Internal Audit

Annual Audit Report 2024-25

Mid Devon District Council Audit Committee

June 2025

Official

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Introduction

This report provides a summary of the performance against the Internal Audit plan for the 2024/25 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls, and provides our overall Annual Assurance Opinion on the overall adequacy and effectiveness of the Authority's Internal Control Environment.

The level of risk associated with each of the areas in Appendix 1 has been determined either from the Local Authority's Risk Register (LARR), or the Audit Needs Assessment (ANA) carried out at the planning phase. Where the audit was undertaken at the request of the client it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on the achievement of corporate / service goals.

The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to prepare a report providing an opinion at the end of each year that can be used by the organisation to inform its annual governance statement. Devon Assurance Partnership was externally assessed in December 2024 against the PSIAS framework and confirmed to be conforming with the requirements of the PSIAS. These standards have been revised and renamed the Global Internal Audit Standards (GIAS). They take effect for the UK Public Sector as of 1st April 2025 and there are three key aspects:

- The GIAS;
- The CIPFA Code on the Governance of Internal Audit; and
- The CIPFA Application Note for the GIAS in the Public Sector.

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 DAP will be undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course.

Expectations of the Audit Committee from this report are to consider

- The opinion 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 these the Audit Committee are required to consider the assurance provided alongside that of Corporate Risk Management and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive for governance requirements.

Overall Opinion Statement

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

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

The 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.

The reviews in 2024-25 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 2024-25 Statement of Accounts.

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

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

Assurance Mapping

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

- An assurance map brings an organisation's 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 behaviors 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 update an assurance map to reflect audit work and input from management including the Council's risk register, and cumulative audit knowledge of the authority. We will be compiling the assurance map for the Committee once all reports have been finalised. The assurance map process is used to support creation of the audit plans to ensure that we are focusing our resource on the areas of most risk and assurance value.

High Level Summary - Outcomes

High Level Audit Plan and Summary Outcomes – 2024/25							
Assurance Opinion	**Key Financial Systems**	**Property, Climate, Leisure**	**Legal, HR & Governance**	**Performance, Operations**	**ICT, Communications, Customer Engagement**	**Place, Economy, Planning**	**Housing & Environmental Health**
Substantial Assurance	Insurance Treasury & Cashflow Management		Sickness & Other Time Off Risk Management				Letting of Housing Stock Food Safety
Reasonable Assurance	Main Accounting System	Climate Change	Gifts & Hospitality Register of Interests		Firewalls		Private Water Supplies
Limited Assurance						Building Control Follow-Up	
Non-Assurance					CAF High Level Self - Assessment	Cullompton Heritage Action Zone Grant	
In Progress / Draft Report	Procurement	Commercial Rents Lords Meadow Leisure Centre	Corporate Plan Legal Services Staff Performance & Appraisals		Patch Management		Repairs & Maintenance Service Charges Care Services (Alarm Income)
Deferred to 25/26		Capital Asset Management		Vehicle & Fuel (including inventory & maintenance)	Internal Communications	Economic Regeneration - Planning Enforcement	Licensing

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.
- Integrating Audit, Risk Management and Counter Fraud knowledge and experience in our work.

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.

Annual Follow Up Activity

As part of adding value, we undertake a follow up review to provide updated assurance to Officers and Members. This follow up activity is an opportunity to facilitate, review and expedite progress for individual audits, to inform Management of the current position and to integrate the outcomes into the organisation's strategic management arrangements.

We carried out one Limited Assurance review noted from 2023/24 on Building Control, this still remains at Limited Assurance. For those audits where Limited Assurance has been provided in the table on page 4, we will be undertaking follow up work in 2025-26 to confirm that these have been addressed.

Audit Recommendations

Appendix 2

There are currently 1 High and 9 Medium management actions overdue (See **Appendix 2**). This compares to the 5 Medium and 1 Low recommendations reported at the last Audit Committee.

The agreed policy is that only High priority recommendations require Audit Committee agreement to extend target dates, and that management can decide to extend Medium and Low recommendation target dates.

Audit Coverage and performance against plan

Over the course of 2024/25 28 reviews were commenced, 6 of these are concluding and 5 are at Draft Report stage. There are 5 audits which will take place in 2025/26 due to a mixture of client request and audit capacity in year.

