

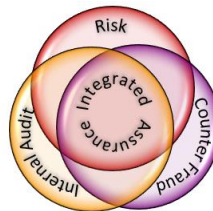
Internal Audit

Audit and Governance Committee In-Year Monitoring Report 2024/25

North Devon Council

November 2024

Official



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Devon Assurance Partnership

The Devon Assurance Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torridge, South Hams, West Devon councils and Devon and Somerset Fire and Rescue. We aim to be recognised as a high-quality assurance service provider 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.

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.

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the Government Security Classifications. 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.

Introduction

This report provides a summary of the performance against the Internal Assurance plan to date for the 2024/25 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls where our work has been finalised.

Seven audits reports have been issued so far in 2024/25, a further three reports since our last update in September 2024. These recently issued reports are; Corporate Programme Management, Creditors and Corporate Planning, all of which achieved a ‘Substantial Assurance’ rating.

In addition, we have now commenced work on; Controls around the security of the artefacts and assets at North Devon Councils Museum, Procurement, CCTV, Regeneration Projects, Council Tax/National Non-Domestic Rates (NNDR), Customer Service Centre, Emergency Planning and Business Continuity.

The key objectives of the Devon Assurance Partnership (DAP) have been to provide assurance to North Devon Council on the adequacy, security and effectiveness of the systems and controls operating across the Council and to provide advice and assurance to managers and staff. The Internal Assurance plan for 2024/25 was presented to, and approved by, the Audit Committee in March 2024. The following report and appendices set out the position to 23rd October 2024.

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 are likely to take effect in 2025 and will impact on our work and activity.

Expectations of the Audit Committee from this report are to consider

- The opinion statement within this report.
- 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.

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.

High Level Summary Internal Audit Plan

High Level Summary Audit Plan – 2024/25						
Governance	Environmental Enhancement	Organisational Development	Place, Property and Regeneration	Customer Focus	Planning, Housing and Health	Programme Management and Performance
Main Accounting System Creditors Debtors Cash and Card Collection Treasury Management Procurement Contracts and Commissioning Grant Certification (as required) Elections Risk Management Corporate Planning Fraud, Bribery and Ethics Lottery	Grounds Maintenance Tree Preservation Orders	Recruitment Corporate Health and Safety	Parking Operations CCTV Museum Regeneration Projects Economic Development	Information Technology/Cyber Security Council Tax/NNDR Housing Benefits Customer Service Centre	Licensing Home Adaptions/Disabled Facility Grant/Home Efficiency Schemes Emergency Planning Building Control Environmental Protection Business Continuity Property Company	Corporate Programmes

Client and Audit Governance

- Audit Committee Reporting, Support and Training
- Audit Committee Self-Assessment (CIPFA)
- Corporate Governance
- Follow Up Reviews
- Audit Planning and Coordination
- Contingency

High Level Summary - Outcomes

High Level Summary Audit Plan – 2024/25

Governance	Environmental Enhancement	Organisational Development	Place, Property and Regeneration	Customer Focus	Planning, Housing and Health	Programme Management and Performance									
Main Accounting System Creditors Debtors Cash and Card Collection Treasury Management Procurement Contracts and Commissioning Grant Certification (as required) Elections Risk Management Corporate Planning Fraud, Bribery and Ethics Lottery	Grounds Maintenance Tree Preservation Orders	Recruitment Corporate Health and Safety	Parking Operations CCTV Museum Regeneration Projects Economic Development	Information Technology/Cyber Security Council Tax/NNDR Housing Benefits Customer Service Centre	Licensing Home Adaptions/Disabled Facility Grant/Home Efficiency Schemes Emergency Planning Building Control Environmental Protection Business Continuity Property Company	Corporate Programmes									
		<table border="1"> <tr> <td style="background-color: #28a745; color: white;">Substantial</td> <td style="background-color: #6c757d; color: white;">Reasonable</td> </tr> <tr> <td style="background-color: #ffc107; color: white;">Limited</td> <td style="background-color: #dc3545; color: white;">No Assurance</td> </tr> <tr> <td colspan="2" style="background-color: #17a2b8; color: white;">Opportunity/Non-Opinion</td> </tr> <tr> <td style="background-color: #6c757d; color: white;">At Draft Report Stage</td> <td style="background-color: #ffc107; color: white;">In Progress</td> </tr> </table>		Substantial	Reasonable	Limited	No Assurance	Opportunity/Non-Opinion		At Draft Report Stage	In Progress				
Substantial	Reasonable														
Limited	No Assurance														
Opportunity/Non-Opinion															
At Draft Report Stage	In Progress														

Progress Against Plan

We continue to strive towards ever greater flexibility audit plans to enable Internal Audit to be more responsive to changing risks, in turn maximising resource focused to clients' needs as and when needed – Agile Auditing. This principle will continue and has several benefits with ever changing priority and related risks. Key benefits provide for:

