

Internal Audit

Half Year Audit Report 2023-24

Torbay Council Audit Committee

January 2024

Official

Tony Rose
Head of Devon Audit Partnership

Lynda Sharp-Woods
Audit Manager



Support, Assurance and Innovation

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 2023/24 was presented and approved by the Audit Committee in March 2023.

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 2023/24 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 to date that will help inform the annual assurance opinion.

Expectations of the Audit Committee from this 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;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit 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 as part of the Governance Framework (see appendix 4).

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Overall Opinion Statement

Based on work performed to date during 2023/24, our experience from previous years, the outcome of the Annual Follow Up exercise and the findings of the first phase of the Assurance Mapping exercise in 2022/23, 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.

This opinion statement provides Members with an indication of the direction of travel for their consideration for the Annual Governance Statement (see appendix 4).

Assurance over arrangements for adult social care is mainly provided by colleagues at Audit South West, the Internal Audit provider for Health Services. They provide a letter and statement of assurance to the Council which is separately shared with Audit Committee.

The Authority's internal Audit plan for 2023/24 included specific assurance, risk, governance, and value-added reviews which, together with prior years audit work, provided a framework and background within which we assessed the Authority's control environment.

The reviews in 2023/24 to date have informed the Head of Internal Audit's Opinion. If significant weaknesses have been identified, these will need to be considered by the Authority in preparing its Annual Governance Statement as part of the 2023/24 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.

In some areas we are still seeing the ongoing impact of Covid-19 measures although this has seen a significant reduction to previous years.

Risk Management

We are aware that Risk Management has significantly developed within the Performance and Risk Framework with a new risk process in place, including the use of SPAR.net.

We have recently commenced an audit of this area. The outcomes of which will be reported in the annual outturn report.

We continue to maintain involvement through DAP's Risk Management arm when support is requested.

Performance and Risk Management continues to be reported to Senior Leadership Team (SLT), Audit Committee and Overview and Scrutiny. As reported to July 2023 Audit Committee, Directors are embedding risk conversations into meetings.

Governance Arrangements

Arrangements are generally reviewed within our Project Assurance provision.

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.

We provide all of our Internal Reports for consideration within the Annual Governance Reporting process.

Performance Management

As detailed under Risk Management, the Performance Framework has seen significant development which remains ongoing. The related audit of Performance Management has been deferred to 2024-25 at the request of the authority, to allow processes to further develop and embed.

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.

Substantial Assurance	A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.	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.

Summary Assurance Opinions

Service Area Overview of Audit Coverage				
Corporate and Financial Services	Pride in Place	Children's Services	Adult Services including Community and Customer Services	Public Health
<p>ICT Key Financial Systems</p> <p>Registrars</p> <p>Apprenticeship Levy Follow Up</p> <p>Key Financial Systems: Asset Register; Treasury Management;</p>	<p>Public Toilets Contract Monitoring Follow Up</p> <p>Torbay Harbour Authority Income</p> <p>Asset Management / TF System Follow Up</p> <p>Parking Follow Up</p> <p>S106 and Community Infrastructure Levy (CIL)</p> <p>SWISCo Commissioning (client role / management)</p> <p>Climate Change</p> <p>Torbay Harbour Authority IT Sys Admin and Security Follow Up</p>	<p>Schools Financial Value Standards (SFVS)</p> <p>Maintained Schools Audit Programme</p> <p>Virtual Schools Follow Up</p> <p>Fostering and Connected Carers</p> <p>Youth Trust Transition Project</p> <p>Supporting Families Grants (Q1 and Q2)</p> <p>School Condition Allocation Grant</p> <p>Basic Need Funding Grant</p>	<p>Housing Options (focussed on Temporary Accommodation and Homelessness)</p> <p>Service Delivery Interdependencies (cross Directorate - Adults; Children's; Public Health)</p>	<p>Healthy Behaviours Service – Procurement of the Service</p> <p><i>(Note, originally this was Mental Health Commissioning and Performance Management, with the audit topic changed to Health Behaviours at the request of the client)</i></p>
<p>Health and Safety</p> <p>Coroners Follow Up</p> <p>Information Governance and Data Quality (CCTV)</p> <p>IT Asset Management</p> <p>Subject Access Request Processes</p> <p>Key Financial Systems: Debtors & Corporate Debt; FIMS System Admin; Treasury Management (Group Company Loans);</p> <p>Operational Counter Fraud resource (work ongoing)</p> <p>Operational secondment to energy grant processing</p> <p>Business Improvement and Change (work ongoing)</p> <p>IG Steering Group (work ongoing)</p> <p>HB Subsidy Additional 40+ Testing</p> <p>HB Subsidy (work ongoing)</p> <p>Assurance Mapping Phase 2 (work ongoing)</p> <p>National Fraud Initiative (NFI) Payroll Matches</p>	<p>Bus Subsidy Grant (work ongoing)</p> <p>Local Transport Capital Block Grant</p> <p>Local Growth Fund (Torquay Gateway) Grant</p> <p>Local Growth Fund (Torbay Business Centre) Grant (work ongoing)</p> <p>Biodiversity Net Gain Grant</p>			

Key: Green = Substantial or Reasonable

Amber = Limited

Red = No Assurance

Blue = Opportunity or Value Added

Assurance Map

This is Phase 1 of the assurance mapping exercise as reported in our 2022-23 outturn report. It should be noted that the results are based on the managers own assessment of their area.

We will complete Phase 2 of the mapping within this year's audit plan and will provide an updated status in our 2023-24 outturn report. Phase 2 will seek to map the remainder of the Council and verify the managers assessment with the Council's second line of defence. The Map thus far has enabled the identification of some trends and common themes.

