Internal Audit
Assurance Mapping 2020/21
Mid Devon Council

March 2021
Official

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Introduction

Over the last year, DAP has considered how to deliver value and assurance given limitations in audit time and resource resulting from the Covid-19 restrictions. Part of that work has been to develop assurance maps for our clients. The Institute of Internal Auditors provides a summary of the benefits of Assurance Mapping:

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

During the year we have developed an assurance map for Mid Devon, to provide a high-level graphical picture of the effectiveness of key controls on which the Council relies on to ensure integrity and effectiveness in its operations. This report provides an update on this work which we are delivering as part of the core audit delivery model for the Council.

Audit Assurance Mapping

Appendix 1 sets out a summary of the Assurance Map developed for Mid Devon District Council. This in an interim position statement and further work is needed to agree the position presented with management and discuss potential further assurance work around these findings. Ultimately, we want to get to a position where this is an agreed position accurately reflecting our joint views on controls and the coverage of assurances delivered within the 3 Lines Model. We present this report to inform the Committee of this work and get its views.

The summary is underpinned by individual operational assurance maps for each audited area. These have been populated using previous audit reports, the Council's risk register and cumulative audit knowledge of the respective authority. These will be made available to Council management as appropriate. The completion of the summary and individual maps provides us with a base from which we can and have concentrated audit fieldwork on key risks and areas marked as 'Improvements required' (Amber) or Fundamental Weaknesses (Red) rather than 'High / Good' (Green).

As this provides a historical view of assessments, we are not able to place complete reliance that these assessments continue to be valid without undertaking further walkthrough or sample testing of the area. As we continue to progress our audits, we will continue to update each assessment, and consider if further focussed testing is required to provide assurance in those areas highlighted.

Within the model we do not currently have much information on the sources of independent assurance other than Internal Audit and External Audit. As the Council should be considering useful sources of independent assurance and review, as we develop the model, we will seek to populate more detail in this area.

From this assurance mapping work, we highlight the following:

- **3rd party resilience and governance, and business continuity**: We list some areas as 'Amber'. While we expect these areas to have been exercised and challenged over the Covid-19 period and have worked sufficiently, there are opportunities to review the resilience of systems and the support provided to them.
- **Fraud and Error:** Expected controls surrounding anti-fraud management were not always present or considered in every core system or process. These included fraud investigation training and processes, and a formalised fraud incident reporting process. We have recently been feeding into the Counter Fraud Strategy to encourage a more systematic approach.
- **Input processing and output controls:** In some areas we identified that there were weaknesses in segregation or delegations. As a small organisation the Council will find it challenging to meet best practice in authorisation and review of operations such as raising and posting of financial transactions. It will need to balance the risk of single sign off processes to improve business resilience and operations, against the increased risk of error arising. In those cases, we have noted that management has accepted the increased risk (sometimes a small increase) in favour of resilience and operations.
- **Performance and Financial Management**: In several reviews we noted that performance indicators were not in place or did not support effective monitoring and management of performance or delivery, for example use of Social Media, Payroll.
- **Strategies and Business Plans**: Related to the above point, in some areas there could be more consideration of strategies and business plans underpinned by relevant performance indicators.
- **Guidance, manuals, and job descriptions**. We identified several areas where guidance or manuals needed to be either updated or created to improve the control framework. These support business resilience, but also help ensure key controls are maintained through clear description of the processes and steps for people to follow.

In review of the above, members and management should consider the assurance provided alongside that of the risk management and other assurance arrangements and satisfy themselves that the internal control framework continues to be maintained at an adequate level to mitigate risks. The Committee should look to inform the Council of any concerns to meet overall governance requirements.

Inherent Limitations

The opinions contained within this report are based on our examination of prior period work and collective knowledge. We have not tested all these systems and controls recently to form our own more detailed opinion. This map will be updated as a live assurance map and can only be considered a 'snapshot' at any given point where risks and processes change to meet current needs. We will be testing it with management and update it with other assurance information as this becomes available. From this it will, over time, provide a fuller and encompassing picture of the assurance available to inform management, governance, scrutiny and the Audit Committee.
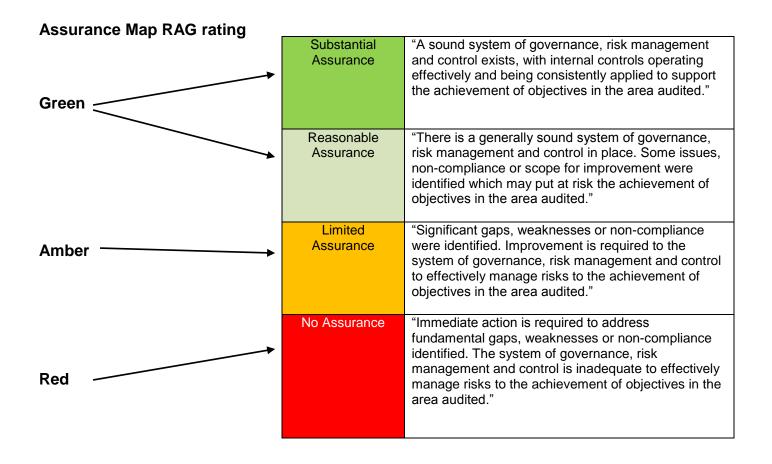
Robert Hutchins
Head of Audit Partnership

Appendix 1 – Mid Devon District Council Assurance Map – as at February 2021

Risks / key Objectives/ key services are taken from the Corporate Plan, Risk Register and audit universe with a focus on the higher risks and audit needs assessed feeding through into the audit plan.

