



East Devon District Council

Report of Internal Audit Activity

Progress Report – September 2023

Year Ended 31 March 2024

Internal Audit Update – September 2023/24 update ‘At a Glance’

The Headlines

	Reviews completed <ul style="list-style-type: none"> • 2 assurance opinion reviews • 2 follow-ups
	Progress to date <p>On track to deliver H1 plan:</p> <ul style="list-style-type: none"> • 69% reviews at least in progress
	High corporate risks <p>None reported in the period.</p>
	Plan Changes <p>Two audits have been added to the plan at the request of the service. Two audits have been moved to the second half of the year.</p>
	Range of innovations and enhancements made to our internal audit process throughout the year <p>As part of the IR35 review policies and practices used by other Councils in the partnership were shared with East Devon.</p>

Internal Audit Assurance Opinions 2023/24

	Sept	YTD
Substantial	0	0
Reasonable	0	0
Limited	2	2
No Assurance	0	0
Total	2	2

Internal Audit Agreed Actions 2023/24

	Sept	YTD
Priority 1	6	6
Priority 2	7	7
Priority 3	6	6
Total	19	19

Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

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Summary

Introduction

This 2023/24 progress report allows monitoring against the plan agreed for the first six months of the year by this Committee in March 2023. The plan remains necessarily flexible and two reviews have now been added at the request of Senior Management. The schedule provided at **Appendix D** details progress made against the plan, including the new audit agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed at **Appendix A** of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘limited Assurance Opinion’ is given as part of this report in **Appendix B**.

A follow-up review is performed in respect of all limited assurance opinion audits. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. The results of follow-up reviews performed in the period can be found in **Appendix C**.

In circumstances where findings have been identified which are considered to represent high corporate risks to the Council, due to their importance, these issues are separately summarised. No significant corporate risks were reported in the period.

Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation's risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



SWAP audit plan coverage across strategic risks

The table below provides a summary of how our completed audits and work in progress to date this year provides assurance over key strategic risks areas in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas will increase. 'Reasonable' coverage reflects delivery of planned assurance levels.

Table Key	Reasonable internal audit coverage 2023-24	Partial internal audit coverage 2023-24	No internal audit coverage 2023-24
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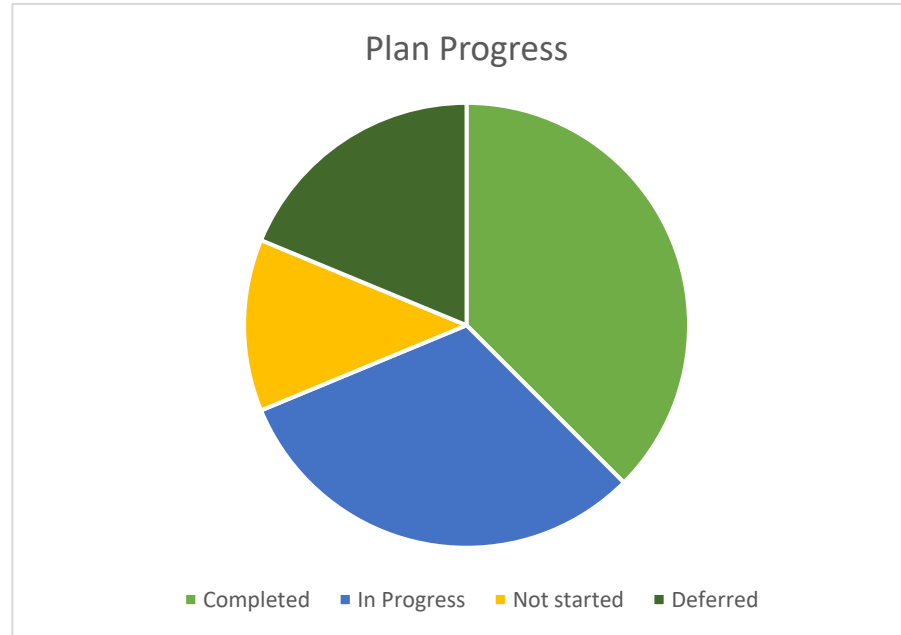
Strategic Risk	Coverage
Business failure of a major contractor or significant partner	Supplier Resilience
Adequacy of financial resource planning to deliver the Council's priorities	
Major disruption in continuity of computer and telecommunications services	
Adequate emergency planning and business continuity	Emergency Planning
Failure to ensure corporate property portfolio is fully compliant with legal requirements	Asbestos follow-up, Damp and Mould
Failure to follow data protection legislation requirements & good information governance	Information Governance
Failure to deliver the Enterprise Zone and wider west end development programme	
Increasing homelessness	
Failure to ensure the Council's sustainability	
Failure to adequately protect staff health and safety at work	
Retaining and strengthen a collective approach to decision making	
Climate Change targets not achieved	
Recruitment and Retention Issues	IR35 Compliance
Reputational damage to the organisation	
Risk of Service failure	Performance Management
Impact of the economic situation on our residents	Disabled Facilities Grant/Better Care
Implementation of the Elections Act 2022	

Internal Audit Plan Update

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.



Progress Year to Date





We are currently on track to deliver our programme of work for the first half of the year with two thirds of the plan at least now in progress.