Torbay Council - Assurance Map - Functional Areas			Corporate Governance / Audit Committee											Senior Management							Independent Assurance - 3rd line							Regulators							External audit								
The key risks for this service / area may be defined in the services risk register. Otherwise use the Risks from the work programme in MKI together with the associated assurance opinions to assess and score control and assurance elements of this assurance map.			Business Operation - 1st line								Financial, Corporate and Governance - 2nd line											Independent challenge & audit. Reporting on assurance. Audit of assurance providers. Expiry level assurance.							Legal, Government other inspection and							External audit							
			Identifying risks and improvement actions. Implementing controls.				Reporting on progress. Management assurance				Assurance oversight, management and financial policies, setting direction, risk management, ensuring compliance.											RAG RAG RAG RAG RAG RAG RAG																					
			Internal Control Measures				Management controls																																				
Departments/Services	Critical Area	Responsible Officer	1	2	3	4	5	6	7	1	2	3	4	5	6	7	8	1	2	3	4	5	6	7	8	9	10	11	1	2	3	4	5	6	7	1	2	3	4	5	6	7	
Whole Council		Anne-Marie Bond																																									
Chief Executive Support		Susan Wiltshire																																									
HR Business Services - Payroll and Pensions	H	Tania Hutchings/Lee Haywood	G	G	G	G	G	G	G	G	G	G	G	G	G	G	A	G	G	G	G	G																					
HR Operational	H	Gila Wilson	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G																							
HR Policy, OD and Wellbeing	H	Jo Sandbrook	A	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G	G																							
HR Specialist Services - Pay/Reward/Job Evaluation	H	Julia Baldie	G	G	G	G	G	G	G	G	G	G	G	G	G	G	A	G	G	G	G	G																					
Governance Support		Jane Gurry																																									
Democratic Services	H	Teresa Buckley	G	G	G	G	G	G	G	G	G	G	G	G	G	G	A	G	G																								
Torbay Lottery - outsourced to Gathenwell Limited, overseen by Democratic Services	L	Teresa Buckley	G	G	A																																						
Corporate Services		Matthew Fairclough-Kay																																									
Business Improvement and Change	H	Lisa Chittenden	G	G	G	G	G	G	G	G	G	G	A	A	G	N/A	N/A	G	G																								
Libraries (outsourced to Libraries Unlimited)	M	Matthew Fairclough-Kay	G	G	G	G											G	G	G																								
Coroner (shared service since 2013) - PCC/DCC/TC. PCC are the lead	H	Matthew Fairclough-Kay/Philip Taylor	G	G	G	G	G	G	A	G	G	G	G	A	G			A	G	G	G																						

Original Column Headings from the Full Assurance Map

First Line of Defence - Internal Control Measures	<ol style="list-style-type: none"> 1. IT Systems: Administration Access Standing Data Updates 2. Data Quality: Input/Output/Accounting/Arithmetic 3. Fraud: Prevention/Detection 4. Authorisation 5. Supervisory 6. QA Activities 7. Separation of Duties 	First Line of Defence - Management Controls	<ol style="list-style-type: none"> 1. Governance: Strategies, business plans, policies, procedures 2. Governance: Organisations structure, reporting lines, delegated responsibilities 3. Monitoring: Management information 4. Personnel: Staffing levels, competencies, training, performance 5. Resilience: Business Continuity Plans and testing 6. Risk Registers 7. Performance: Measures, indicators, benchmarking 8. Supply chain: Third party, partner resilience, contracts
Second Line of Defence	<ol style="list-style-type: none"> 1. Finance: Budget Monitoring; Reconciliations; Reporting; Statutory Returns 2. Compliance: H&S 3. Compliance: Emergency Planning 4. Compliance: Information Governance/Complaints 5. Security: IT Systems 6. Security: Physical Security 7. Corporate Governance: Strategy and Policy Development 8. Committee Oversight 9. Project Boards 10. Risk Management 11. Other 	Third Line of Defence	<ol style="list-style-type: none"> 1. Accreditation: e.g., ISO9001/27001 2. Compliance: Security, resilience, quality 3. ICT: Pen testing, resilience, compliance 4. Peer/Strategic Partner Reviews 5. Consultant Reviews 6. Other third-party reviews 7. Internal Audit

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 below:

Annual Follow Up Activity

As part of adding value, we have completed follow up reviews to provide updated assurance to 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 seven audits previously reported as Limited Assurance; these were: AMS and Tech Forge; Apprenticeship Levy; Coroners; Parking; Public Toilets (Contract Monitoring); Tor Bay Harbour Authority IT Systems; and Virtual School.

The outcomes are shown in the table at page 3. Five audits remain as Limited Assurance and two have been uplifted to Reasonable Assurance; these are Apprenticeship Levy and Virtual School.

Although not part of the annual follow up activity, the Debtors and Corporate Debt audit was a follow up of 2022-23 work. The outcomes of this were separately reported to Audit Committee in December 2023.

Corporate Services and Financial Services

- Ongoing engagement in Business Improvement and Change programmes and projects (primarily Council Redesign Programme).
- We provide relevant information and practices from Local Government articles and guidance.
- Attendance at and support to Finance, Ethics and Probity Group.

