

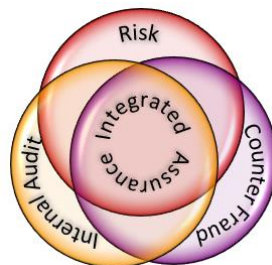
Internal Audit

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

Torridge District Council

January 2025

Official



**Brad Hutton – Senior Assurance Manager**

**Tony Rose – Head of DAP**

## Table of Contents

|   |           |
|---|-----------|
| <b>INTRODUCTION</b>   | <b>3</b>  |
| <b>HIGH LEVEL SUMMARY PLAN</b>  | <b>4</b>  |
| <b>HIGH LEVEL SUMMARY AUDIT PLAN OUTCOMES</b>                         | <b>5</b>  |
| <b>PROGRESS AGAINST PLAN</b>  | <b>6</b>  |
| <b>APPENDIX 1 - SUMMARY OF AUDIT REPORTS AND FINDINGS FOR 2024/25</b> | <b>7</b>  |
| <b>APPENDIX 2 - ASSURANCE DEFINITION</b>                              | <b>9</b>  |
| <b>APPENDIX 3 - PROFESSIONAL STANDARDS AND CUSTOMER SERVICE</b>       | <b>10</b> |
| <b>APPENDIX 4 – AUDIT AUTHORITY</b>                                   | <b>11</b> |
| <b>APPENDIX 5 - AUDIT, RISK &amp; COUNTER FRAUD INTEGRATION</b>       | <b>12</b> |

| <b>Devon Assurance Partnership</b>  | <b>Confidentiality and Disclosure Clause</b>   |
|---|--|
| <p>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.</p> <p>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 <a href="mailto:tony.d.rose@devon.gov.uk">tony.d.rose@devon.gov.uk</a> .</p> | <p>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.</p> <p>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.</p> |

## 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.

A further four reports have been finalised since our last update in September 2024, these are Creditors, Safeguarding, VAT and Conservation (follow-up). Creditors and VAT have been awarded a 'Substantial Assurance' rating, whilst Safeguarding achieved a 'Reasonable Assurance' rating. In addition, we have commenced audits in the following areas: ICT/Cyber Security, Income, Main Accounting System, Harbour/Port Marine Safety, Building Control Services and Cemeteries. The remaining review areas shall be completed in Q4 (January -March), we include the approximate date in the High Level Plan on Page 5 of this report.

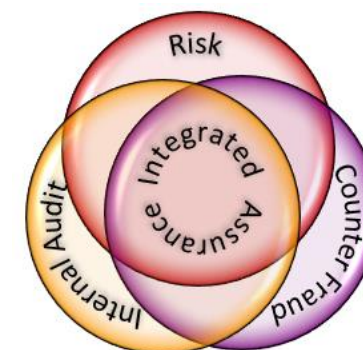
In our next update at the April Audit and Governance committee, we will be sharing our draft plans for the 2025/2026 year which will consider high risk areas and core functions at Torridge District Council. The assurance plan will be devised through a detailed planning process considering the indicative four year plan in place, key risks to the Council and Local Government and liaison with key stakeholders. Audit Committee will have the opportunity to comment and feed into the plan.

The key objectives of DAP have been to provide assurance to Torridge District 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 April 2024. The following report and appendices set out the position to 9<sup>th</sup> January 2025.

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 are undergoing review and revision. The proposed new standards are likely to take effect in 2025 and will impact on our work and activity.

### Expectations of the Audit Committee from this report are to consider

- 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.

# High Level Summary Plan

| High Level Summary Audit Plan – 2024/25   |   |  |  |   |  |
|---|---|--|--|---|--|
| Core Systems  | Risk Based Audits   | Strategic Goal: Develop a Prosperous & Sustainable Economy | Strategic Goal: Protect and Enhance the Quality Environment  | Strategic Goal: Support Stronger, Safer, Healthier Communities          | Strategic Goal: An Effective and Customer Focused Council                |
| Creditors<br>ICT/Cyber Security<br>Income<br>Main Accounting System<br>VAT<br>Treasury Management | Risk Management<br>Annual Fraud and Corruption Assessment | Harbour/Pilotage/Port<br>Marine Safety                     | Building Control Services<br>Car Parks<br>Conservation (Follow Up)<br>Development Management<br>Estates Management<br>Climate Change<br>Grounds Maintenance<br>Planning Policy/LDF | Cemeteries<br>DFG Grant<br>Housing Renewal<br>Licensing<br>Safeguarding | Project Delivery<br>Member Expenses & Allowances<br>Travel & Subsistence |

