East Devon District Council

Report of Internal Audit Activity

Progress Report – end December 2023
Year Ended 31 March 2024

Internal Audit – December 2023/24 'At a Glance'

The Headlines

23/24 Reviews completed in the period
- Two audits finalised
- Three audits in draft
- Four reviews in progress

Progress to date
On track to deliver plan:
- 73% of the plan has been started

Follow-ups and action plan monitoring

- YTD two follow-up audits now complete
- Ongoing monitoring of implementation of agreed actions

Plan Changes in the year

- Agreed to defer three audits to 24/25

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.

Internal Audit Assurance Opinions 2023/24

	Dec	YTD
Substantial	0	0
Reasonable	0	1
Limited	2	5
No Assurance	0	0
Total	2	6

Internal Audit Agreed Actions 2023/24

	Dec	YTD
Priority 1	6	13
Priority 2	11	26
Priority 3	3	13
Total	20	52

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.**

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 subject to monitoring by Internal Audit. The results of this work can be found at **Appendix C.**

A follow-up review is performed in respect of all limited assurance opinion audits which provides further evidence of the implementation of agreed actions. No follow-up reviews were completed in the period.

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

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 – Establishment Control
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	Partnerships
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

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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 subject to monitoring by Internal Audit. The results of this work can be found at Appendix C.

Most of the actions relate to audit work that has taken place in 2023/24 or 2022/23. There are small number of actions that relate to earlier periods and these will continue to be monitored through to completion. It is recognised that it can take longer to implement actions than planned and all revised implementation dates are provided on the report at Appendix C.

A follow-up audit takes place for all limited assurance audits and this provides evidence of the implementation of agreed actions. For follow-ups where some actions remain in progress, once we are informed of their completion we seek evidence to demonstrate this.

A further update will be provided as part of the March progress update.

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Internal Audit Progress Update

Adequate audit coverage is needed to support the annual opinion.

Progress Year to Date

Plan Progress

Legend: ■ Completed ■ In Progress ■ Not started ■ Deferred

We are on track to deliver our programme of work with 73% of the plan at least now in progress.

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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.

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Information Governance Policies and Compliance with Retention Policy Final Report – Nov 2023

East Devon District Council

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Audit Objective	To ensure the council has a comprehensive, up-to-date suite of information governance policies. To provide assurance that the council is compliant with its legislative requirements and own retention policy, for the classification, storage, security, transmission and disposal of both digital and paper records.

Assurance Opinion

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.

Number of Actions

Priority	Number
Priority 1	5
Priority 2	6
Priority 3	2
Total	13

Risk Reviewed

Failure to meet the requirements of data protection legislation and good information governance.

Assessment

Medium

Key Findings

The council does not have an up-to-date suite of Information Governance policies. In addition, its current Data Protection and Data Retention Policy does not clearly outline corporate, service and individual responsibilities, and arrangements for record classification, storage, security, transmission and disposal.

The council's Information Asset Register and Record of Processing Activities have not been reviewed since their creation in 2018. Data is also missing from some sections of both documents.

The council has not reviewed its data retention schedule since January 2020. It also does not include the disposal decision at the end of record life. In addition, the council does not currently undertake any checks to ensure records are being held in accordance with the schedule.

The survey results show that services are not fully confident that all digital records are stored and disposed of in accordance with data retention requirements.

No specific training is given to staff on data retention. There is also no corporate oversight to ensure every member of staff completes the mandatory refresher training on data protection. In addition, the SIRO has not had any specific training to support the responsibilities of this role.

Audit Scope

This review focused on the current information governance policies and whether there are any policies which the council does not have, which it should.

The remainder of the audit review focused on compliance with the council's retention policy. This included roles and responsibilities, policies and procedures, training and awareness, and covered both digital and paper records.

Added Value

A self-assessment survey was sent to all Assistant Directors to obtain their honest responses on how they manage digital and paper records and ensure the retention policy is adhered to. The results have been shared with the Director of Governance and Licensing and the Information and Complaints Officer, and will provide a better understanding of the confidence services have in their own, and the council's corporate document retention arrangements. It will also highlight areas where additional support is needed.

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Strategic Partnerships – Final Report – December 2023

Audit Objective   To review the governance framework processes and structures in place between partnered authorities, to determine whether there are effective controls to inform, direct, manage and monitor the activities of the partnership to achievement of its corporate and partnership objectives.

Assurance Opinion

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.

Number of Actions

Priority	Number
Priority 1	1
Priority 2	5
Priority 3	1
Total	7

Risk Reviewed

An inadequate governance structure leads to a lack of direction, poor management and monitoring, inadequate decision making and a lack of transparency, which will impact on the organisation's ability to deliver its corporate and partnership objectives.

Assessment

Low

Key Findings

Several findings show the need for clearer guidance and improved definitions in the corporate partnership policy. In particular, improved controls are needed for the approval for entering a partnership and the appropriate type of agreement.

There are no formal requirements for involvement in a partnership to be subject to periodic review. The Council does not periodically review the performance of its partnerships.

None of the reviewed partnerships have a process for declaring personal interests.

