

Internal Audit

# Annual Audit Report 2018-19

Mid Devon District Council  
Audit Committee

June 2019



Robert Hutchins  
Head of Audit Partnership



Auditing for achievement

## Introduction

The Audit Committee, under its Terms of Reference contained in the 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 2018/19 was presented and approved by the Audit Committee in March 2018. The following report and appendices set out the background to audit service provision; a review of work undertaken to date in 2018/19, and provides an 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 report provides that opinion.

### Expectations of the Audit Committee from this annual 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;
- 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 Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 5) and satisfy themselves from this assurance for signing the Annual Governance Statement.

**Robert Hutchins**  
**Head of Devon Audit Partnership**

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## Opinion Statement

**Overall, based on work performed during 2018/19 and our experience from previous years audit, the Head of Internal Audit's Opinion is of "Substantial Assurance" on the adequacy and effectiveness of the Authority's internal control framework. The exception to this is in relation to the Council's governance arrangements over it's investment exposure associated to it's property development operation where our opinion is of 'improvements required'.**

*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.*

The Authority's internal audit plan for the year includes specific assurance, risk, governance and value added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the details of Internal Audit's opinion on each audit review carried out in 2018/19 to date. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2018/19.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews, 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, these are reviewed during subsequent audits or as part of a specific follow-up.

We have included a new Summary Assurance Opinions chart on page 3 which provides a "Themed" overview of the audit coverage. We have then RAG rated the audit areas covered to identify what our assurance is

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 the economical, effective and efficient use of resources;
- ensure compliance with established policies, procedures, laws and regulations;
- safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. debtors, creditors, payroll & Main Accounting) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework operated effectively during the year. Where internal audit work has highlighted instances of none or part compliance, none are understood to have had a material impact on the Authority's affairs.

### Risk Management

Risk Management process at strategic and operational level remains in place although it is recognised that full review is required to improve the focus of risks to key business objectives and improve mitigation control. There remains work to be done to embed this at operational level.

### Governance Arrangements

Governance arrangements have been considered in the areas of projects and procurement and Contract, and found to be effective, but with opportunities to improve consistency or alignment to business need. The Councils engagement with the Information Security Group continues to provide governance in relation to management of information.

### Performance Management

Performance is subject to monitoring at management and Committee levels through PDG and Scrutiny. This is supported by the SPAR performance monitoring system though it is recognised that this requires improvement to further embed monitoring into day to day operations.

<b>Full Assurance</b>	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.	<b>Limited Assurance</b>	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
<b>Substantial Assurance</b>	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.	<b>No Assurance</b>	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

## Summary Assurance Opinion

Summary of key audit reviews		Service Area Overview of Audit Coverage						Opportunity	Value Added		
		Finance & Resources		Corporate Affairs		Operations				Planning & Economy	
		Fixed Assets		Recruitment and Selection		Housing Health & Safety		Development Control – S106		Construction Design and Maintenance Compliance	Tender opening
		VAT management of Partial Exemption		Equality Impact Assessment		Refuse and Recycling		Property Development			Fraud Prevention & Investigation
		Income Cashless Systems		Ethics and Culture		Leisure Centre - CVLC		Building Control Partnership			National Fraud Initiative
		Business Continuity Planning		Car Park Income		Audit Follow-up					
				District Offices				Safeguarding	Consultancy		
									Job Evaluation Panel		
Core Assurance	Key Financial Systems -		Main Accounting system, Financial Systems Admin		Council Tax & NNDR, Housing Benefits		Debtors, Housing Rents		Creditors, Payroll	Treasury Management, Bank rec.	
	Governance & Business Processes -		Contract Management		Risk Management		Budgeting system		Human Resource Systems	Procurement	
	ICT -		Cyber Security		Systems Admin				Change Management		

Note: Assurance opinions are 'RAG' rated to support the overall assurance opinion for the year. The ratings are relevant at the time of the audit review and assurance may have improved since that time. Performance against recommendations is shown in appendix 2. Areas shaded blue denote opportunity or value added work.

## Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added 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.

Feedback has led us to change the clearance process of audit findings with the introduction of a debrief at the close of audit. This will bring the feedback to an earlier stage and smooth the clearance process of the draft report.

