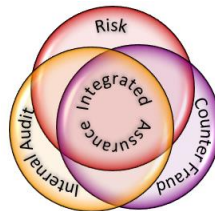


Internal Audit

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

North Devon Council

January 2025
Official



Brad Hutton – Senior Assurance Manager

Tony Rose – Head of DAP

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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.

Ten audits reports have been issued so far in 2024/25, a further three reports since our last update in November 2024. These recently issued reports are; CCTV, Museum and Council Tax/National Non-Domestic Rates (NNDR). CCTV and Council Tax/National Non-Domestic Rates (NNDR) was awarded a Substantial Assurance rating, and Museum was awarded a Reasonable Assurance rating.

In addition, we have now commenced work on; Debtors, Procurement, Contracts & Commissioning, Regeneration Projects, Information Technology/Cyber Security, Housing Benefits, Customer Service Centre, Home Adaptations (DFG Grant), Emergency Planning and Business Continuity. The remainder of the Internal Assurance plan will be delivered in Q4 (January, February and March) 24/25.

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 the 18th December 2024.

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

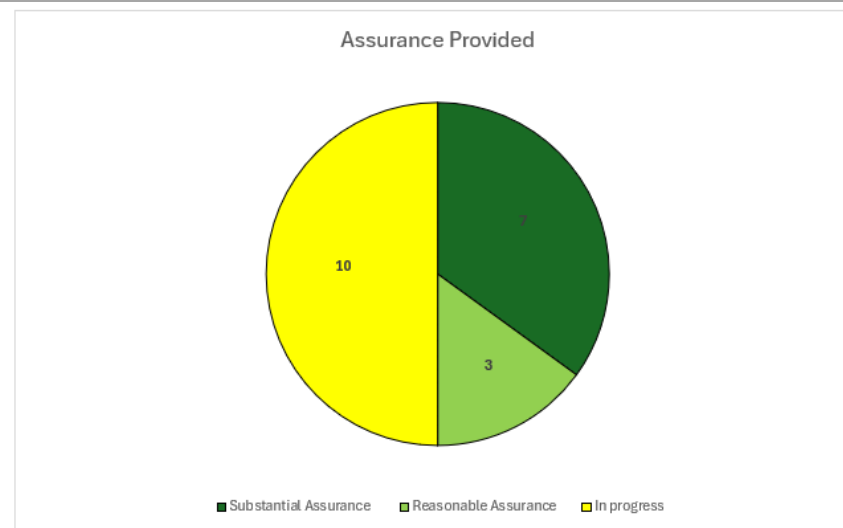
- Reduction in non-productive resource planning.
- Improved opportunity to keep the plan aligned to current risks within Service Areas and as a whole for the Authority.
- More effective and timely pre-audit engagement with Service Leads.
- Greater and more regular discussion with client leads – Supporting 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 18th December 2024) to have 10 pieces of work finalised for the 2024/25 financial year and a further 10 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.

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. DAP will be providing an update to all Partners on this in the near future.

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

Place, Property and Regeneration	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
CCTV Substantial Assurance Status: Final	<p>Seven risk areas were reviewed as part of this work, overall NDC has strong processes and controls to manage the risks associated with CCTV. These risk areas were: Policies & Procedures, Installation Projects, CCTV Coverage, Systems, System Configuration, Network Infrastructure and GDPR adherence.</p> <p>Five of the seven areas were awarded a Substantial Assurance rating, these were Policies & Procedures, Installation Projects, CCTV Coverage, System and GDPR adherence, the remaining two areas of System Configuration and Network Infrastructure were awarded a Reasonable Assurance rating. Three medium observations were noted in this work, these recommendations focusing on communication and awareness of the public, control room coverage and network passwords.</p>
Museum Substantial Assurance Status: Draft	<p>Four risk areas were reviewed as part of this work, overall NDC has good processes and controls to manage the risks associated with the smooth operational running of the North Devon Museum. These risk areas were: Damage or loss to artefacts, Volunteers and Staff, Museum Performance and Income.</p> <p>Two of the four areas were awarded a Substantial Assurance rating, these were Museum and Income, the remaining two areas of Damage or loss to artefacts and Volunteers and Staff were awarded a Reasonable Assurance rating. There were four medium observation made over these two areas. These recommendations focusing on access to keys, alarmed cabinets, alarm codes and staff training.</p>

