devonassurancepartnership
Support, Assurance and Innovation

Internal Audit

Annual Audit Report 2024-25

Strata Services Solutions - ICT Partnership organisation of Exeter, East Devon and Teignbridge

November 2025

Official

Tony Rose
Head of Devon Assurance Partnership

Jo McCormick
Deputy Head of Devon Assurance Partnership

Darren Roberts
Assurance Manager

CUSTOMER SERVICE EXCELLENCE CSE

CELEBRATING OUR 15 YEAR ANNIVERSARY 2009-2024

Introduction

Devon Assurance Partnership (DAP) has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid-Devon, South Hams & West Devon, Torridge, North Devon councils and Devon & Somerset Fire & Rescue Service and we aim to be recognised as a high quality public sector service provider.

This report provides a summary of the performance against the Internal Audit plan for the 2024/25 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls, and provides our overall Annual Assurance Opinion on the overall adequacy and effectiveness of the Authority's Internal Control Environment.

The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to prepare a report providing an opinion at the end of each year that can be used by the organisation to inform its annual governance statement. DAP was externally assessed in December 2024 against the PSIAS framework and confirmed to be conforming with the requirements of the PSIAS. These standards have been revised and renamed the Global Internal Audit Standards (GIAS). They take effect for the UK public Sector as of 1st April 2025 and there are three key aspects:

- The GIAS;
- The CIPFA Code on the Governance of Internal Audit; and
- The CIPFA Application Note for the GIAS in the Public Sector.

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 DAP will be undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course.

Expectations of the Audit Committee from this report are to consider

- The opinion statement within this report.
- The basis of our opinion and the 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.

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Overall Opinion Statement

Based on work performed to date during 2024-25, our experience from previous years, the Head of Internal Audit's Opinion on the adequacy and effectiveness of internal control framework is one of **"Reasonable Assurance".**

Our audit planning process is both risk based and agile, as such our resources, and consequently our annual report will inevitably focus upon higher risk areas.

Strata Service Solutions has three founding partners (The Partners), East Devon District Council (EDDC), Exeter City Council (ECC) and Teignbridge District Council (TDC). At the time, the creation of Strata in 2014 represented an innovative approach.

The approach has proved successful as Strata has delivered in excess of one million pounds in cashable savings. Of significant importance moving forward is that it positioned the Partners well as many Councils around the country increasingly look to enter similar partnership arrangements.

In carrying out reviews, Internal Audit assesses whether key and other controls are operating satisfactorily and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans rests with management, and these are reviewed during subsequent audits or as part of a specific follow-up.

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.

Audit Coverage and performance against plan

Over the course of 2024/25 we have carried out two reviews as agreed. ICT Cyber Event and Service Design & Operation Efficiency both received a reasonable assurance opinion. Please refer to Appendix 1 for further information on the work performed.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more responsive to changing risks, in turn maximising resource focus to clients' needs as and when needed – Agile Auditing.

This report provides a summary of the key issues reported that are being addressed by management.

It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.

Appendix 1 – Summary of reports and audit reports and findings for 2024/25

Strata	
Risk Area / Audit Entity	**Audit Report** **Residual Risk / Audit Comment**
Service Design & Operational Efficiency Reasonable Assurance Status: **Final**	A Reasonable Assurance opinion has been provided on the implementation of the service design model used within Strata to ensure that the needs / requirements of the Partners are considered / met when designing their services. Additionally, the formalisation of the service design process over the past 12- 18 months shows continued and committed development to meets Strata's overall mission and objectives. *Summary of findings:* • There is an adequate governance framework to ensure the correct level of involvement when creating and reviewing service offerings. • There is a feedback loop from the outcomes of projects to inform future service designs / changes. Furthermore, Strata obtains feedback from the Partners and recognises areas for improvement to ensure that services meet requirements and build this into their business plan. • Services are accurately documented and communicated to the Partners via a Service Model document which outlines the standard ICT service model from Strata. • Service Level Agreements (SLAs) for incidents and service requests are clearly defined and agreed with the Partners. The SLAs are sufficiently monitored and used to inform future capacity and design decisions. Evidence was obtained of these decision (i.e., allocation of resource between business-as-usual and project work) being informed by the Partners. • There are risk management processes (operational, project and strategic) that feeds into service design. *Areas for consideration:* • There are no active security boards / forums that are attended by Strata & an appropriate representative for each of the Partners. While Strata plays an important role in designing and delivering secure services, each Council ultimately retains accountability for managing its own information security and strategic risk. A joint mechanism / security function will assist the Council is setting risk appetite, ensuring compliance, and managing strategic security risks, whilst supporting Strata in designing secure services, and implementing controls aligned with the Councils' requirements. • Although capacity (e.g., resources allocated during the design process) is managed through a resource calendar, there is an absence of standardised capacity planning frameworks in Service Design. • Project prioritisation is managed operationally through a Portfolio Board, however, there is no prioritisation framework / criteria to guide the ranking / tiering of projects to ensure alignment with Council's strategic requirements, and to support agile and efficient capacity planning in Strata. The overall prioritisation is the responsibility of the Councils and that whilst