A selection of audit feedback surveys received have stated:-

*"on partnerships arrangements – helpful feedback on risks to the organisation"*

*"on VAT – helped to identify area to focus on more and improve procedures"*

*"on income security – the audit helped expedite change in process"*

We trust that officers have found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

## Audit Coverage and performance against plan

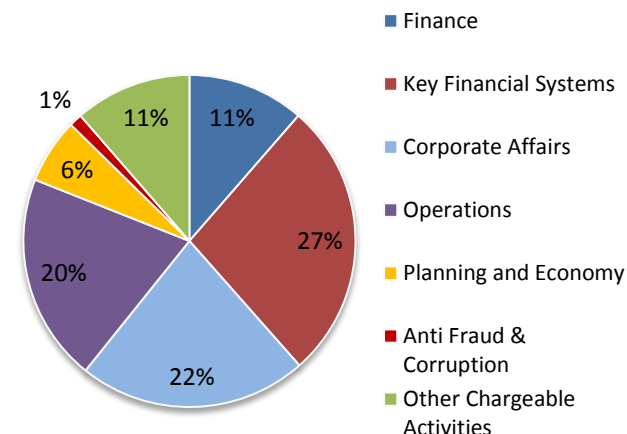
We have completed 98% of the revised plan for the year. The pie charts right shows the breakdown of audit days planned by service area / type of audit support provided. The balance of work has varied slightly during the year as can be seen from comparison with the second chart, and variations have been with full agreement of the client. Appendix 6 shows the performance indicators for audit delivery. Some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review; we have notably done this with ICT.

Appendix 1 to this report provides the final progress summary of the audits undertaken during the year, along with our assurance opinion. Where a "high" or "good" standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of "improvement required" has been provided then issues were identified during the audit process that required attention. We have provided summaries of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

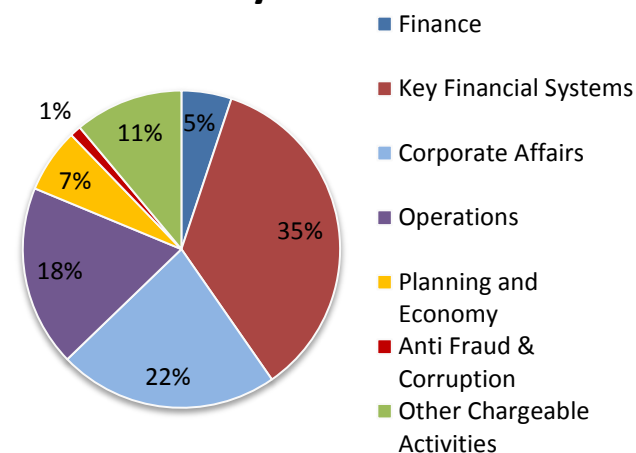
## Fraud Prevention and Detection

Overall the risk of fraud at the Council is considered low. All our internal audit assignments include an aspect of considering the potential for fraud and how the council prevents such fraud occurring. In particular, work on the key financial systems (payroll, creditors, debtors, treasury management etc) considered the suitability and robustness of the control framework to prevent, detect and address fraud. Counter-fraud arrangements are recognised by the Council and assist in the protection of public funds and accountability. The national data matching exercise (National Fraud Initiative - NFI) is supported by the Council every two years. There were no investigations that were required during the year though we are currently reviewing single persons discount for council tax.

### Audit Plan 2018-19



### Audit Delivery 2018-19





## Appendix 1 – Summary of audit reports and findings for 2018/19

### Risk Assessment Key




Spar – 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

Green – action plan agreed with client for delivery over an appropriate timescale;  
 Amber – agreement of action plan delayed or we are aware progress is hindered;  
 Red – action plan not agreed or we are aware progress on key risks is not being made.  
 \* report recently issued, assurance progress is of managers feedback at debrief meeting.




Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
Core Audit – Key Financial Systems						
<b>Payroll</b> Risk / ANA: ANA – high Spar – 3x1=3 Low / green	Good Standard  Status: Final	The overall control environment for Payroll is assessed as good standard. The Payroll Manager has been effective in keeping the payroll operating during the absence of the Payroll Officer, however, there have been functionalities that have had to be reduced or delayed i.e. checking of calculations, pension paperwork and fewer control checks carried out. We have not, however, detected any material error. Improvements in control have been identified previously and still require attention in areas of: <ul style="list-style-type: none"><li>reconciliation of staff structure;</li><li>payroll finance reconciliations not up to date;</li><li>authorised signatories.</li></ul>	3	11	1	
<b>Housing Rents</b> Risk / ANA: ANA – High Spar 3x2=6 Low/amber	Good Standard  Status: Final	There is good control over budget setting and implementation of annual rents changes where government guidance on formula rent is complied with. There is a robust process in place for direct debit collection and associated maintenance of accounts.  There has been a focus on collection of current tenant arrears for 2018/19. An analysis of arrears over the last year identified that the number of current tenant arrears accounts has increased by 14% however, the monetary increase has risen marginally (2.1%) which indicates that current tenant arrears is being managed well. Former tenant arrears have increased by just over 50% both in monetary value and number of accounts. The re-structure in Housing Services has allowed for a designated team to focus on income collection. The team is in the process of reviewing and implementing the arrears procedures.  The process of informing System Administrators of leavers and movers requires review to ensure that risk of unauthorised access is addressed.	4	6	0	



Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
Treasury Management Risk / ANA: ANA –Medium Spar 5x1=5 Low	High Standard  Status: Final	The Treasury Management (TM) function has been found to be well managed and monitored. Whilst it is evident that the security of the Council’s financial assets is paramount, the rate of return is also monitored to obtain the best value for the Council. Investments were sample tested and found to be carried out in line with the Treasury Management Strategy and policy.	0	0	0	
Systems Audits – Risk Based						
ICT – Service Transition Risk / ANA: ANA - Medium Spar – not recorded	Improvements required  Status: draft	<u>Service Transition</u> We found that there is a high-level, well-established framework in place comprising a Change Advisory Board to assess, approve, prioritise and schedule requests for change. The integration of SupportWorks (task management system) within the process to categorise and prioritise requests for change, is considered efficient and effective, and formed a record of the decision making process for each change.  However, this framework is not satisfactorily underpinned by documented processes to effectively implement and manage the success of changes as identified from ineffective testing in our review of the change to the cashless income system. This is a recognized issue by management who were working on new procedures during our review.  <u>Access Management</u> Controls over granting access to the Council’s computer network are generally sound, requiring sign-off from line managers, with an audit trail maintained in SupportWorks, However, communication processes, between service managers and human resources through to ICT Services, are not sufficiently robust in ensuring the timely deactivation of accounts following leavers and movers between services. Joint management of this is required to improve access security control. This would be further improved with the introduction of agreed standards for systems administrators governing user accounts.	4	8	0	
Culture and Ethics Risk / ANA: ANA - Medium Spar – not recorded	Good Standard  Status: Final	Since our previous review of the area of 'Culture and Ethics', many of the recommendations have been implemented and there have been a number of improvements made by the Council. MDDC has made good progress with staff in relation to 'how' the authority should do things, with the introduction of the Staff Charter, the Operational Framework and the skills audit, which will further embed the expected culture within the Council. It is felt that there is further opportunity to improve the outward message to the public by publicising and demonstrating the Council's values and how these values will link with the delivery of its priorities.	0	2	2	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
<b>Governance arrangements over the Property Development Organisation</b>  Risk / ANA: ANA –Medium Spar 5x4=20 High/ red	<b>Improvements required</b>  Status: Final	<p>The Authority has taken independent legal advice and support in its decision-making process to for the property development organisation. From this a governance framework has been established in the form of a shareholder agreement together with the articles and memorandum of association for the company. The Authority has judged it important to progress operation within the company to achieve its objectives and meet this with developing arrangements to support operations when required. Recognising that the overarching framework is in place there are, however, some significant concerns where risks have not been formally recognised and governance controls not yet established in line with the framework. Key risks exist around:</p> <ul style="list-style-type: none"><li>• conflicts of interest;</li><li>• investment security;</li><li>• disclosure requirements.</li></ul> <p>It is very clear from discussions with Senior Management that there is clear intent to ensure robust controls are in place to mitigate and protect the Council, Members and Staff. Full response to recommendations has been made and a follow-up audit planned for 2019-20.</p>	11	8	0	
<b>Risk Management Framework</b>  Risk / ANA: ANA –High Spar – not recorded	<b>Improvements Required</b>  Status: Final	<p>The Authority’s risk management framework is clearly defined, monitored and approved according to good practice. The Group Manager responsible for championing risk management is clear in their role and has developed both policy and process supported by clear risk management reports over recent years. This framework is supported by regular reporting of risks within the risk management system Spar.Net on a regular basis to Leadership, Performance and Development Groups, Scrutiny and Audit Committee in line with requirements of the strategy and guidance frameworks.</p> <p>It is clear, however, that the risks recorded in the Spar.Net system, the Risks Register, in many cases do not reflect a number of key risks to the Council, strategic or operational which are not included within the register (corporate goals, cyber security, strategic projects). There is limited mitigating control recorded against most risks to demonstrate how these risks are managed and monitored. The effectiveness of the risk management framework relies on the quality of the information in the risk register particularly in demonstrating accountability. We do consider that leadership and management do consider and manage risk on a day to day basis, it is the lack of evidence to support this through the risk register that is of concern.</p>	6	7	0	



Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
<b>Business Continuity Planning</b>  Risk / ANA: ANA –Medium  Spar 4x2=8 Low/ amber	Good Standard  Status: Final	MDDC has both an Emergency Plan and all service areas have their own up to date Business Continuity Plans (BPC) which satisfies the legal requirement of the Civil Contingencies Act 2004. A full-scale test of the BCP's covering Phoenix House was held in February 2019 to run scenarios in a mock environment, without giving staff any warning. Following the exercise an action plan was created by the Group Manager for Governance, Performance and Data Security to address some of the issues that had been noted.  The area of communication to staff and the public was highlighted as an issue, and as a result a BCP Project Board has now been formed with the responsibility for communication. This will ensure a more efficient and consistent approach should the BCP be invoked in the future. All of these measures give a good level of assurance that management support business continuity and promote its purpose.	0	1	2	
<b>Development Control – S106 – follow-up review</b>  Risk / ANA: ANA – High  Spar 5x2=10 med /amber	Improvements Required  Status: Final	The recording of developers agreements has been completed since the last audit review, however, there are known control weaknesses within the process, the main weakness identified is the inability of the legacy systems to provide a full overview of the ‘trigger points’ for all agreements, and therefore the lack of prompt reliable management information for profiling and managing contributions due and received from developers. The planned migration to a dedicated database has been deferred.  Our follow-up review has highlighted the need strategic decisions to be made about the direction and method of management of these contributions – a development project has been commenced to address this.	2	2	0	
<b>Housing Health and Safety</b>  Risk / ANA: ANA – High  Spar 5x1=5 low / green	Improvements Required  Status: Draft	Our review considers the management and control arrangements for health and safety of housing stock in three particular areas noted in the risk register including legionella, asbestos and fire in communal property. Monitoring and inspection of these since our last review has been brought in-house where Public Health now undertake assessments. There has been a notable reduction in the risk base for legionella since the last review through an improvement scheme.  Our review has identified that assessments of property are being completed and we understand that where any remedial action is required this is reported. However, we have found that some of the management information, reporting and performance monitoring between Housing's Building Services and Public Health is not, in all cases, complete or effective. This potentially increases the risk of non-detection of concern or delay in managing remedial action particularly in relation to legionella and fire management controls. Management recognise the issues and have agreed a full remedial action plan.	3	13	3	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
<b>Information Governance</b> Risk / ANA: ANA – High Spar 5x3=15 High/Red	Completed	Findings of the audit are currently being reviewed and will be agreed with management.				n/a
<b>Homelessness</b> Risk / ANA: ANA – High Spar	Deferred	Work carried forwards and to be scheduled in the Summer 2019				