- 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.
- Completion of additional prior year Housing Benefits subsidy testing.
- ICT horizon scanning, including Cyber defences, Artificial Intelligence, and updates to National Cyber Security Centre (NCSC) guidance.
- Advice regarding the establishment of the Westcountry Savings and Loans arrangements.
- Phase 2 Assurance Mapping to support the annual governance statement and risk management development.
- Quarterly meetings with the Counter Fraud Officer.
- Support to the Council Tax Support Scheme project.
- Support to the Customer Services review project.
- Engagement in the Transforming Procurement project.
- Engagement in the Payroll System implementation project.
- Support to the CRM project.
- Secondment to support energy grant processing.
- Resource for Counter Fraud investigation.
- Support to the NFI Payroll matches review.

Pride in Place

- Support to the TDA project.
- In addition to the planned grant work, inclusion of the Local Growth Fund Grant (Torquay Gateway and Torbay Business Centre) certifications.
- Support to S106 and CIL governance arrangements in collaboration with Pride in Place and Finance following completion of the audit.

Children's Services

- Engagement with the Liquid Logic project post go-live.
- Quarterly certification of Supporting Families grants.
- Support and provision of information in relation to the Torbay Youth Trust transition project.

Schools

- The SFVS Dedicated Schools Grant Chief Finance Office assurance statement submitted to the Department for Education.
- Completion of all maintained Schools Audits as planned.

Progress Against Revised Plan

This half yearly report compares the work carried out with the work that was planned through risk assessment and reported at Audit Committee in March 2023.

It 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. 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.

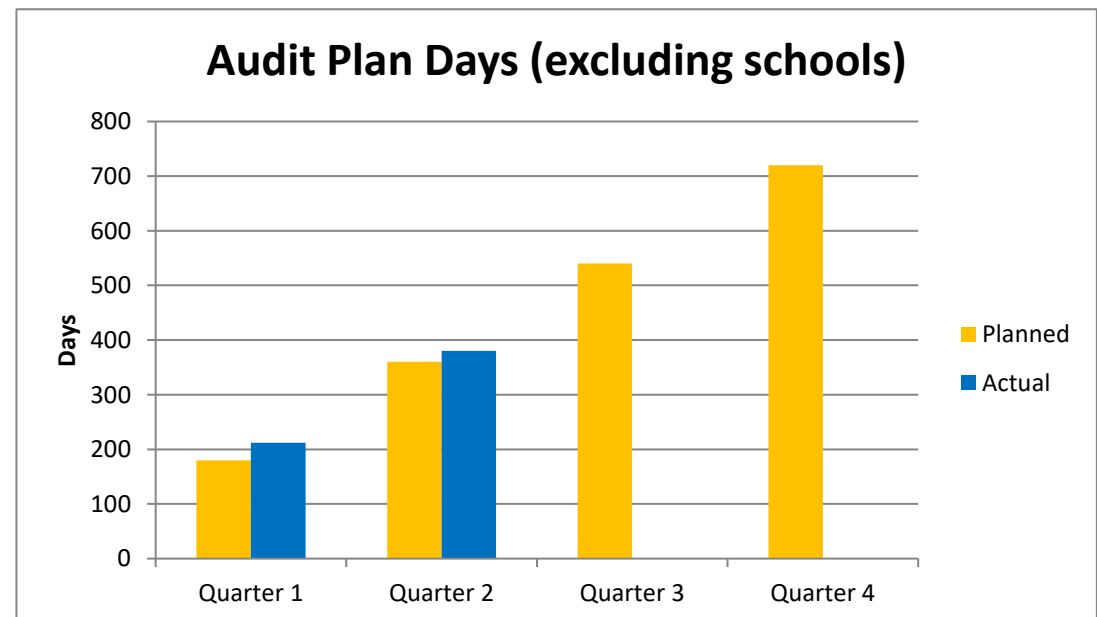
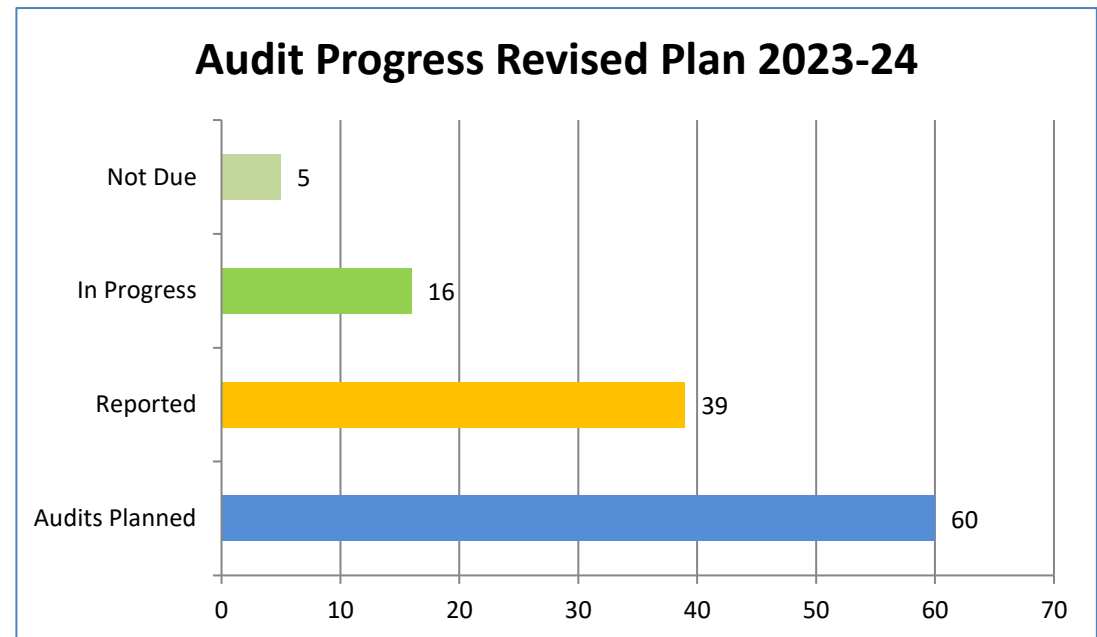
In agreement with the Council a number of audits have been deferred to the 2024-25 year to accommodate Phase 2 of the Assurance Mapping that was not included in the original audit plan presented to Audit Committee.