Whilst we would usually aim for no work to be ongoing when presenting our annual opinion, as reported to the DAP Committee we have had a prominent turnover in staff and so have not been able to fully resource the plan in year. This has been addressed, and we do not expect this to occur again.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more responsive to changing risks, in turn maximising resource focus to clients' needs as and when needed – Agile Auditing.

When we prepare our plans, we endeavor to ensure that sufficient coverage across the Council is maintained to ensure that we can provide an inclusive end of year annual assurance opinion.

Audit Status

- Deferred
- Concluding
- Draft Report
- Final Report

The chart to the right shows the breakdown of Substantial, Reasonable, Limited and No Assurance opinions provided this year (as reflected in the table on page 4), as well as any non-opinion-based work.

This report provides a summary of some of the key issues reported that are being addressed by management and we are pleased that management are appropriately addressing these issues.

It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.
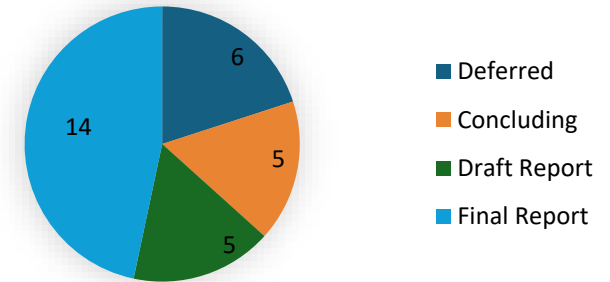
Summary of Assurance Opinions

- Substantial Assurance
- Reasonable Assurance
- Limited Assurance
- Non Assurance
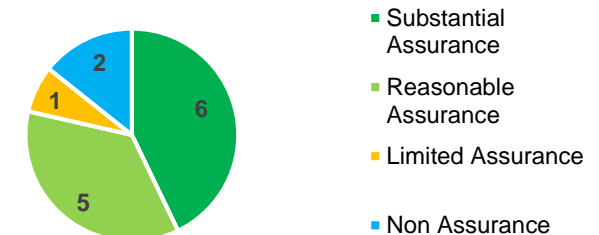
Irregularities Prevention and Detection

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 over 40% of all crimes; it is anticipated that this will further increase in the coming years (see Fraud and the Justice System).

The Government 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 DAP Counter Fraud Team or Internal Audit.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years and the latest exercise is ongoing during 2025. Further detail will be provided as appropriate on any investigation or irregularity work that DAP undertakes, however no such work is in progress at this time.

The Home Office have now produced the guidance on the new Criminal Offence of Failure to Prevent Fraud. It is important that councils have effective measures to reduce the risk and impact of fraud.

Please see the separate DAP Annual Counter Fraud Resilience and Assessment Report for further information on Counter Fraud Activity in the Council.

Appendix 1 – Summary of audit reports and findings for 2024/25 (Completed since our last report in March 2025)

Key Financial Systems	
Risk Area / Audit Entity	**Audit Report**
	Residual Risk / Audit Comment
Main Accounting System Reasonable Assurance Status: **Final**	A recent restructure has taken place within the Finance function and a number of experienced, long standing members of the team have departed. Job titles and associated roles and responsibilities have changed and vacant positions have been difficult to fill. Two new Finance Assistants have been appointed and provided with access to the system following verbal discussion rather than receipt of an authorised document showing permissions and access levels required. For all users granted access to the system, documented authorisation should exist showing the level of access and permissions required. No user should be given access without the necessary authorisation document having been received. Monitoring and review of budgets is robust. From information held upon the Main Accounting System (MAS) and the discussions and actions arising from the monthly budget monitoring reports, Members are provided with verbal and written reports at the various Policy Development Groups and committees upon the financial performance of the Council and the services it provides. Re-reported again and as detailed within previous audit reports is the process regarding journal authorisation; an issue also highlighted by the Council's external auditors.