Customer Focus	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
Council Tax/National Non-Domestic Rates (NNDR) Substantial Assurance Status: Draft	<p>Five risk areas were reviewed as part of this work, overall NDC has strong processes and controls to manage the risks associated with Council Tax/National Non-Domestic Rates (NNDR). These risk areas were: System Configuration (billing, Database Information, Recovery Processes, Fraud and Financial Information).</p> <p>Three of the five areas were awarded a Substantial Assurance rating, these were System Configuration (billing, Database Information and Financial Information. the remaining two areas of Recovery Processes and Fraud were awarded a Reasonable Assurance rating, due to a medium observation being noted in both of these areas. These recommendations focusing on evidence and authorisation regarding write-offs and appropriate resource to the identification of fraud.</p>

Confidentiality under the National Protective Marking Scheme

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Marketing

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.

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 or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important observations made to improve internal control arrangements and manage identified risks.
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.	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.
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.	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 January 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

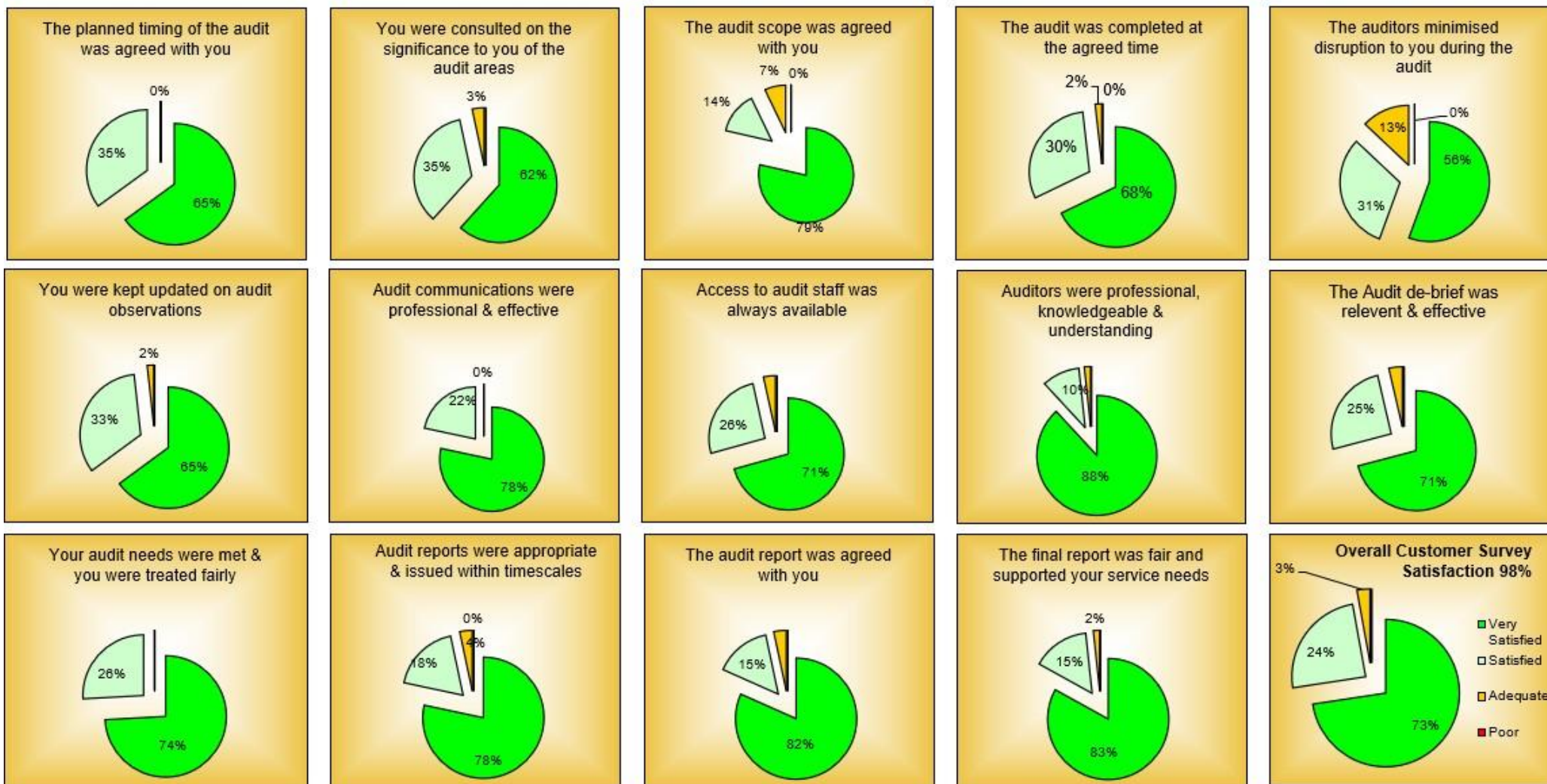
Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance are included in this development plan which is ongoing. Our development plan is regularly updated and links to our 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.

