



East Devon District Council

Report of Internal Audit Activity

Progress Report – November 2023

Year Ended 31 March 2024

Internal Audit – November 2023/24 ‘At a Glance’

The Headlines

	<p>23/24 Reviews completed in the period</p> <ul style="list-style-type: none"> Two audits finalised Three audits in draft Five reviews in progress
	<p>Progress to date On track to deliver plan:</p> <ul style="list-style-type: none"> 60% of the plan has been started
	<p>Follow-ups in the period</p> <p>One follow-up audit completed.</p>
	<p>Plan Changes in the period</p> <ul style="list-style-type: none"> Agreed to defer two audits to 24/25
	<p>Range of innovations and enhancements made to our internal audit process throughout the year Partnership guidance from another SWAP partner shared as part of the strategic partnerships audit to aid best practice.</p>

Internal Audit Assurance Opinions 2023/24

	Nov	YTD
Substantial	0	0
Reasonable	1	1
Limited	1	3
No Assurance	0	0
Total	2	4

Internal Audit Agreed Actions 2023/24

	Nov	YTD
Priority 1	1	7
Priority 2	8	15
Priority 3	4	10
Total	13	32

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 progress report allows monitoring against the planned audits agreed for 2023/24. 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 audits 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 Progress 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 internal audit plan agreed is based on our risk based approach to help ensure that resources are focused where internal audit can offer the most value and insight. A key source of information is the Council’s strategic risk register.

The table below provides a summary of how our completed audits and work in progress 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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Internal Audit Progress Update

Risk Coverage Continued:

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	Financial Planning
Major disruption in continuity of computer and telecommunications services	(Covered by Strata)
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, Recruitment & Onboarding
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	Elections

Internal Audit Progress Update

Given a risk based approach is followed, it is important to demonstrate that agreed actions are implemented to reduce risks reported.

Action Plan Monitoring

It is important that the agreed action is taken to reduce the risks reported within our internal audit reports. To help ensure that this is the case, implementation of these actions is regularly monitored and below is a summary of the latest monitoring exercise.

Year of Audit	Name of Audit	Implementation Date	Implementation Status
20/21	Procurement	Now passed	Need further update
21/22	Firmstep	Mar-24	In Progress
21/22	Risk Management	Now passed	Need further update
21/22	Fleet Management	N/A	Complete
21/22	Workforce Planning	Mar-24	In Progress
22/23	Housing Compliance - Asbestos Management	Dec-23	In Progress
22/23	Small Works & Services Contract Management	Now passed	Need further update
22/23	Debtors (Accounts Receivable)	Now passed	Need further update
22/23	Workmart+	Jan-24	In Progress
22/23	Climate Change	Apr-24	In progress
23/24	Emergency Planning	N/A	Complete
23/24	Agency staff & Consultants, Implications of IR35	Dec-24	In progress
23/24	Damp and Mould in Council Homes	Jan-24	In progress

Internal Audit Progress Update

Adequate audit coverage is needed to support the annual opinion.



Progress Year to Date




We are on track to deliver our programme of work with 60% 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 Recommendations	
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.

Performance Management	Risks Reviewed	 Limited	Priority Actions			
	A failure to monitor performance may result in customer complaints, poor service delivery and may compromise the Council's reputation.		1	2	3	Total
<p>The key audit finding is the lack of a performance monitoring framework that defines roles and responsibilities, information flows including governance and strategic, service and operational level requirements. In addition, some of the Performance Indicators reported could be improved with added context, ensuring that they are all quantitative and by undertaking benchmarking. Performance Management is currently being reviewed by the Council as part of the Financial Sustainability Model, as well as by Scrutiny. The outcomes of both will be used to inform this work.</p>						

Housing Contract Management	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.	Completed	In progress	Not Started	Total
Priority 1		0	0	0	0
Priority 2		9	3	0	12
Priority 3		2	0	0	2
Total		11	3	0	14

The original audit was completed in June 2022 and received a limited assurance opinion. The objective of the original audit was to review concerns raised regarding services delivered by the Property and Assets team.

The follow-up audit found evidence that the majority of the actions agreed has been addressed. In terms of the major findings:

- **Vulnerable Tenants** - A Tenancy Visit Policy and Procedure was approved by the Housing Review Board in March 2023, and this includes assessing the tenant's vulnerability. Housing Officers receive a list of tenancy addresses where the Annual Tenancy Visits (ATV's) are carried out and these began at the end of June 2023.
- **Job Monitoring and Control** – Controls around jobs on hold, job abandonment, job recalls and record keeping are generally operating effectively.

There are three remaining actions in progress and these will be followed up as part of our routine action tracking work.

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
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			
Operational	Housing Landlord Health and Safety compliance – Damp and Mould	Final	Reasonable	6	0	2	4
Governance	Performance Management	Final	Limited	7	1	6	0
Follow-up	Housing Contract Management (Whistleblowing)	Final	N/A	80% actions agreed implemented			
Reporting							
Governance	Information Governance Policies	Draft					
Governance	Strategic Partnerships	Draft					
Advisory	Member Training & support – Skills Survey	Draft					
In progress							
Fraud	Fraud Awareness – e-learning module	In progress					
Governance	Financial Planning – Establishment Control	In progress					
Key Control	Business Rates	In progress					

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Operational	Countryside – use of Volunteers	In progress					
Governance	Recruitment and On-Boarding	In progress					
Not Started							
Operational	Housing Contractor Management - complaints	Not started					
Operational	Housing Landlord Health and Safety Compliance: Electrical Safety	Not started					
Operational	Firmstep – Digital Project Outcomes	Not started					
Governance	Supplier Resilience	Not started					
Governance	Elections	Not started					
Operational	Planning Enforcement Service	Not started					
Operational	Waste Contract Extension	Not started					
Follow-up	Emergency Planning	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.				
Operational	Customer data in Firmstep – data protection compliance	Deferred	Agreed to defer to 24/25				
Advisory	Housing Site Development	Deferred	Agreed to defer to 24/25				