Property, Climate, Leisure	
Risk Area / Audit Entity	**Audit Report**
	Residual Risk / Audit Comment
Climate Change Reasonable Assurance Status: **Draft**	There is clarity of roles, responsibilities and accountability for the overall risk management of climate change and project delivery. A Climate and Sustainability Specialist is employed who leads upon the development of the Council's climate strategy, environmental sustainability programme and initiatives. Elected Members obtain assurance over management of climate related risk through reports presented to them at Cabinet and at the Planning, Environment & Sustainability Policy Development Group (PDG). Received by Members at the Planning, Environment & Sustainability PDG is a quarterly performance dashboard which includes climate change / sustainability performance related information. Reports presented upon new and future projects to the appropriate committee, where Members are required to consider, note, and provide a decision upon, must contain a section on the 'Impact on Climate Change'. Research by the Local Government Association in early 2024 found more than two-thirds of Councils were not confident in being able to deliver their net zero targets within the timescales set out in their strategies. The MDDC Climate Change

Strategy 2024-2028 states that the Council has direct control over its own activities '*so we will prioritise efforts to reduce areas of the operational carbon footprint where we have direct control.*' However, '*retrofit work which seeks to achieve healthy, net-zero-ready housing and greener leased non-residential buildings*' is strongly reliant upon external financing requiring bidding for '*additional funding to make our journey towards net zero a reality*'. Insufficient funding, the impact of inflation on project deliverability and the availability of resources would severely impact the ability to reach the net zero target. Longer term ambitions may need to be reviewed in the light of the English Devolution White Paper (December 2024) and the impact these proposals may have upon the availability of additional future government funding and bidding for such schemes in the short term leading up to 2028 and what happens within the Devon geographic area with regard to local government and its structure beyond that date.

Legal, HR & Governance

Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
Gifts & Hospitality / Register of Interests Reasonable Assurance Status: **Draft**	Our work which has reviewed all 42 Councillor declarations has demonstrated that there are inconsistencies in their completion and this is not in line with The Localism Act 2011. A number of boxes in which to provide a response upon the declaration form had been left blank by several councillors, yet the Mid Devon DC Constitution (Appendix K) '*Complaints and Investigations into Members Conduct under the Localism Act 2011*' states '*Mark* **'none'** *on the register if you have no interest to register in any category. Do not leave a box empty*'. Full compliance with guidance detailed within the Council's Constitution has therefore not occurred in certain instances. Devon Assurance Partnership (DAP) will provide an update to details required within section 6 of Mid Devon DC 'Anti-Fraud, Bribery and Corruption Policy' and are happy to provide the Council's new National Fraud Initiative (NFI) 'Key Contact' with a quick tutorial regarding reports received, data matches obtained, the recording of findings and savings identified. Annually as part of their annual accounts work External Audit undertake a 'Related Party Transactions' exercise where councillors and certain officers are required to complete a form sent out by Finance and forwarded to External Audit following completion and return. A note regarding Related Party Transactions forms part of the published Annual Accounts. Agendas for several different committees were reviewed; all were found to contain the agenda item 'Declarations of Interest under the Code of Conduct'. Review of meeting minutes recorded whether or not any 'Declarations of Interest under the Code of Conduct' had been received. Reviewing individual councillor webpages to access 'Gifts and hospitalities' showed for the period 21 February 2023 - 14 March 2025 no instance of any gifts and hospitalities declaration made by any councillor. During the 2024/25 financial year five declarations have been received from officers.

Risk Management	Mid Devon District Council (MDDC) has good processes and policies in place to support robust risk management within the Council. The Risk Management Policy contains clear and detailed guidance and assist colleagues in creating a consistent approach to the management of risk. The policy document also contains a risk appetite statement, alongside a visual image of where the Council's risk tolerance is currently.
Substantial Assurance	
Status: **Final**	There is a clear risk identification process present in the 'Risk Management Policy' document, to assist with this and to promote consistency at MDDC there is a risk identification template document, which also helps officers to ensure they have all the correct information.
	It was found that MDDC meets its statutory obligations around Risk Management, including The Accounts and Audit Regulations 2015 and the UK Government guidance around Risk Management 'The Orange Book Management of Risk – Principles and Concepts'.
	MDDC has a detailed Risk Register in place that helps to document the council's risks, scoring, controls and owners. The mitigating controls are effective in managing the risks and have an owner which increases accountability in this area. We do offer an observation around target scores, which would help in directing resource to managing risks. Additionally, we offer an observation that risks should be linked to objectives, the general definition of risk would be 'An event that would impact the ability to achieve objectives'
	MDDC supplies risk management training to its staff and members, to ensure there is good knowledge and understanding on the area.
	MDDC clearly outlines its current risk appetite and tolerance levels. This is outlined in the 'Risk Management Policy', there is an opportunity to further embed this area by increasing knowledge on risk appetite and tolerance to those who regularly manage and deal with risks and/or members of the Council.