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 the revised plan and audit days delivered against target planned.

The charts demonstrate that progress is in line with expectations.

It is pleasing to note that following recent years where Covid had impacted departments capacity to support audit activity, audit engagement by service areas has improved and audits are now being progressed in line with the plan.



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". Assessments state that there is an epidemic of fraud cases. Fraud now accounts 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. 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 Audit 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 have recently commenced provision of operational counter fraud investigative resource to support capacity in the Council's Counter Fraud team.

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 2023/24 to date, Internal Audit have carried out or assisted in **8** new irregularity investigations. Analysis below:

Issue Classification *	2023/24 Number (half year)	2022/23 Number (whole year)	2021/22 Number (whole year)	2020/21 Number (whole year)
Poor Procedures	2	11	2	0
Employee / Member Conduct	4	1	7	9
Financial Irregularities	0	0	2	4
IT Misuse	0	1	1	0
Tenders & Contracts	1	0	2	2
Support to IG and HR Investigations	1	2	4	N/A
Total	8	15	18	15

* 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, related investigations are ongoing.
- Employee / Member Conduct – Of the four matters, three were found to be unsubstantiated, and one has investigation work ongoing.
- Tenders and Contracts – this was found to be substantiated in part. Internal processes and procedures have been strengthened.

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 to date in 2023-24.

Appendix 1 – Summary of Limited Assurance audit reports and findings for 2023/24

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



The table below excludes all the Audit areas examined where the Assurance Opinion was 'Reasonable' or 'Substantial', or where our work was deemed 'Added Value'. A full representation of our work and the resulting assurance opinions can be seen in the chart on page 3 of this report.

Where the Assurance Opinion column is coloured, this is to highlight that the audit report has been agreed and issued in Final. Those in grey remain in draft.



CORPORATE SERVICES and FINANCIAL SERVICES

Risk Area / Audit Entity	Audit Report		Direction of Travel Assurance
	Assurance opinion	Residual Risk / Audit Comment	
ICT and Information Governance			
IT Asset Management - deep dive (ANA – High)	Status: Final Limited Assurance	<p>IT asset management (also known as ITAM) is the process of ensuring that all IT assets are accounted for, deployed, maintained, upgraded, and disposed of securely.</p> <p>Our work identified that there is a knowledgeable team in place to direct the ITAM function and that new processes are being developed to enhance the process. As an example, the PC Support Team are now creating Device Damage Reports which are attached to non-repairable asset records, providing insight on why assets have been withdrawn.</p> <p>However, overall, the control framework needs to be strengthened and the significant findings are summarised below (further details can be found in Appendix A):</p> <ul style="list-style-type: none"> - There is no single inventory of ICT assets used in the organisation. - There is no defined role with overall responsibility for maintaining all IT assets throughout the organisation. - Device discovery tools are not used to identify assets that have not connected to the TC network within a defined period of time. - The asset inventory contains inaccuracies, including IT not being aware of who has ownership of certain devices. - There are weaknesses in the physical security of the storage room used to store IT user devices. 	




CORPORATE SERVICES and FINANCIAL SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Information Governance – Data Quality and Records Management (CCTV) (ANA – High)	Status: Final Limited Assurance	<p>Whilst comprehensive corporate policies and procedures are in place in relation to information governance and data quality, we found that a number are overdue for review based on the written process that all such policies will be reviewed every 2 years. Similarly, the corporate Record Retention Schedule appears not to have been subject to an overarching review for several years. Corporate mandatory iLearn information governance training is also in place, however, there appears to be no reporting on performance in relation to staff completion of the training; we acknowledge that there is a pending relaunch of the iLearn information governance training with intention for completion rates to be reported to the Council’s IG Steering Group.</p> <p>Specifically in relation to CCTV, the Record Retention Schedule appears not to have been reviewed for several years and does not align with regulatory guidance, in addition clarity is required in relation to responsibility for the CCTV Information Asset Register entry. We noted that retention of CCTV data may be excessive in relation to requests for data and have recommended that this be reviewed. Further we have recommended a strengthening of controls in terms of the life cycle of the data where CCTV data is passed to other departments of the Council.</p>	
Subject Access Request Processes (ANA – High)	Status: Final Limited Assurance	<p>Whilst it is pleasing to note that our sample testing confirmed compliance with the Subject Access Request (SAR) process itself, i.e., the process steps being undertaken, there remains concern that the Council is still unable to meet the statutory deadlines for responding to SARs. We noted that there has been an improvement since recruitment in August 2022 of further dedicated SAR staff (currently 2.2 FTE). However, although the performance statistics do demonstrate improvement, the Council remains significantly below the intended target of 95% (currently 46% in Q2 of 2023/24). As such the Council remains vulnerable to the associated reputational and financial risk. We would draw your attention to an ICO article which outlines examples of action the ICO have taken against seven organisations that failed to comply with SAR legislation. As the article shows, there are various organisations included, three of them being Local Authorities Action taken against SEVEN organisations who failed in their duty to respond to information access requests ICO. Whilst we appreciate that SAR response times are being managed through the Council’s Performance and Risk Management Framework, we have made recommendations that this requires further review and consideration, or acceptance of the risk this still poses.</p> <p>We identified a number of areas where there is potential for further process efficiencies to be implemented and have made recommendations which would reduce labour intensive manual tasks and intend to improve SAR response times. The Head of IG has developed a dashboard for managing SARs and is also currently developing a detailed Standard Operating Procedure (SOP). We have provided support to the SOP process by flow charting the SAR process based upon our audit work. There is clearly a drive and commitment within the IG Team to comply with all aspects of the SAR legislation, however compliance is significantly impacted, in part due to the reliance on provision of data from Departments which is consistently outside of the required timescales.</p>	