Customer Survey Results April 2024 - December 2024





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.

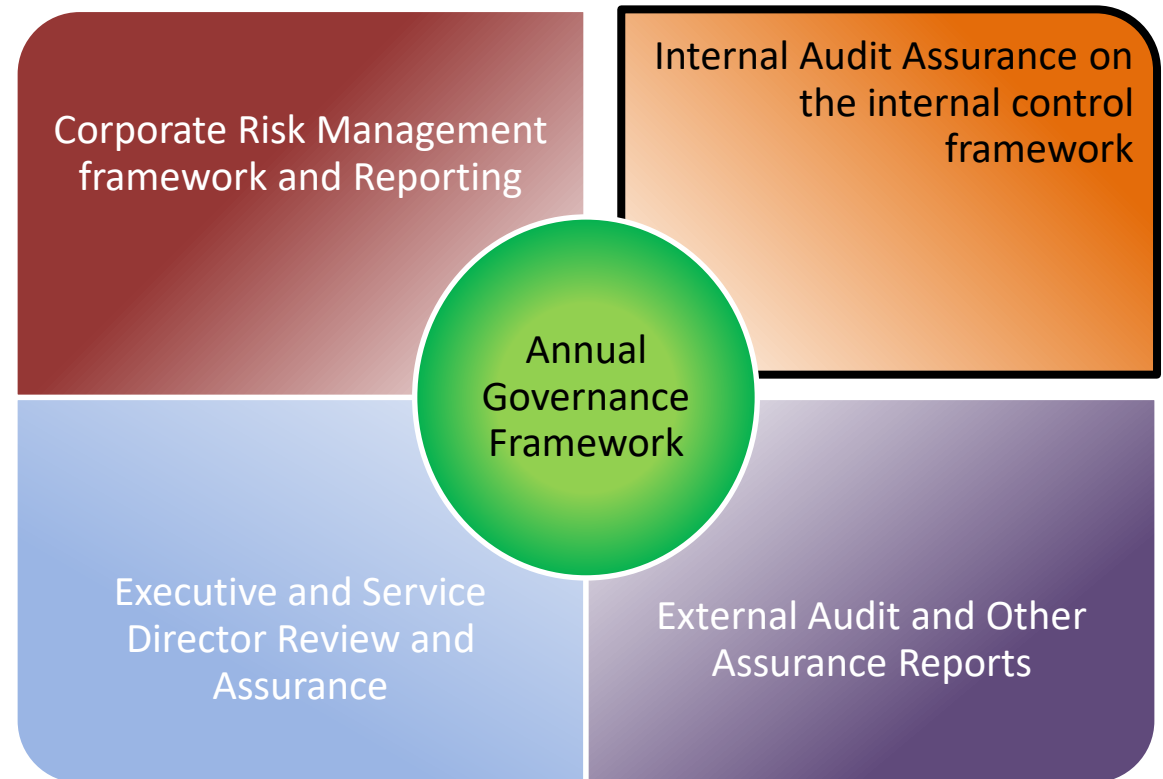
The Annual Governance Statement (AGS) provides assurance that

- 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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