Audit Scope

We reviewed the following controls:
- Partnership approval and policy - the process to determine whether the partnership's purpose supports the wider corporate objectives of the organisation(s), and the guidance for ongoing management of the involvement
- Governance structures – including partnership boards, defined responsibilities, Terms of Reference, meetings, and reporting arrangements
- Agreements – inclusion of purpose, aims and objectives
- Arrangements for partnership monitoring and review

Further Information

The reason that this audit was requested was to a) review the governance arrangements for strategic partnerships and b) to obtain recommendations about how the Council can ensure successful involvement in its partnerships with current resource levels.

We selected three partnerships aligned to different service areas and reviewed the governance arrangements for each. Specific findings have been shared with the lead officers for the partnerships, and the thematic findings appear within this report. We have given a Limited assurance opinion due to the number of actions required to improve guidance and strengthen arrangements. However, we consider the level of risk to be low overall, as there were no significant issues identified that would impact on the organisation's ability to deliver its corporate and partnership objectives.

In respect of ensuring successful involvement in its partnerships with current resource levels, we received some suggestions which have been shared separately with the audit lead.

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ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
722	2020/21	Procurement	Project Notification Forms (PNFs) are not always completed as required	2	In Progress	31/03/21	29/02/24		On time
726	2021/22	Firmstep f/up	No Post Implementation Review has been scheduled	2	In Progress	31/07/22	31/03/24		On time
724	2021/22	Firmstep f/up	This is currently no Project Manager in place	2	Complete	31/03/22			Evidence Check
725	2021/22	Firmstep f/up	No Benefit Realisation Plan is in place	2	In Progress	31/07/22	31/03/24		On time
730	2021/22	Risk Management	Not all Service Planning Risks appear on the risk register	2	In Progress	03/06/22			Overdue
731	2021/22	Risk Management	Risks are not aligned to Council Priorities	2	In Progress	03/06/22			Overdue
733	2021/22	Risk Management	The Risk Management Policy has not been reviewed for some time	2	In Progress	03/06/22			Overdue
729	2021/22	Risk Management	The process for ensuring that any risks identified as part of decision making are added to the risk registers is not embedded	2	In Progress	03/06/22	29/03/24		On time
2414	2022/23	Climate Change	The action plan is not SMART (specific, measurable, achievable, realistic and timely)	2	In Progress	29/09/23	01/04/24		On time
2415	2022/23	Climate Change	The Climate Change Action Plan has not been fully costed	2	In Progress	29/09/23	01/04/24		On time
2416	2022/23	Climate Change	There is no dedicated body/committee with oversight of the Climate Change Strategy	2	In Progress	31/05/23	01/04/24		On time
2417	2022/23	Climate Change	Performance Monitoring and Reporting needs further definition and improvement	2	In Progress	29/09/23	01/04/24		On time
2432	2022/23	Out of Hours Schemes	Controls for administering claims and monitoring arrangements needs improvement	2	In Progress	31/01/24			On time
2443	2022/23	Out of Hours Schemes	Rates have not been reviewed or scrutinised for a significant period of time	2	In Progress	31/01/24			On time

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
1225	2022/23	Out of Hours Schemes	Out of Hours schemes policies & procedure documents do not reflect current practice	2	In Progress	31/01/24			On time
740	2022/23	Small Works & Services Contract Management f/up	Completion of the Contract Register remains in progress	1	In Progress	31/03/22	31/03/23	29/03/24	On time
741	2022/23	Small Works & Services Contract Management f/up	Contract Standing Orders (CSO) need updating to include includes a section on contract monitoring, evaluation & review. The monitoring of smaller contracts to be added	2	In Progress	31/03/22	31/01/23		Overdue
742	2022/23	Small Works & Services Contract Management f/up	No Contract Management guidance available for contract managers	2	In Progress	31/03/22	31/01/23		Overdue
746	2023/24	Accounts Receivable	Sundry debtor procedures are incomplete	2	In Progress	31/12/23			Due
2423	2023/24	Damp & Mould in Council Homes	Damp and mould complaints are not tracked and monitored via open housing	2	In Progress	30/09/23	01/04/24		On time
2296	2023/24	Damp & Mould in Council Homes	Stock condition surveys are currently being undertaken across all council properties. There have been cases where tenants have subsequently contacted the council stating that they have an issue	2	In Progress	30/09/23	01/04/24		On time
1960	2023/24	Emergency Planning	The council do not hold their own Local Risk Register.	2	In Progress	31/12/23			Due
2081	2023/24	Emergency Planning	Those with an Emergency Response role acknowledged gaps in their knowledge and understanding of Emergency Planning	2	Complete	--			Evidence check
727	2023/24	Health and Wellbeing	Not all employees have completed the Handling Workplace Stress learning module	2	In Progress	31/03/23	29/09/23		Overdue