CORPORATE SERVICES and FINANCIAL SERVICES

CORPORATE SERVICES and FINANCIAL SERVICES				
Risk Area / Audit Entity		Audit Report		
		Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Other				
Coroners Follow Up		Status: Final Limited Assurance	<p>During discussions with Legal Services and the Director of Corporate Services, we were advised that there have been a number of changes, including the retirement of the Coroner, following which (per Ministry of Justice - MoJ) there is a requirement to review arrangements with a view to mergers, ultimately supporting the MoJ drive to reduce the number of Coroner positions across the Country.</p> <p>We have therefore agreed for the Council to pause progression of the management actions, pending the review outcomes. We understand that the management actions will be picked up within any new arrangements established, and Internal Audit appraised of progress and reviewed timescales.</p>	
Health & Safety (ANA – High)		Status: Final Limited Assurance	<p>We identified evidence of ongoing development of the Health and Safety (H&S) control framework and the H&S team. The Health and Safety Policy is in place but is now overdue for review and approval due to unforeseen delays. We also identified that arrangements for Auditing and Reporting Procedures are under review and formal procedures are expected to be published soon.</p> <p>There were some inconsistencies in the way in which training records are maintained. We understand there is an ongoing project to update all employees training records. Policy requires that contractors are provided with H&S training, however this is not being evidenced and recorded.</p> <p>There are processes in place for the reporting, recording, and investigating of H&S incidents which is actively used. Improvements can be made to ensure that SHE Assure (H&S system) records are updated to indicate progress against actions.</p> <p>We found that H&S risk assessments was also an area where a significant overhaul and update remains necessary. We understand that a Risk Assessment Policy has yet to be produced. We are unable to determine whether recent risk assessments have been undertaken in line with procedures. Based on our testing, some departments across the council are not actively undertaking risk assessments, this could result in a higher number of incidents and non-compliance with H&S regulations.</p> <p>We have been advised by HR and Payroll that employees are required to prove they have a valid driving license, and that their vehicle is adequately insured if used for Council business. Testing found that insurance records are not consistently maintained for all employees. Where officers drive Council vehicles, appropriate policies and arrangements exist, but the Council is not provided with compliance performance monitoring information from SWISCo.</p> <p>Post Covid-19 and due to changes to home working practices, it is essential that consideration of the sufficiency of first aiders and fire marshals is established. Clarity in relation to responsibility for H&S in public spaces should be established and monitored.</p>	


CORPORATE SERVICES and FINANCIAL SERVICES






Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Key Financial Systems			
Debtors and Corporate Debt (follow up audit) (ANA – High)	Status: Final Limited Assurance	<p>It is pleasing to note that recommendations previously made are now being addressed through the Customer Services Project which is led by the s151 Officer and supported by a project manager from the Business Improvement and Change Team. Despite the relatively recent commencement of the project, a few recommendations have already been addressed and project plans are in place to ensure that the remaining recommendations are addressed by April 2024.</p> <p>We will follow up progress again in the 2024-25 audit, but in the meantime, we are attending project meetings and providing advice to the Customer Services Project.</p> <p>Whilst we are not yet able to change our assurance opinion, we can confirm a positive direction of travel with a comprehensive management action plan in place to ensure that all recommendations and intended actions are progressed in a timely manner.</p>	
FIMS Sys Admin (ANA – High)	Status: Final Limited Assurance	<p>The system access control environment for FIMS remains robust. We identified some inconsistencies in practice which are expected to be addressed through the online access request form process and note that some of the previously agreed actions will also be addressed this year.</p> <p>Our 'Limited Assurance Opinion' relates to the lack of segregation of duty created by the breadth of work undertaken by the FIMS System admin team i.e., both system administration activities and system transactional activities. Whilst the associated risks have previously been accepted by management, it is pleasing to note that a project is now underway to review and amend access rights to support better segregation of duty.</p>	
Treasury Management (Group Company Loans) (ANA – Medium)	Status: Final Limited Assurance	We have concerns in relation to records management for group company and commercial loans made by the Council. Whilst there is an 'advised' process and governance framework in place, our 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	
The following audits are currently in progress: <ul style="list-style-type: none"> – Business Improvement and Change - project 'trusted advisor' (ANA – Critical) – Assurance Mapping Phase 2 (ANA – Client Request) – Information Governance Steering Group (ANA – High, Client request) – Risk Management (ANA – High) – was originally Performance and Risk Management. Amended to 'risk management' only at the request of the client. Performance Management to be examined in 2024-25. – IT Service Review (ANA – Client Request) – Operational Counter Fraud resource (ANA – Client Request) 		The following key financial systems audits are in progress: <ul style="list-style-type: none"> – General Ledger (Main Accounting System) and Bank Reconciliation - (ANA – Medium) – Creditors & Electronic Ordering (POP) - (ANA – High) – Income Collection - (ANA – Medium) – Payroll - (ANA – High) – Benefits and CTAX Support Scheme - (ANA – High) – Council Tax and Non-Domestic Rates - (ANA – Medium) – IBS Open / W360 Sys Admin - (ANA – High) – Benefits Subsidy - (ANA – Client Request) 	