ICT, Communications, Customer Engagement	
Risk Area / Audit Entity	**Audit Report**
	Residual Risk / Audit Comment
Firewalls	The balance of strengths and weaknesses shown during the review support the assurance opinion given.
Reasonable Assurance	We identified the following strengths:
Status: **Final**	• A FortiGate firewall cluster is deployed utilising High-Availability for failover (i.e., meaning minimal downtime during the transfer from the primary firewall to the secondary firewall in the event of an issue with one of the firewalls),
	• Access to the firewall administrative interface is appropriately controlled, including specific technical restrictions. These controls reduce the likelihood of inappropriate access to the firewall interface,

- The edge firewalls have an implicit 'deny all' policy for traffic from all sources to all destinations, with Denial-of-Service (DoS) policies being enabled,

- Anti-Virus, signature-based Intrusion Prevention System (IPS), and web-filtering services are enabled on the firewall, with each being updated automatically,

- Firewall logs are retained for 12 months. With the upcoming implementation of the External Security Operations Centre (SOC), 24/7 monitoring of the IT infrastructure will be utilised.

- There is a change management process to oversee any changes / amendments to firewalls rules or configuration,

- Firewalls software, configuration and rule sets are appropriately backed up.

We identified the following areas for development:

- Outside of the annual IT Health Check (ITHC), there is no formalised review of the firewalls rule sets. This presents a risk of outdated rules being active when they're no longer required,

- There is a lack of clarity on the level of testing required before a firewall rule is implemented into the live environment. This presents a risk of a rule having adverse effects when introduced into the live environment,

- The main corporate firewalls are not running the version recommended by Fortinet. Although the firewall is supported (i.e., still receiving updates), the version is below the recommended release. This presents a risk that known vulnerabilities remain exploitable, although an update has been released to address them.

Whilst the review highlights several robust security measures and strengths with the current firewall set up, it also identifies areas for development. Addressing these considerations may further enhance the resilience and effectiveness of the firewall infrastructure, ensuring continued protection against potential threats.

It is not possible to guarantee beyond doubt that an assurance exercise has discovered all strengths and weaknesses within the firewall function, as such the observations made in Appendix A should always be supplemented by any additional local knowledge as part of the organisations approach to information security risk management, the organisations cyber security mitigating controls, and organisational resilience.

Appendix 2 – Clearance of audit recommendations

The table below shows all recommendations by audit subject. There are 1 High, 9 Medium and 9 Low recommendations that are overdue

Audit references	H Not Due	H Overdue	M Not Due	M Overdue	L Not Due	L Overdue	Total Due and Overdue
Capital Asset Management	0	0	0	1	1	2	4
Care Services	0	0	1	0	0	0	1
Cemeteries and Bereavement Services	0	0	1	0	0	0	1
Contract Management	0	0	4	0	0	0	4
Corporate Repairs and Maintenance	0	0	0	2	0	1	3
Culm Valley Leisure	0	0	1	1	0	0	2
Cyber Security	0	1	0	2	0	3	6
Housing Health & Safety	0	0	1	0	0	0	1
Information Governance	0	0	1	2	0	0	3
Leisure Centre	0	0	0	0	0	1	1
Performance Management	0	0	2	0	0	0	2
Procurement	0	0	1	0	0	0	1
Risk Management	0	0	1	0	0	0	1
Safeguarding	0	0	0	1	0	0	1
Service charges	0	0	0	0	1	0	1
Tiverton Pannier Market	0	0	0	0	0	2	2
Total	**0**	**1**	**13**	**9**	**2**	**9**	**34**

The table below provides more detail on the overdue High and Medium Recommendations.