## Appendix 2 – Recommendation Performance Indicators

Incomplete Audits	Year	Recommendations												Direction of Travel R,A,G
		High			Medium			Low			Total			
		C	N	O	C	N	O	C	N	O	C	N	O	
Creditors	2017	1			1	1		1			3	1	0	
Creditors	2018				1	3		1	3		2	6	0	
Housing Benefits	2018						2	1			1	0	2	
Housing Rents	2018	1	3			7					1	10	0	
Income & Cash Collection	2017				1	2		2			3	2	0	
Income & Cash Collection	2018		2			6			2		0	10	0	
Main Accounting System	2018		1		3	1			1		3	3	0	
Payroll	2017	3			6	1					9	1	0	
Payroll	2018		1	1	8			1			9	1	1	
Ctax and NNDR	2018	1			1	1	1	2		1	4	1	2	
VAT - Partial Exemption	2018		2			2		1	1		1	5	0	
Appraisals & Training	2015	1			13	1		2			16	1	0	
Care Services - Alarm Call	2017	2	1	1	3						5	1	1	
Leisure CVSC	2018				5		1				5	0	1	
Development Management S106	2017			2			3				0	0	5	
Equality Impact Assessment	2018		1		3					1	3	1	1	
Grounds Maintenance	2018				2		1	1	1		3	1	1	
ICT Inventory	2017	2			3		1				5	0	1	
Insurance	2017	1			3					1	4	0	1	
Legal Services	2015				2		2				2	0	2	
Procurement	2018			1	1		5				1	0	6	
Partnerships - Building Control	2018	1	1		3	3	1				4	4	1	
Refuse and recycling	2018		1		3						3	1	0	
Safeguarding	2017	1			3		1				4	0	1	
Sickness & Other Time Off	2016				6	1	1				6	1	1	
Standby	2016				2		1				2	0	1	
Vehicles & Fuel	2015	5			6	1					11	1	0	
		19	13	5	79	30	20	12	8	3	110	51	28	

### Comments

System accountant is reviewing the invoice scanning project although this may now not prove cost effective.

These outstanding recommendations relate to ICT functions.

These outstanding recommendations have reduced significance with the reduction in cash handling. BCP's for all services are being reviewed.

### IR35 Training

Review process has been added to the VAT calculation, further elements will be built into the wider VAT monitoring process in April 2019

Setting of performance indicators - being completed at time of report

We are awaiting outcome of the South Somerset and Taunton Council merge and the merging and relocation of the Taunton Deane call centre before progressing these actions.

Progress being monitored by LT. S106 Governance arrangements to be approved by Cabinet. Reconsidering systems design.

Incorporated some actions into Customer Engagement Strategy. Target extended to August 2019.

Create a policy for returning equipment

Date extended, digital archiving system required

Corporate Procurement Strategy outstanding.

A formal agreement should be in place with Exeter City Council for obtaining best prices for specified recyclables by 11/09/19.  
Risk register - front line services

Policy update deferred to June 19.

Will be taken into account during a review of the whole Standby service, due by the end of 2018.

Draft policy had now been written and is with GM working group for sign

CORE
SYSTEM

C = Completed

58%

N= Not yet due

27%

O= Overdue

15%

Not progressing   
Progressing some  
overdue   
On Target   
\* report just issued

## Appendix 3 - 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 2017. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

**Quality Assessment** – through external assessment December 2016 “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 is supported by a development programme.

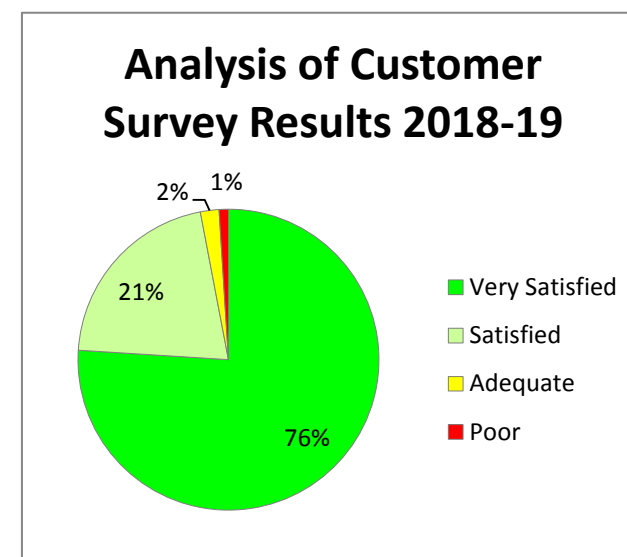
**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated and a status report was which is monitored by the Management Board in February 2019 and reported to the Partnership Committee.