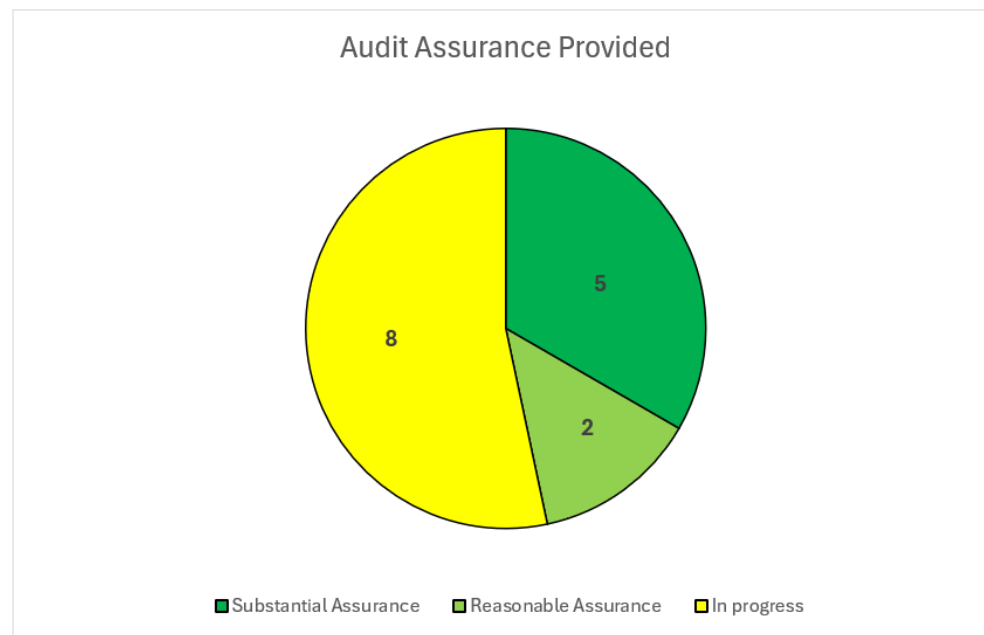
- Reduction in non-productive resource planning.
- Improved opportunity to keep the plan aligned to current risks within Service Areas and as a whole for the Authority.
- More effective and timely pre-audit engagement with Service Leads.
- Greater and more regular discussion with client leads – Supporting current risk and work priorities.
- The current trend for more flexible audit plans – agile auditing.
- Experience that plans change regularly.
- Changes in external risk drivers are more easily picked up in audit assurance needs.

Our audit plans are always built around the Risks identified through Risk Management, audit needs and perceptions of current issues and in discussion with client management.

Our approach is to scope, schedule and resource plans throughout the year with Service Leads in an agile way incorporating risk changes as necessary. Resource allocation will be decided based on need at this time. We endeavour to ensure that sufficient coverage across the Council is maintained to ensure that we can provide an inclusive end of year annual assurance opinion.

The positive engagement from staff across the Council has enabled us (as of 23rd October 2024) to have 7 pieces of work finalised for the 2024/25 financial year and a further 8 audits in progress.

The chart opposite shows the breakdown of Assurance opinions provided to date. For more information refer to Appendix 1.



Value Added

We know that it is important that the internal audit services seek to "add value" whenever it can. We obtained feedback from those audited during the year to date who considered we were able to add value by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Linking across Risk, Counter Fraud and Audit to respond to issues that occur.

Investigations and Irregularities

Further detail will be provided as appropriate on any investigation or irregularity work that DAP undertakes. No such work is in progress at this time.

Appendix 1 - Summary of recent audit reports and findings for 2024/25 (Completed since September 2024)

Governance	
Risk Area / Audit Entity	Audit Report Residual Risk / Audit Comment
Creditors Substantial Assurance Status: Final	<p>Access to the Creditors system is restricted to authorised users. No changes have occurred in those having authorisation abilities or the levels to which they can authorise from those found at the time of the previous review. The number of generic / shared users have remained constant and unchanged. Likewise, users with system administration, database administration and other wide ranging IT access is limited with no change from those previously found.</p> <p>Monthly reconciliations are currently not being performed and checked on a timely basis; with the May and June reconciliations provided to DAP not being evidenced as checked until 1 October 2024. This is a recommendation point.</p>
Corporate Planning Substantial Assurance Status: Final	<p>The Corporate Plan, the five programmes which support it, along with the individual service plans which sit beneath the five programmes are subject to review, oversight and challenge in a variety of ways. The Corporate Plan was revised following the district Council elections of May 2023, when an all councillor workshop was held in October 2023 allowing both longstanding and newly elected councillors opportunity to express their ideas as to the priorities for the newly elected administration.</p> <p>The quarterly Performance and Financial Management report presented to Strategy & Resources Committee includes an appendix providing a 'Corporate Plan Delivery Highlight Report with Key Results & Performance Indicators'. A report upon individual service plans was presented to the Policy Development Committee in January 2024 by the Chief Executive. The service plans detailing actions undertaken at a more operational level.</p> <p>Periodic reporting of service plans and programmes to senior management and councillors allows challenge to take place and insight obtained into the current status of individual projects and the issues currently affecting each project and actions being undertaken to resolve them.</p>
Programme Management and Performance	
Risk Area / Audit Entity	Audit Report Residual Risk / Audit Comment
Corporate Programme Management. Substantial Assurance	<p>Following inception of the Programme Management Office (PMO), all projects now undertaken have defined project objectives along with an assigned Senior Responsible Officer. Reporting to Senior Management Team (SMT) and also to Members clearly shows each the objectives of each project and its project status.</p>

Programme Management and Performance

Status: Final

Effective management and monitoring of budgets is enhanced through assigning accountants to individual projects with financial reporting to Members of the projects within the agreed capital programme taking place on a quarterly basis..

