor's report provided by PwC, dated 4th May 2022, provided qualified assurance in respect of the IT general controls in relation to the national Electronic Staff Record and the NHS General Ledger Interface.

The audit work conducted by PwC covered the following six areas:

-  Change Management
-  Logical Security
-  Problem Management and Performance and Capacity Planning
-  Physical Security and Environmental Controls
-  Computer Operations
-  Payslip Distribution

The key message in the overall audit opinion of the Report of the Independent Service Auditor leading to the qualified opinion, for the period from 1 April 2021 to 31 March 2022, was as follows:

the controls necessary to ensure that access to the development and production areas of the NHS hub was controlled and appropriately restricted, were not in place from 1 April 2021 to 6 June 2021 but were implemented on 7 June 2021. As a result, there were insufficient logical access controls in place to appropriately restrict access to the development and production area of the NHS hub for part of the reporting period and therefore controls were not suitably designed to achieve Control Objective 2 "Controls provide reasonable assurance that security configurations are created, implemented and maintained to prevent inappropriate access" during the period 1 April 2021 to 6 June 2021.

The same control issue and qualification was raised in the May 2021 report produced by PwC. As the lack of control related to access controls within the development team of ESR, it had no bearing on the live system and it did not affect the running of each organisations' payroll. The control issue was resolved on the 7th June 2022.

The report summarised a small number of exceptions found where in the auditor's opinion controls had been poorly designed and/or had not operated as intended. Management responses to the exceptions outlined changes to controls or procedures to be made or provided further information to explain why, despite the exceptions being identified, the risk remained minimal.

Except for the matters referred to in the paragraphs above, controls were suitably designed and operated effectively throughout the period 1 April 2021 to 31 March 2022.

Internal Audit Recommendations

In respect of the audits undertaken during the year, recommendations were agreed with management to address gaps in control and assurance. We monitored the status of these recommendations throughout the year, reporting directly to the Risk Group and the Audit Committee on recommendations which remained outstanding.

No significant matters were reported to the Audit Committee in the year, in respect of the follow-up of recommendations.

Counter Fraud Assurance Statement

The NHS Counter Fraud Authority (NHSCFA) requires the Trust to have sound counter fraud arrangements in place that meet NHSCFA standards.

The Counter Fraud function of Torbay and South Devon NHS Foundation Trust is overseen by the Chief Finance Officer and the NHSCFA. An annual work plan was prepared and approved by the Audit Committee and delivery was reported to the Audit Committee at each of its meetings. As part of the Strategic Governance of the Counter fraud function, the Audit Committee are able to question all submissions made by the LCFS and challenge the progress of investigations or any element of their work plan to ensure delivery.

The annual Counter Fraud work plan covered the 13 components of the Government Functional Standard 013: Counter Fraud:

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| <ul style="list-style-type: none">✔ Accountable Individual (Part A and B)✔ Counter Fraud Bribery and Corruption Strategy✔ Fraud bribery and corruption risk assessment✔ Policy and response plan✔ Annual Action Plan✔ Outcome-based metrics | <ul style="list-style-type: none">✔ Reporting routes for staff, contractors and members of the public✔ Report identified loss✔ Access to trained investigators✔ Undertake detection activity✔ Access to and completion of training✔ Policies and registers of gifts and hospitality and Conflicts of Interest |
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The Trust's counter fraud arrangements are assessed annually through the submission of an annual report covering the Government Counter Fraud Functional Standard and the Government Counter Fraud Functional Standard Return (CFFSR). This was approved by both the Chief Finance Officer and the Chair of the Audit Committee before submission to the NHSCFA.

The Trust scored an overall Green rating in the CFFSR.



Jenny McCall
Director of Audit and Assurance Services
ASW Assurance

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