Audit references	Priority	Title	Objective	Target Date	Arising - managers comment
Cyber Security	M	Consider reviewing the BCP	Currently engaged with LGA to inform DR/BCP playbook and documentation	31/05/2025	BCP's are being reviewed corporately and final versions for all business areas, including ICT will be published soon.
Cyber Security	M	government playbooks to assess for appropriability for MDDC	Will be addressed as part of overall DR/Ransomware playbook documentation	31/05/2025	With the staff restructure in ICT, we should be able to develop some documentation to meet this requirement.
Information Governance	M	Information formats/tags such as information classification	GW – in information asset register (IAR) work. GW has provided classification training to two departments and Councillors. Assessment as to whether this can be made compulsory training in progress. InTune is used and being developed to auto tag as and when tags have been defined. Further work on policies required. Some Cyber Audit aspects that will cover this side of things.	31/05/2025	Due to capacity issues in ICT information tagging has not yet commenced within the MS tenant. Additional resource has been obtained and work will commence on planning/implementation during 2025.
Information Governance	M	Overarching communications plan	Still intending that the RACI model will address this	31/05/2025	RACI model completed, but needs to communicated to organisation once IARs connected. Currently working through CAF and expecting improvement plan and risk review over spring.
Corporate Repairs and Maintenance	M	Adopt a system that records planned vs reactive maintenance	Adopt a system that records planned vs reactive maintenance. Noted	30/04/2025	A Property Services workflow exercise is underway with the business analyst, with the aim of refining the system requirements and solutions available for reactive works. The order is placed for the new Planned Maintenance software (Meridian), which following recent condition surveys for each site, will inform the future planned maintenance programme. This should take effect in the autumn.

Corporate Repairs and Maintenance	M	Saving work in a central location	Will speak to data protection officer to discuss good practice and how files should be maintained. Will then roll out agreed process and ensure staff undertake consistent approach.	30/04/2025	As part of the review of processes, the filing system is being reviewed with initial improvements underway. The new software (Meridian) and the outcome of the business analyst review will help inform the data storage requirements. This should take effect in the autumn.	
Capital Asset Management	M	update asset data	Agreed. Work is ongoing adding details onto INDOX	01/04/2025	Idox holds the majority of data, but the purchase of new software (Meridian) and the outcome of the business analyst review may offer a better solution. New specialist software for Parks and Open Spaces data is being considered.	
Culm Valley Leisure	M	Business plan	The observations should be considered, and suitable additions/amendments made to future Plans as necessary. Awareness of the Plan amongst staff should be improved.	31/03/2025	Achieved: Provisional strategic objectives completed. Values awaiting approval which will help to feed into the business objectives and focus.	
Cyber Security	H	NCSC guidance and liaise	Will review (National Cyber Security Centre (NCSC) guidance and liaise with Devon County and internal procurement to define best practice.	31/03/2025	Supplier engagement via manual review is slow and relatively unresponsive. Procurement practice has been strengthened. Market testing and business case being pursued for software solution to manage supplier risk overview. This will be done via ITIG board during summer 25. A risk review is also being initiated by the Head of Service on cyber risk in conjunction with Cyber Assessment Framework assurance findings.	
Safeguarding	M	Modern Slavery and Human Trafficking statement	The statement will be updated and re-published on the website before the end of June following adoption of the updated corporate Safeguarding Policy.	30/06/2024	Has been deprioritised due to pending exit of Community Safety lead officer and recruitment for replacement whilst immediate work has instead being prioritised across live CSP and ASB hotspot projects. Updated statement has been part drafted and will be finalised as soon as possible.	

Appendix 3 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS) in 2024/25

PSIAS Conformance - Devon Assurance Partnership conformed to the requirements of the PSIAS for its internal audit activity for the period related to this report and assurance opinion. 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 2024. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

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

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

An external assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was last conducted at the end of 2024 by an ex-assistant Director of SWAP, a public sector limited company providing internal audit services.

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

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

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan. 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 reported to the DAP Management Board.

The new **Global Internal Audit Standards (GIAS)** come into effect for the UK public Sector as of 1st April 2025. There are three key aspects:
- The GIAS;
- The CIPFA Code on the Governance of Internal Audit; and
- The CIPFA Application Note for the GIAS in the Public Sector.

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 DAP will be undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course.