Reporting upon projects within the five programmes supporting the delivery of the Corporate Plan objectives is provided to both SMT and Members; details include each project's status, current issues encountered and any identified risks.

Consideration is required as to how risks are identified and managed for all projects and which are held by the PMO and which are managed by the Senior Responsible Officer and project leads. The Head of Governance as the officer responsible for risk management should have involvement in agreeing such arrangements.

Confidentiality under the National Protective Marking Scheme

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Marketing

Official

Definitions

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.

Definitions of Audit Assurance Opinion Levels

Definition of Observation Priority

Assurance	Definition		
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.	High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance		Medium

Definitions of Audit Assurance Opinion Levels

	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.

Definition of Observation Priority

	service provision. Important observations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
Opportunity	An observation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These observations do not feed into the assurance control environment.

Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Assurance 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 Spring 2024. 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 have been undergoing review and revision. The proposed new standards will take effect in the public sector in April 2025 and provide clarity and raise awareness of the audit committee's governance roles and responsibilities. [2024 Global Internal Audit Standards \(theiia.org\)](https://theiia.org)

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 is 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 recently conducted in 2024 by an IIA qualified ex Assistant Director of an Audit Partnership.

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 are included in this development plan which is ongoing. Our development plan is regularly updated and links to our overall strategy, both of which are reported to the DAP Management Board and DAP Committee.

Customer Service Excellence (CSE)

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during 2024. This accreditation is a UK-wide quality mark which recognises organisations that prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with near 96% being "satisfied" or better across our services. 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

Information within our reports provides the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

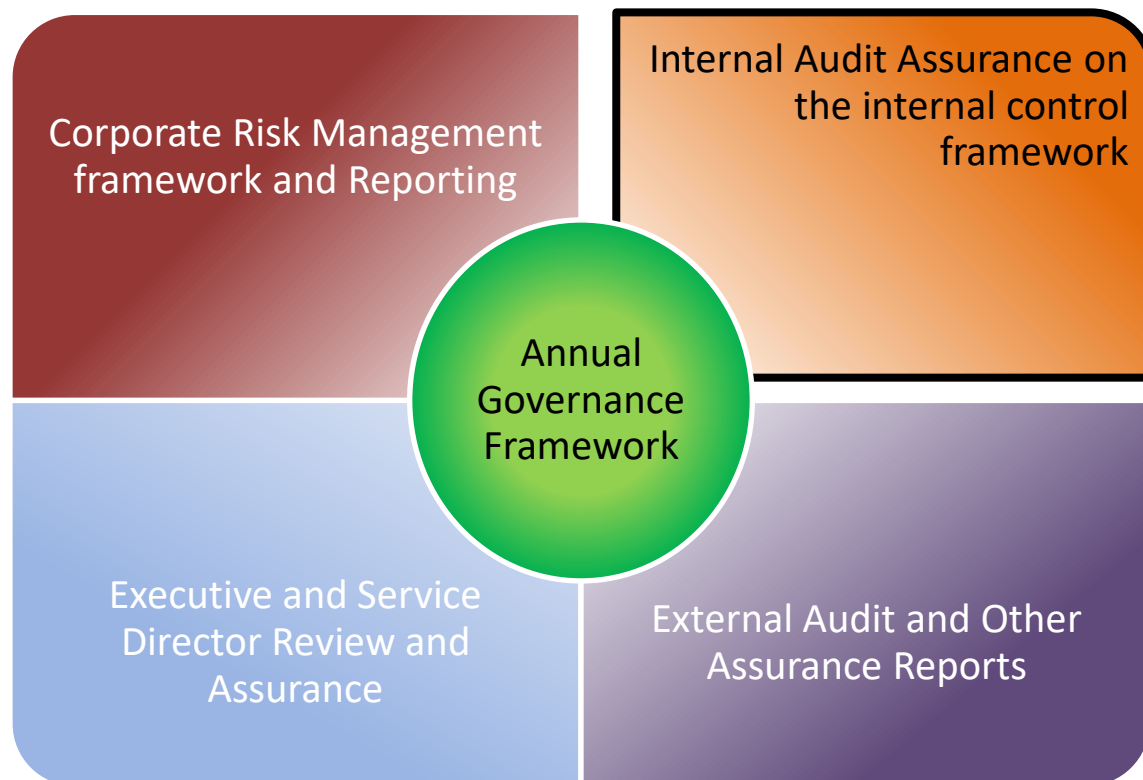
The Annual Governance Statement (AGS) provides assurance that

- 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 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.

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