CORPORATE SERVICES and FINANCIAL SERVICES

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following audits are not due until later in the year: – User Management - deep dive (ANA – High)		The following audits were deferred to the 2024-25 year at the request of the client: – Capital Programme (focussed on Town Deal and Future High Streets) (ANA – Medium) – deferred due to the Capital Investment Programme currently undergoing a fundamental review. – Firewall - deep dive (ANA – High) – deferred at the request of the client to accommodate consultancy for the IT Services Review. – Democratic Services and Member Allowances - (ANA – Medium) – Elections – (ANA – Medium) – Printing (contract management) – (ANA – Medium) – Procurement of IT Solutions - (ANA – Medium) – CRM System – following implementation - (ANA – High) A number of the above audits were deferred to accommodate phase 2 of the Assurance Mapping work.	


PRIDE IN PLACE

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Tor Bay Harbour Authority – Income (ANA – Medium)	Status: Final Limited Assurance	<p>The established processes for charging and invoicing service users have been maintained. However, issues previously identified regarding recharging of gas and electricity for chillers at Brixham remain unresolved by the TDA. Similarly, the lack of Torbay Harbour Authority knowledge regarding service charges made by the TDA to Lessees remains. We noted that there is a potential missed opportunity in related to utilising the agreed and published admin fee when calculating and invoicing for recharges.</p> <p>As also previously reported, there are moorings which are unsuitable for many vessels that remain vacant. These should either be made more suitable if possible or be more robustly marketed in order to maximise this income opportunity.</p> <p>We noted that as was the case previously, rents for leased properties are not being reviewed by the TDA. We understand that the TDA view is that any review would not result in an increase in rents, however this is again a potentially missed opportunity to maximise income.</p> <p>Following a change in staffing structure at Brixham harbour there is uncertainty that the Harbour Office team are made aware of all direct fish landings and as such there is a risk of fish toll not being charged for all direct landings taking place.</p>	


PRIDE IN PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Section 106 and Community Infrastructure Levy (ANA – High)	Status: <i>Interim Final</i> Limited Assurance	Most of the management response obtained, and an Interim Final report has been issued. We are awaiting remaining responses.	
SWISCo Commissioning (client role / management) (ANA – High)	Status: <i>Draft</i> Limited Assurance	Draft report has been issued. We are awaiting management responses and agreement to the report.	
Climate Change (ANA – High)	Status: <i>Interim Final</i> Limited Assurance	Management responses obtained and an Interim Final Report has been issued. We are awaiting due dates for the completion of the management actions.	
Public Toilets Contract Monitoring Follow Up	Status: Final Limited Assurance	<p>From the follow up work undertaken, and responses provided by Management, it is pleasing to note that some progress has been made, however a vast majority of these remain ongoing.</p> <p>In particular the ongoing management actions relate to establishment of a wider SLA between the Council and SWISCo, Contract variation that has been delayed pending projects related to other sites, ongoing development of Performance Indicators and associated reporting, and the technical post that is now vacant, with a recruitment exercise in progress.</p>	
Asset Management / TF System Follow Up	Status: Final Limited Assurance	<p>From the follow up work undertaken, it is pleasing to note that significant progress has been made, with half of the management actions having been completed, others having been progressed in some way, or as originally stated the risk continuing to be accepted by management. Given the number that remain ongoing, and the nature of these management actions as outlined below the overall assurance opinion remains as 'Limited Assurance', albeit that we recognise the progress that has and continues to be made.</p> <p>In a number of cases, whilst proposals have been put forward to address the management actions, these are pending Council decision, and as such the associated risks remain. In particular, upcoming review of the AMP to ensure alignment with the Council's new priorities and objectives and completion of priority works, however an emerging issues paper has been issued and awaiting outcomes. In addition, a final decision in relation to a potential temporary uplift in budget is pending. Other areas ongoing relate to ongoing engagement with contractors, the need to establish and update KPI's, resolution of all outstanding inspections, and implementation of a new workload management system.</p>	

PRIDE IN PLACE			
Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Parking Follow Up	Status: Final Limited Assurance	<p>From the follow up work undertaken we note that progress has been made, with just under a third of previously agreed management actions having been implemented. There remain a significant proportion that remain ongoing, noting that progress has been made, in particular a procurement exercise to establish consultancy support in developing a 5-year strategy; updated policies and manuals; establishing reporting mechanisms; ongoing collaboration with other Council departments; and strengthening the PCN and debt monitoring and recovery processes.</p> <p>Given that a large number of management actions remain ongoing, in our opinion the level assurance remains as 'Limited Assurance', albeit that we note the comments made in the follow up response in relation to ongoing capacity issues which are reported to have delayed progress in some areas.</p>	
Torbay Harbour Authority IT Sys Admin and Security Follow Up	Status: Final Limited Assurance	<p>From the follow up work undertaken we note that some progress has been made against the previously agreed management actions. Notably the inclusion of cyber/IT risks in the Harbour operational risk register, and the strengthening of the Harbour Assist user management controls with the establishment of a dedicate System Administrator profile. A small number of risks have been accepted, primarily related to CCTV where we understand Harbour staff have no operational role.</p> <p>Although some progress has been made, a large number of actions remain either ongoing or outstanding with revised implementation dates having been established. These primarily being related to Harbour Assist supplier contractual compliance; staff training records; System compliance with Data Protection / Information Governance requirements; performance reporting; strengthening of user management practices; peer checks on tariffs and associated charges; ongoing FIMS and Harbour Assist integration issues; and further development of the Harbour business continuity plan and the need for the plan to be fully tested.</p>	
The following audits are currently in progress: <ul style="list-style-type: none"> – Getting Building (Torbay Business Centre) Grant – Bus Subsidy Grant 		The following audit was deferred to the 2024-25 year at the request of the client: <ul style="list-style-type: none"> – Land Release Fund (use of monies, adherence to conditions) - (ANA – High) – Highways (commissioning, monitoring) - (ANA – High) 	
The following audits are not due until later in the year: <ul style="list-style-type: none"> – Green Waste Collection Scheme (commissioning, monitoring, income and borrowing) - (ANA – Medium) – Events - (ANA – Medium) 			