Assurance Definitions	
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.
Limited	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	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.
Substantial	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.

Definition of Corporate Risks	
Risks	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Agreed Actions	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Emergency Planning	Risks Reviewed	 Limited	Priority Actions			
	A failure to adequately plan for emergencies and understand what issues arise in planning for business continuity could lead to a major service failure.		1	2	3	Total
			0	3	5	8
<p>The Council as a Category 1 Responder must comply with the duties stated in the Civil Contingencies Act. At the time of the audit the Council had themselves identified some areas of improvement and welcomed the audit as a means of raising any other areas needing attention.</p> <p>Key Findings</p> <ul style="list-style-type: none"> Although there is a community risk register owned by the local resilience forum of which East Devon is a partner, there is no local risk register covering risks specific to the East Devon District. Some officers with emergency planning roles and responsibilities did not have the appropriate knowledge, training and information to undertake their role. The areas of improvement already identified by the service needs to be pulled together into a formal action plan. 						

Agency and Consultants – the Implications of IR35	Risks Reviewed	 <p>Limited</p>	Priority Actions			
	Failure to put appropriate processes in place and to comply with the intermediaries legislation could result in significant financial penalties and reputational damage for the council.		1	2	3	Total

The Council requested this audit be added to the 23/24 plan as there were concerns that processes in place needed updating. An action plan to address all findings reported has been agreed in full.

Key Findings

- The policy for hiring temps, agency workers, interims and consultants does not clearly set out the roles and responsibilities in relation to the intermediaries legislation.
- Employment status assessments were found to not all be up to date and complete.
- The council does not have a definitive list of all its off-payroll workers which reduces assurance that the intermediaries legislation has been appropriately applied.
- Contract information for consultants being used was found to not all be up to date and complete.

Housing Landlord Health and Safety compliance – Asbestos	Scope and Objective	Progress Summary				
	To provide assurance that the agreed actions to mitigate against risk exposure, identified within this 2022/23 audit have been implemented.	Complete	In progress	Not Started	Total	
		Priority 1	0	0	0	0
		Priority 2	1	2	0	3
		Priority 3	1	1	0	2
Total	2	3	0	5		

The original audit was completed in March 2023 and received a limited assurance opinion. The objective of the audit was to provide assurance that all council owned properties are safe and compliant with asbestos policy and legislation.

The data quality and completeness of the Asbestos Register has significantly improved since the original audit. This included updating the register with historical data and uploading of the survey results from the new Asbestos Contractor.

In terms of key performance indicators work remains in progress. There is a legal requirement to report and monitor the number of properties with communal areas that have had re-inspections within 12 months. Currently this is being calculated manually but work is currently going on with Housing Systems to create an interface with the contractor, Gully Howard. This will ensure automatic reporting of this data.

Disability Facility Grant and Better Care Fund	Scope and Objective	Progress Summary			
	To provide assurance that the agreed actions to mitigate against risk exposure, identified within this 2022/23 audit have been implemented.	Priority 1	Complete	In progress	Not Started
Priority 2		0	0	0	0
Priority 3		5	0	0	5
Total		1	4	0	5
		6	4	0	10

The original audit was completed in September 2022 and received a limited assurance opinion. The objective of the audit was to provide assurance that appropriate controls are in place to manage the Better Care Fund and administer the statutory Disability Facility Grants and other discretionary housing grants.

The main issue reported was the incomplete audit trail on the system being used, known as Uniform. This follow-up review demonstrated that improvements have been made to Uniform, which has resulted in more effective management of the grants and better record keeping. Forms have also been updated and now contain the appropriate Data Protection Declarations. The Financial Means Testing process has also been improved, and an additional field has been added in Uniform to enable officers to confirm that they have viewed original copies of means testing information.

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
Complete							
Operational	Emergency Planning	Final	Limited	8	0	3	5
Operational	NEW Agency and Consultants – Implications of IR35	Final	Limited	11	6	4	1
Follow-up	NEW Housing Landlord Health and Safety compliance – Asbestos	Final	N/A	1 of 3 priority 2 recommendations complete, 2 are in progress			
Follow-up	Management of the Better Care Fund and Disability Facility Grants	Final	N/A	All 5 priority 2 recommendations complete			
Reporting							
Governance	Information Governance Policies	Draft					
Operational	Housing Landlord Health and Safety compliance – Damp and Mould	Draft					
In progress							
Governance	Strategic Partnerships	In progress					
Governance	Performance Management	In progress					
Fraud	Fraud Awareness – e-learning module	In progress					
Advisory	Member Training & support	In progress					
Follow-up	Housing Contract Management (Whistleblowing)	In progress					
Not Started							
Operational	Housing Contractor Management - complaints	Not started	Agreed to push back to Q4 to allow time for updated procedures to become embedded.				

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
Operational	Customer data in Firmstep – data protection compliance	Not started	Replaces Digital customer access strategy which has been rescheduled for Q4.				
Governance	Supplier Resilience	Not started	Agreed to push back to Q4 to allow time for contract register to be updated.				
Governance	Recruitment and On-Boarding	Not started					
Deferred							
Operational	Governance arrangements – district heating project	Deferred	Approval of project by cabinet scheduled for November. Defer to 24/25 to increase potential for audit work.				