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
577	2023/24	Housing Compliance - Asbestos Management F/up	The basis of recording dates in Open Housing is not consistently applied	2	In Progress	31/03/23	30/09/23		Overdue
586	2023/24	Housing Compliance - Asbestos Management F/up	Further work is needed to give assurance of the data quality of Key Performance Indicators	2	In Progress	28/04/23	30/09/23		Overdue
2604	2023/24	Housing Whistleblowing Concerns F/Up	Satisfaction Survey have not targeted all tenants	2	In Progress	30/06/22	31/12/23		Due
2605	2023/24	Housing Whistleblowing Concerns F/Up	Job Completion is being assessed differently across teams	2	In Progress	30/06/22	31/12/23		Due
2605	2023/24	Housing Whistleblowing Concerns F/Up	Record keeping is not consistent across teams	2	In Progress	30/06/22	31/12/23		Due
1968	2023/24	Implications of IR35	The policy for hiring temporary support does not explicitly state who is responsible for determining the their employment status	1	In Progress	31/08/23			Overdue
2269	2023/24	Implications of IR35	Employment Status Assessment records are not complete	1	In Progress	31/08/23	30/11/23		Due
2075	2023/24	Implications of IR35	Expenditure reports, extracted from the finance system, do not show the name of the relevant consultant	1	In Progress	31/07/23	30/11/23		Due
2084	2023/24	Implications of IR35	Managers have not received any specific training in relation to the IR35 legislation	2	In Progress	31/10/23			Overdue
2075	2023/24	Implications of IR35	The council does not have a definitive list of all its off-payroll workers	2	Complete	31/08/23			Evidence check
2084	2023/24	Implications of IR35	There is no separate corporate induction checklist for senior managers	2	In Progress	31/10/23			Overdue

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ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
2271	2023/24	Implications of IR35	There is no evidence retained to show that the off-payroll workers have been notified of the outcome of the assessment	2	Complete	30/09/23			Evidence check
2369	2023/24	Information Governance Policies & Compliance	The council's Information Asset Register is incomplete and has not been reviewed since its creation in January 2018	1	In Progress	31/10/24			On time
2255	2023/24	Information Governance Policies & Compliance	The council does not have an up-to-date suite of Information Governance policies	1	In Progress	31/01/24			On time
2367	2023/24	Information Governance Policies & Compliance	The council does not have a standalone data retention policy	1	In Progress	31/07/24			On time
2594	2023/24	Information Governance Policies & Compliance	The Record of Processing Activities (ROPA) is dated 2018; this has not been updated since and there are some gaps within the document.	1	In Progress	31/03/24			On time
2368	2023/24	Information Governance Policies & Compliance	The council has not reviewed its data retention schedule since January 2020.	2	In Progress	31/03/24			On time
2487	2023/24	Information Governance Policies & Compliance	The council's SIRO does not hold any qualification and has not had any specific training to support the responsibilities of this role.	2	In Progress	31/03/24			On time
2460	2023/24	Information Governance Policies & Compliance	No specific training is given on data retention	2	In Progress	31/05/24			On time
2426	2023/24	Information Governance Policies & Compliance	The council does not currently undertake any checks to ensure records are being held in accordance with the Data Retention Schedule	2	In Progress	31/12/24			Due

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ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
2523	2023/24	Information Governance Policies & Compliance	There is a lack of assurance that records both held and deleted on individual officer drives and mailboxes are stored in line with the council's document retention requirements	2	In Progress	30/04/24			On time
2460	2023/24	Information Governance Policies & Compliance	No specific training is given on data retention to inform staff of their responsibilities and how to ensure both paper and digital records are managed effectively and stored securely	2	In Progress	31/03/24			On time
2544	2023/24	Performance Management	There is no Performance Management Framework which details how performance is to be managed and monitored across the council	1	In Progress	31/03/24			On time
2712	2023/24	Performance Management	The Performance Indicator report is missing some indicators for key priorities at the council	2	In Progress	31/03/24			On time
2713	2023/24	Performance Management	There is no validation of the data that is input into SPAR.net before it is included in the performance reports	2	In Progress	31/03/24			On time
2645	2023/24	Performance Management	Action is not adequately documented where performance has not met the required standard	2	In Progress	31/03/24			On time
2647	2023/24	Performance Management	Supporting information provided with Performance Indicator Reports could be improved to aid understanding	2	In Progress	31/03/24			On time
2722	2023/24	Performance Management	There has historically been little challenge to the quarterly performance indicator reports presented to SLT	2	In Progress	31/12/23			On time

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
2721	2023/24	Performance Management	Indicators are not always complete, despite reminders	2	In Progress	31/03/24			On time
748	2023/24	Worksmart+	Data Protection Training of staff is not up to date	2	In Progress	30/09/23	31/03/24		On time

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major		3 = 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			
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			
Governance	Information Governance Policies	Final	Limited	13	5	6	2
Governance	Strategic Partnerships	Final	Limited	7	1	5	1
Reporting							
Advisory	Member Training & support – Skills Survey	Draft					
Governance	Financial Planning – Establishment Control	Draft					
Governance	Recruitment and On-Boarding	Draft					
In progress							
Fraud	Fraud Awareness – e-learning module	In progress					

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Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Key Control	Business Rates	In progress					
Operational	Countryside – use of Volunteers	In progress					
Governance	Elections	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					
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				

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