CHILDREN'S SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Fostering and Connected Carers (ANA – Medium)	Status: Final Limited Assurance	<p>Comprehensive procedures are in place for the arrangements for both fostering and connected carers.</p> <p>In terms of fostering, we found that practices were largely in line with procedures, although we noted that Foster Panel decisions are not always timely, and we identified issues with the completeness and inconsistencies in records maintained. In terms of ongoing supervision of fostering placements, again we found that practices were mainly in line with procedures, however arrangements for scheduling visits differed from that described in the procedures, unannounced annual visits were not timely, and we were unable to confirm that the Foster Carers Handbook had been provided to the foster carers. We acknowledge that elements of the foster placement process are reliant on the Child's Social Worker completing the relevant steps.</p> <p>In relation to connected carers, again we found that the practices we examined were largely in line with procedures. We have recommended clarification regarding the expected timing of the initial viability assessment especially in emergency situations.</p>	
The following audits are not due until later in the year:		The following audit was deferred to the 2024-25 year at the request of the client:	
<ul style="list-style-type: none"> Safety Valve Recovery Plan Progress - (ANA – High) 		<ul style="list-style-type: none"> Residential Placements - (ANA – Medium) Sufficiency Strategy Progress - (ANA – High) 	

ADULT SERVICES INCLUDING COMMUNITY AND CUSTOMER SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Adult Services			
Service Delivery Interdependencies and related Improvement Plans (Adult Services, Children's Services and Public Health) (ANA – High, Client request)	Status: <i>Draft</i> Limited Assurance	Draft report has been issued. We are awaiting management responses and agreement to the report.	
The following audits are not due until later in the year:			
<ul style="list-style-type: none"> Adult Services - ICO Sustainability and Improvement Plan (management and monitoring) - (ANA – High) 			

ADULT SERVICES INCLUDING COMMUNITY AND CUSTOMER SERVICES

Audit Report			
Risk Area / Audit Entity	Assurance opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Community and Customer Services			
Housing Options (focussed on Temporary Accommodation) (ANA – High)	Status: <i>Draft</i> Limited Assurance	Draft report has been issued. We are awaiting management responses and agreement to the report.	A

The following audit has been deferred to the 2024-25 year:

- Housing (including cross council joint working, e.g., with Pride in Place) – (ANA – Medium)

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 2023. 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 are undergoing review and revision. The proposed new standards which are likely to take effect in 2024 and this document helps clarify and raise awareness of the audit committee's governance roles and responsibilities in respect of this. [IIA Document – Draft Standards](#)

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 reported to the Management Board and Partnership Committee.

Customer Service Excellence (CSE)

DAP continues to maintain accreditation to CSE as assessed by G4S Assessment Services. We continue to issue client survey forms with our final reports and the results of the surveys returned are very good and again are very positive. The overall result is very pleasing, with 96% being "satisfied" or better across our services, see appendix 6. 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 – 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.

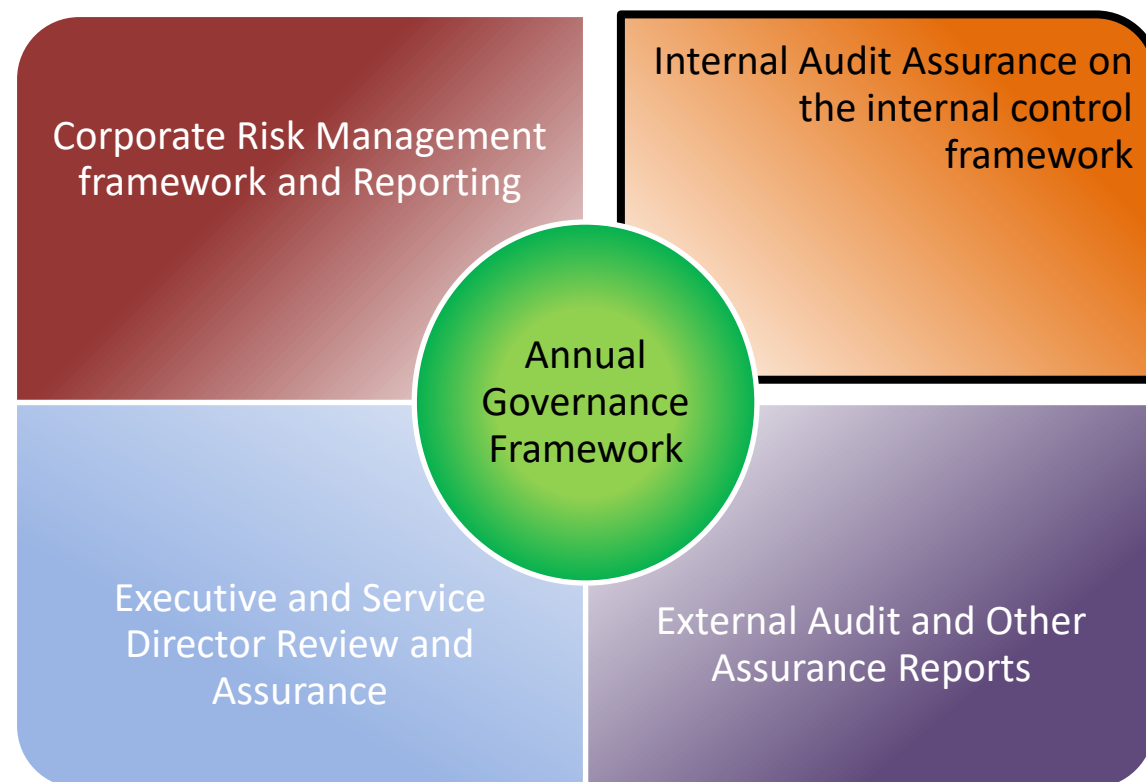
The Annual Governance Statement (AGS) provides assurance that