Corporate Governance / Audit Committee

Senior Management

Risk / Key Objective / Key Service	Core systems controls inc. IT system, parameters	Input processing and output controls	Fraud and Error prevention	Authorisation, supervison and segregation	Performance & Financial management reports	3rd Party and Business continuity, Disaster recovery	Strategies and business plans inc. Benchmarking	Financial / Monitoring, reconciliation, reporting, Statutory Returns	Functional & Service compliance reviews	Quality control checks (H&S, Info Governance)	Security inc IT systems & physical	Governance structures and processes (inc. financial & other policy)	Corporate risk management/assurance	External accreditation/Certification (ISO 27001)	External compliance testing - e.g. security, resilience, quality	3rd Party assurance letters	Consultant reviews	Strategic partners assurance reports inc. Peer review	Internal audit opinions	Internal audit report date	Inspection - Ofsted, CQC, ICO, HSE	HMRC Tax and Revenue	External audit	Notes from Regulators and or External Auditors reviews
KFS - Main Accounting System	G	A	G	G	G	G	G	A	G	G	G	G	G						Reasonable	Dec-20				
KFS - Treasury Management	G	G	G	G	G	A	G	G	G	G	G	G	G						Substantial	Dec-19				
KFS - Payroll	G	G	G	G	G	R	G	A		G	G	G	A						Reasonable	Dec-20	n/a			
KFS - Council Tax / NNDR	G	G	A	G	G			G	G		G		G						Fieldwork					
KFS - Income & Cash Collection	G	A	G	G		G	n/a	N/A						n/a	n/a	n/a	n/a	n/a	Reasonable	Aug-20	n/a			
KFS - Debtors	G	A	A	G	G	A	G	G	n/a	G	G	G	G	n/a	n/a	n/a	n/a	n/a	Fieldwork	Jun-20	n/a			
KFS - Creditors	G	G	G	A	G	A	G	G	n/a	n/a	G	G	G	n/a	n/a	n/a	n/a	n/a	Reasonable	Aug-20				
KFS - Housing Benefits	G	G	A	G	G	G	G	A	G	G	G	G				G			Fieldwork					
KFS - Housing Rents	G	G	G	G	G	G	G	G	G	G	G	G							Reasonable	Feb-20				
KFS - Car Parking Income	G	G	G	G	A	G	G	A	G	G	G	G	G						Reasonable	Dec-20				
VAT	G	G	G	G	G	G	G	A	G	n/a									Reasonable	Nov-19				
Core - ICT	G	G	G	G	G	A	A	G	G	G	G	G	G				G		Reasonable	Nov-20				
ICT Cyber Security	A	G	G	G	G	A	A	G	G	G	G	G	G						Reasonable					
Commercial Rents	G	A	G	G	A	G	G	G	G	G	G	A	G						Limited	Nov-20				
NMD Building Control (Planning)	G	G		G	G	G	G	G	G	G	G	A	A	G	G		G		Reasonable	Sep-20				
Digitalisation inc Social Media	A	A	G	R	A	G	R	G	G	G	A	A	G						Limited	Dec-20				
Freedom of Information	G	G	n/a	G	G			G	G			G							Substantial	Feb-20				
Procurement and Contract Management	G	G	G	A	A	G	A	G	G	G	G	G	G						Reasonable	Feb-21				
Pandemic - Covid-19 - Staff Safety	A	G	A	G	A	G	G	G	A	G	G	G	G						Reasonable	Feb-21				
HR - Sickness and Absences	G	G	A	G	A	G	G	G	G	G	G	G	G						Reasonable	Mar-20				
Licensing	G	A											G						Substantial	Nov-20				
Vehicles and Fuel	G		G	G	G	G	G	G		G	G			G	G				Reasonable	Oct-19				
Members Allowances	G	A	A	A	G	G	G	G		G	G		G				G	G	Reasonable	Mar-20				
Three Rivers	G	G	G	G	A	G	G	G	G	G	G	A	G						Reasonable	Oct-19			G	

Regulators: Legal, Government other inspection

Appendix 2 – Definitions of Audit Assurance Opinion Levels

Assurance Map RAG rating

Green

Amber

Red

Substantial Assurance	"A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited."
Reasonable Assurance	"There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited."
Limited Assurance	"Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited."
No Assurance	"Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited."

Appendix 3 - Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Marking	Definitions
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Official: Sensitive	A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL–SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.