### Performance Indicators

Overall, performance against the indicators has been very good with improvements made on the previous year (see Appendix 6). We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We continue to review where performance in this area can be improved.

### Customer Service Excellence

In June 2018, 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 near 97% 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.



## Appendix 4 - Audit Authority



## Appendix 5 - Annual Governance Framework Assurance

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

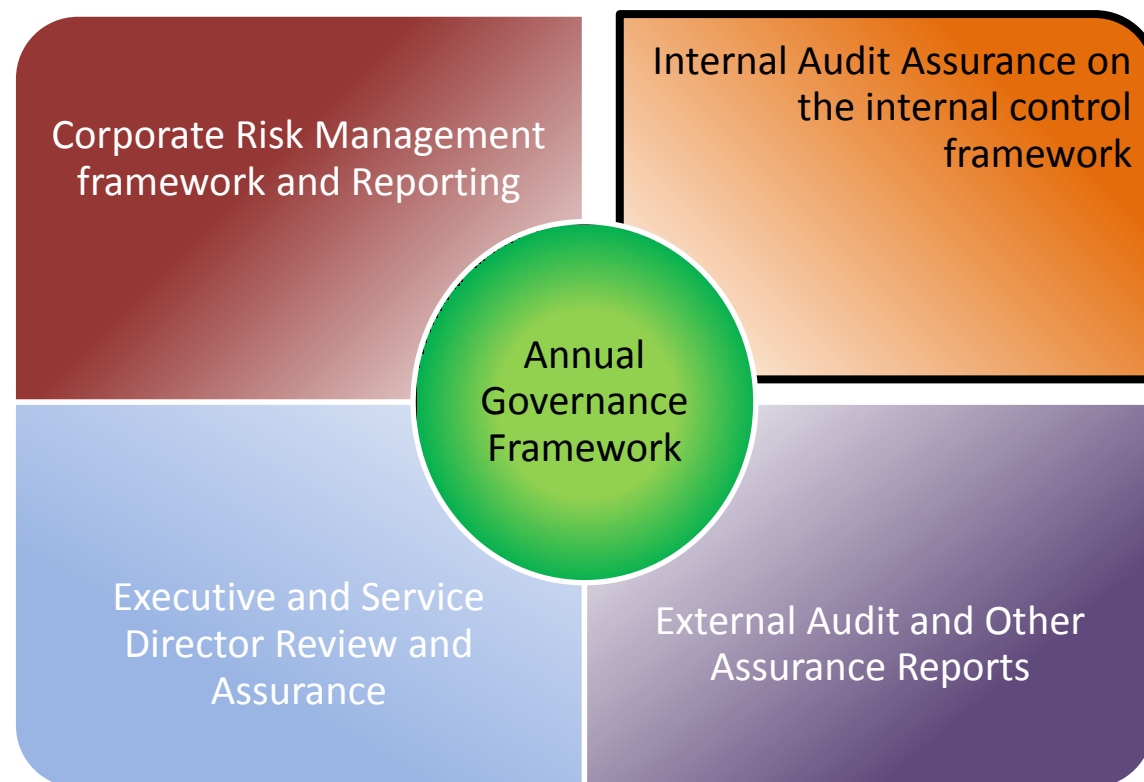
The Annual Governance Statement provides assurance that

- 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 6 – Performance Indicators

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

<b>Local Performance Indicator (LPI)</b>		<b>2017/18</b>	<b>2018/19</b>
	<b>Full Year Target</b>	<b>12mth Month Actual</b>	<b>12mth Month Actual</b>
Percentage of Audit plan Commenced	90%	100%	98%
Percentage of Audit plan Completed	90%	100%	98% *
Actual Audit Days as percentage of planned	90%	100%	93%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%
Percentage of chargeable time	65%	68%	66%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	97%
Draft Reports produced within target number of days (currently 15 days)	90%	90%	83%
Final reports produced within target number of days (currently 10 days)	90%	97%	91%
Average level of sickness absence (DAP as a whole)	2%	4% *	2.2% *
Percentage of staff turnover (DAP as a whole)	5%	11% **	4%
Out-turn within budget	Yes	Yes	Yes