Customer Service Excellence

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

Appendix 4 – Audit Authority

Service Provision

The Internal Audit (IA) Service for the Council is delivered by the Devon Assurance Partnership (DAP). This is a shared service arrangement constituted under section 20 of the Local Government Act 2000. The Partnership undertakes an objective programme of audits to ensure that there are sound and adequate internal controls in place across the whole of the organisation. It also ensures that the Authorities' assets and interests are accounted for and safeguarded from error, fraud, waste, poor value for money or other losses.

devon**assurance**partnership

Strategy

Internal Audit Strategy sets out how the service will be provided. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the audit function.

Regulatory Role

There are two principal pieces of legislation that impact upon internal audit in local authorities:
Section 5 of the Accounts and Audit Regulations (England) Regulations 2015 (amended 2021) which states that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
Section 151 of the Local Government Act 1972, which requires every local authority to make arrangements for the proper administration of its financial affairs.

Professional Standards

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards.
DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).
Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

Appendix 5 - Annual Governance Framework Assurance

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

The Annual Governance Statement (AGS) provides assurance that
- o the Authority's policies have been complied with in practice;
- o high quality services are delivered efficiently and effectively;
- o ethical standards are met;
- o laws and regulations are complied with;
- o processes are adhered to;
- o 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 (Governance) 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;
  - o The Authority;
  - o Audit Committee;
  - o Risk Management;
  - o Internal Audit;
  - o Other reviews / assurance.

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

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Framework, Executive and Internal Audit that the statement meets statutory requirements, and that the management team endorse the content.
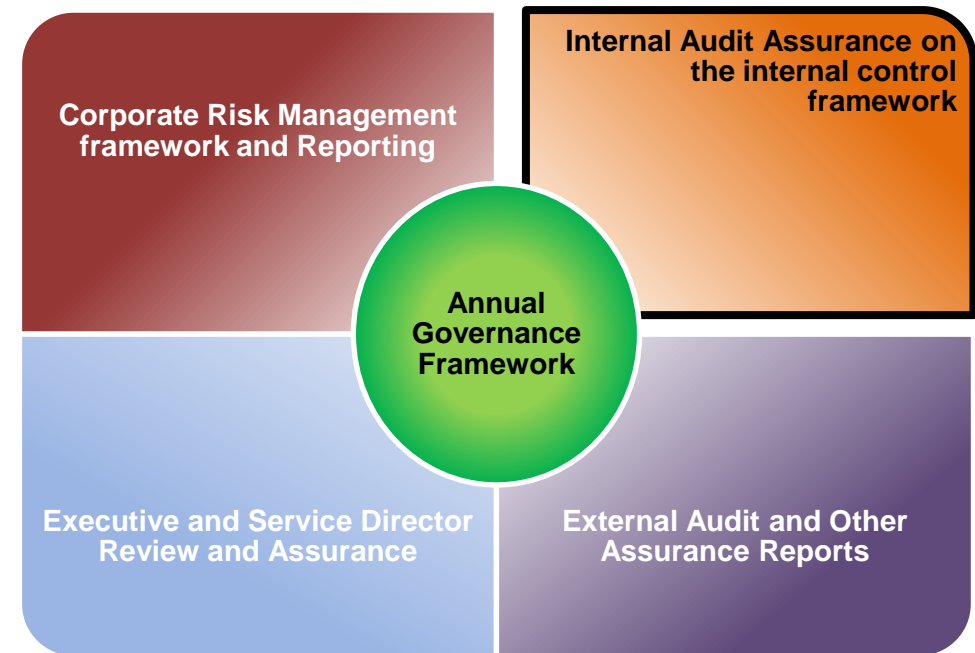
The LGA has introduced an improvement and assurance framework, accompanied by a self-assessment tool. This framework is intended to assist local authorities in evaluating the adequacy of their measures to ensure both service performance and corporate governance.

It is specifically designed for use by corporate statutory officers, in collaboration with members and other key officers. The tool should be utilised to inform the council's annual review of the effectiveness of its internal control system, aid in preparation for external evaluations such as Corporate Peer Challenges or inspections and support corporate statutory officers in their roles to promote good governance within the authority. The framework and a dedicated guide for Councillors are available on the LGA's website.

Appendix 6 - Basis for Opinion

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

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

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an 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 this document.

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 2024-25, including those audits carried forward from 2023-24;

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 organisations 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 Authority;

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

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