	Strata can and does work with the Councils to apply a priority value, the councils must steer the overall programme of work based on their strategic view. Overall, Strata have made improvements in the formalisation of the service design model used, which ensures appropriate levels of governance and the correct levels of engagement with partners to ensure that the services Strata provide are designed to meet the Partners strategic objectives / requirements. Although we have provided a reasonable level of assurance for the Service Design approach, it is not possible to guarantee beyond doubt that an assurance exercise has discovered all strengths or weaknesses within an organisation, as such the observations made in Appendix A should always be supplemented by any additional local knowledge.
ICT Cyber Event **Reasonable Assurance**	The current global risk position shows an elevated level of likelihood that an IT loss event (Cyber Attack) will happen, be that due to a cyber-attack, hardware failure or other triggering action/activity. According to Infosecurity Europe, "the UK public sector has been increasingly targeted by cybercriminals in 2024, often facing attacks like ransomware, phishing, and distributed denial-of-service (DDoS) attacks." Such attacks not only target the vast personal and financial data held by public entities but also disrupt essential services, posing serious risks to public safety and national security. Attackers, including state-sponsored groups and hacktivists, see the public sector as a valuable target for both financial gain and political leverage. Budget constraints further exacerbate these vulnerabilities, limiting cybersecurity investments and leaving systems outdated. Devon Assurance Partnership (DAP) facilitated a theoretical ICT Cyber loss workshop involving STRATA and its Partners on 7th January 2025. The aim of the exercise was to consider preparedness, share expenses and develop key actions to increase the mitigation for such an event. The exercise was carried out successfully and those present were fully engaged and open in understanding the impact of the theoretical event, the current estimated position of preparedness and the most relevant actions to increase the mitigations for an ICT Loss. There were good levels of experience, and all provided views and opinions leading to comprehensive discussions. There was collective agreement on the need to take further action and these have outlined in the full report presented to Strata.

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS) in 2024/25

PSIAS Conformance - Devon Assurance Partnership conformed to the requirements of the PSIAS for its internal audit activity for the period related to this report and assurance opinion. 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 in 2024. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

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 are 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 last conducted at the end of 2024 by an ex-assistant Director of SWAP, a public sector limited company providing internal audit services.

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 were included in this development plan. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report reported to the DAP Management Board.

The new **Global Internal Audit Standards (GIAS)** come into effect for the UK public Sector as of 1st April 2025. There are three key aspects:

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Customer Service Excellence

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

Appendix 3 – Audit Authority

Appendix 4 - Annual Governance Framework Assurance

The conclusions of this report provide 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 (Governance) 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.

The LGA has introduced an improvement and assurance framework, accompanied by a self-assessment tool. This framework is intended to assist local authorities in evaluating the adequacy of their measures to ensure both service performance and corporate governance.

It is specifically designed for use by corporate statutory officers, in collaboration with members and other key officers. The tool should be utilised to inform the council's annual review of the effectiveness of its internal control system, aid in preparation for external evaluations such as Corporate Peer Challenges or inspections and support corporate statutory officers in their roles to promote good governance within the authority. The framework and a dedicated guide for Councillors are available on the LGA's website.

Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the organisation with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council.

In giving our opinion, it should be noted that this assurance can never be absolute. The most that the Internal Audit service can do is to provide assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria.

The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives:
- a comparison of Internal Audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to the audit plan are shown in this document.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

- all audits completed during 2024-25, including those audits carried forward from 2023-24;
- any follow up action taken in respect of audits from previous periods;
- any significant recommendations not accepted by management and the consequent risks;
- the quality of internal audit's performance;
- the proportion of the organisatiopns audit need that has been covered to date;
- the extent to which resource constraints may limit this ability to meet the full audit needs of the Authority;
- any limitations that may have been placed on the scope of internal audit.

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Devon Assurance Partnership	Confidentiality and Disclosure Clause
The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services 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 (for 2024/25) 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	This report is protectively marked in accordance with the National Protective Marking Scheme. 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.