\* Staff Maternity in the Mid Devon off if 7mths in 2018 and within 2 other offices

\*\* Sickness relates to DAP overall

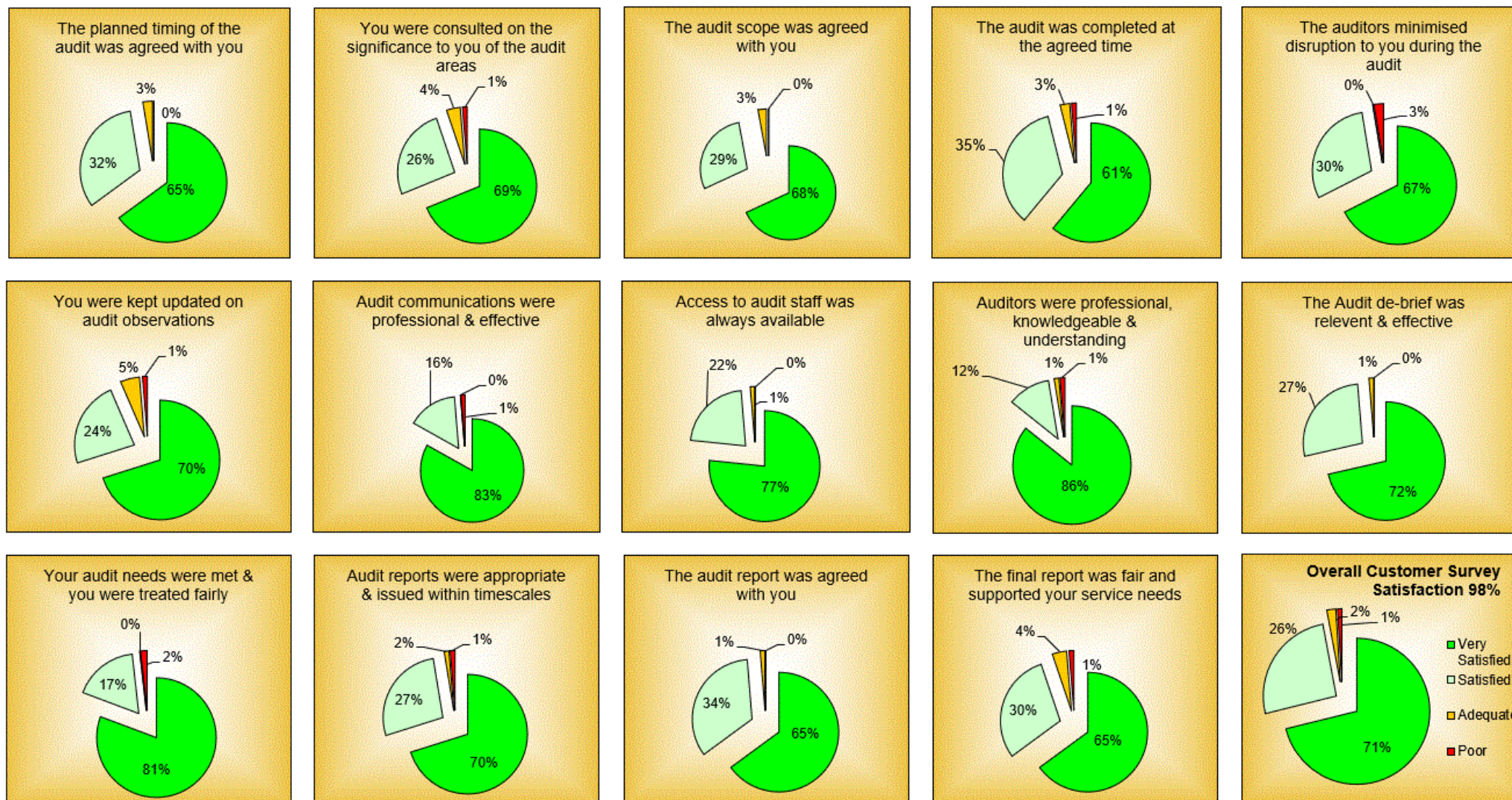
\*\*\* Staff turnover relates to 1 starters and 2 leavers

Overall, performance against the indicators has been met.