- 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 Framework, 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 the audit plan are shown in Appendix 1.

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 2023-24, including those audits carried forward from 2022-23;

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;

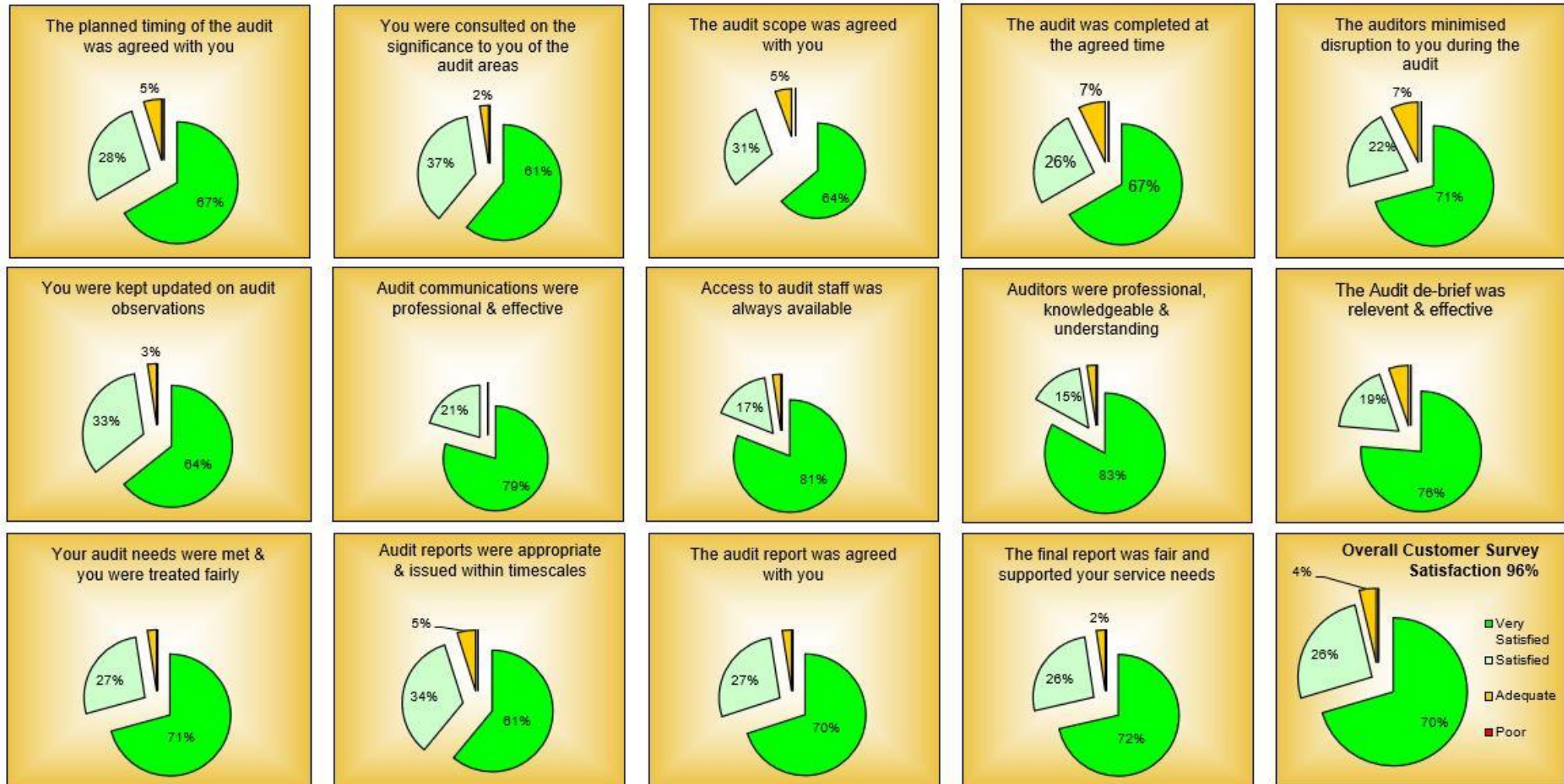
the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

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



Appendix 6 - Customer Service Excellence

Customer Survey Results April 2023 - October 2023



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Devon Audit Partnership	Confidentiality and Disclosure Clause
<p>The Devon Audit 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 internal audit service that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>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</p>	<p>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.</p> <p>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.</p>