## Appendix 7 - Customer Service Excellence

### Customer Survey Results April 2018 - March 2019

The charts below show a summary of 77 responses received.





## Appendix 8 - 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:

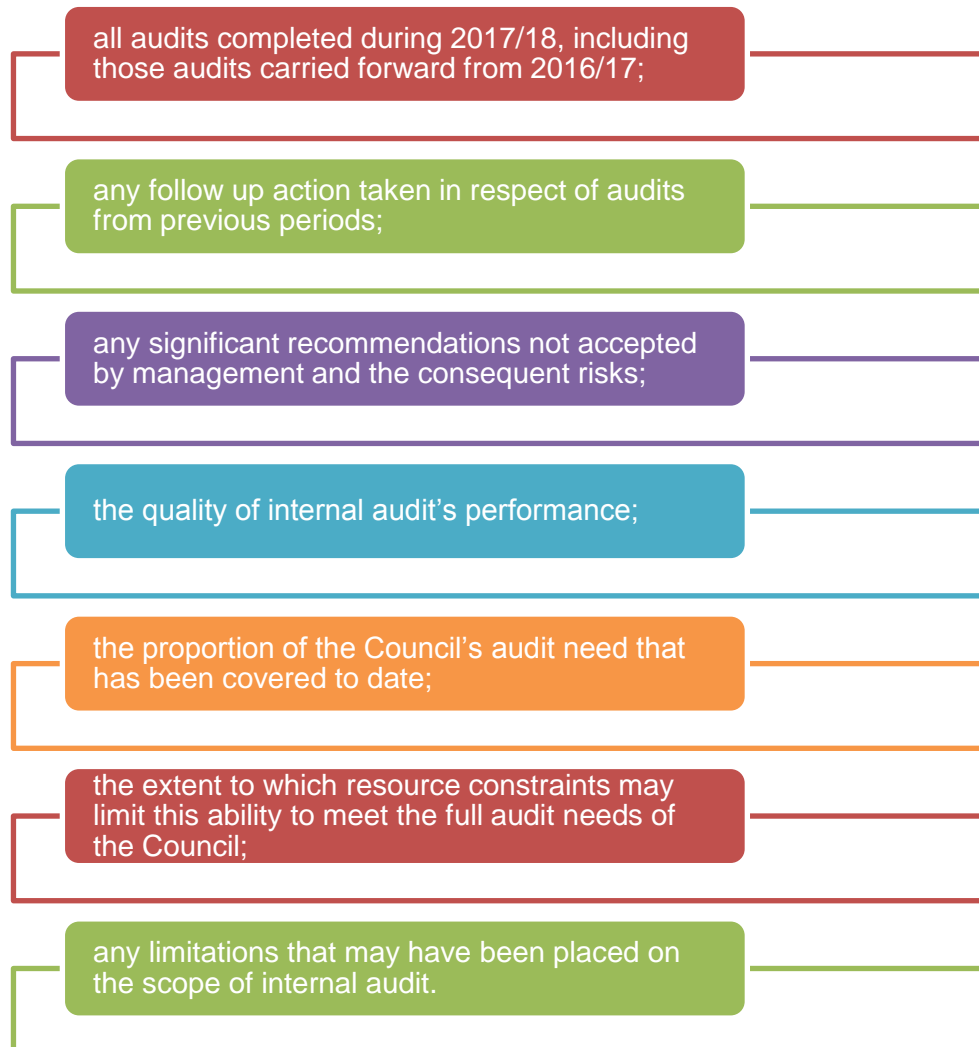
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of internal audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried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

The extent to which our work has been affected by changes to audit plans has not been notable this year and we have been able to accommodate the changes required within planned resources and completed the work.

In previous years, other service priorities have impacted audit delivery in only a small way and this year is no different. This has not affected the level of assurance provided.

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

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



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Devon 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 internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</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 <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a>.</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>