**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 Audit Plan Outcomes

| High Level Summary Audit Plan – 2024/25  |   |  |   |   |  |                         |  |                       |             |  |  |  |  |
|--|---|--|---|---|--|-------------------------|--|-----------------------|-------------|--|--|--|--|
| Core Systems   | Risk Based Audits   | Strategic Goal: Develop a Prosperous & Sustainable Economy | Strategic Goal: Protect and Enhance the Quality Environment   | Strategic Goal: Support Stronger, Safer, Healthier Communities  | Strategic Goal: An Effective and Customer Focused Council  |                         |  |                       |             |  |  |  |  |
| <p>Creditors</p> <p>ICT/Cyber Security</p> <p>Income</p> <p>Main Accounting System</p> <p>VAT</p> <p>Treasury Management (March)</p>   | <p>Risk Management (February)</p> <p>Annual Fraud and Corruption Assessment (March)</p> | <p>Harbour/Pilotage/Port</p> <p>Marine Safety</p>          | <p>Building Control Services</p> <p>Car Parks (February)</p> <p>Conservation (Follow Up)</p> <p>Development Management (Possibly postponed)</p> <p>Estates Management (March)</p> <p>Climate Change (February)</p> <p>Grounds Maintenance</p> <p>Planning Policy/LDF (Possibly postponed)</p> | <p>Cemeteries</p> <p>DFG Grant</p> <p>Housing Renewal (February)</p> <p>Licensing (January)</p> <p>Safeguarding</p> | <p>Project Delivery (February/March)</p> <p>Member Expenses &amp; Allowances</p> <p>Travel &amp; Subsistence (March)</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 flexible assurance plans to enable us 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.

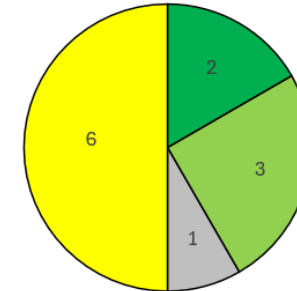
Our assurance plans are always built around the risks identified through Risk Management, audit needs and perceptions of current issues and in discussion with client management.

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 at 9<sup>th</sup> January 2025) to have 4 pieces of work finalised for the 2024/25 financial year and a further 6 audits in progress (inclusive of grant certification).

The chart opposite shows the breakdown of Assurance opinions provided to date as well as any non-opinion based work and Grant Certifications. For more information refer to Appendix 1.

Assurance Provided



■ Substantial Assurance ■ Reasonable Assurance ■ Follow-up work ■ In Progress

## 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 audit reports and findings for 2024/25 since September 2024.

| Strategic Goal: Core Systems   |  |
|--|--|
| Risk Area / Audit Entity   | Audit Report   |
|  | Residual Risk / Audit Comment  |
| The following audits from 2024/25 has been completed since September 2024. |  |
| <b>Creditors</b><br><br>Substantial Assurance<br><br>Status: <b>Final</b>  | <p>Four risk areas were reviewed as part of this work, overall TDC has very strong processes and controls to manage the risks associated with Creditors. These four risk areas were: Error detection, System access control, System amendments and Payment errors.</p> <p>All four risk areas were awarded a Substantial Assurance rating, showing strong controls and processes to manage and mitigate the risks associated.</p> <p>We make one minor 'Opportunity' point which focuses on 'Data retention' however, this does not contribute towards any detriment to the controls in this area.</p> |
| <b>VAT</b><br><br>Substantial Assurance<br><br>Status: <b>Draft</b>        | <p>Five risk areas were reviewed as part of this work, overall TDC has very strong processes and controls to manage the risks associated with VAT. These five risk areas were: Policies and Procedures, Staff skills and knowledge, Systems, Statutory returns and VAT Documents.</p> <p>All five risk areas were awarded a Substantial Assurance rating, showing strong controls and processes to manage and mitigate the risks associated with VAT.</p>  |

**Strategic Goal: Support Stronger, Safer, Healthier Communities**

| Risk Area / Audit Entity   | Audit Report   |
|--|--|
|  | Residual Risk / Audit Comment  |
| <p><b>Safeguarding</b></p> <p>Reasonable Assurance</p> <p>Status: <b>Final</b></p> | <p>Three risk areas were reviewed as part of this work, overall TDC has good processes and controls to manage the risks associated with Safeguarding. These three risk areas were: Governance and operating framework, Staff training and Partner engagement.</p> <p>One of the three areas was awarded a Substantial Assurance rating, this was Partner engagement, the remaining two areas of Governance and operating framework and Staff training were awarded a Reasonable Assurance rating. One High observation was noted in this work, this observation focuses on Mandatory Training, additionally we also make a further four Medium observations, three of which focus again on Mandatory Training, and the final around Disclosure Barring Service Checks.</p> |



### 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

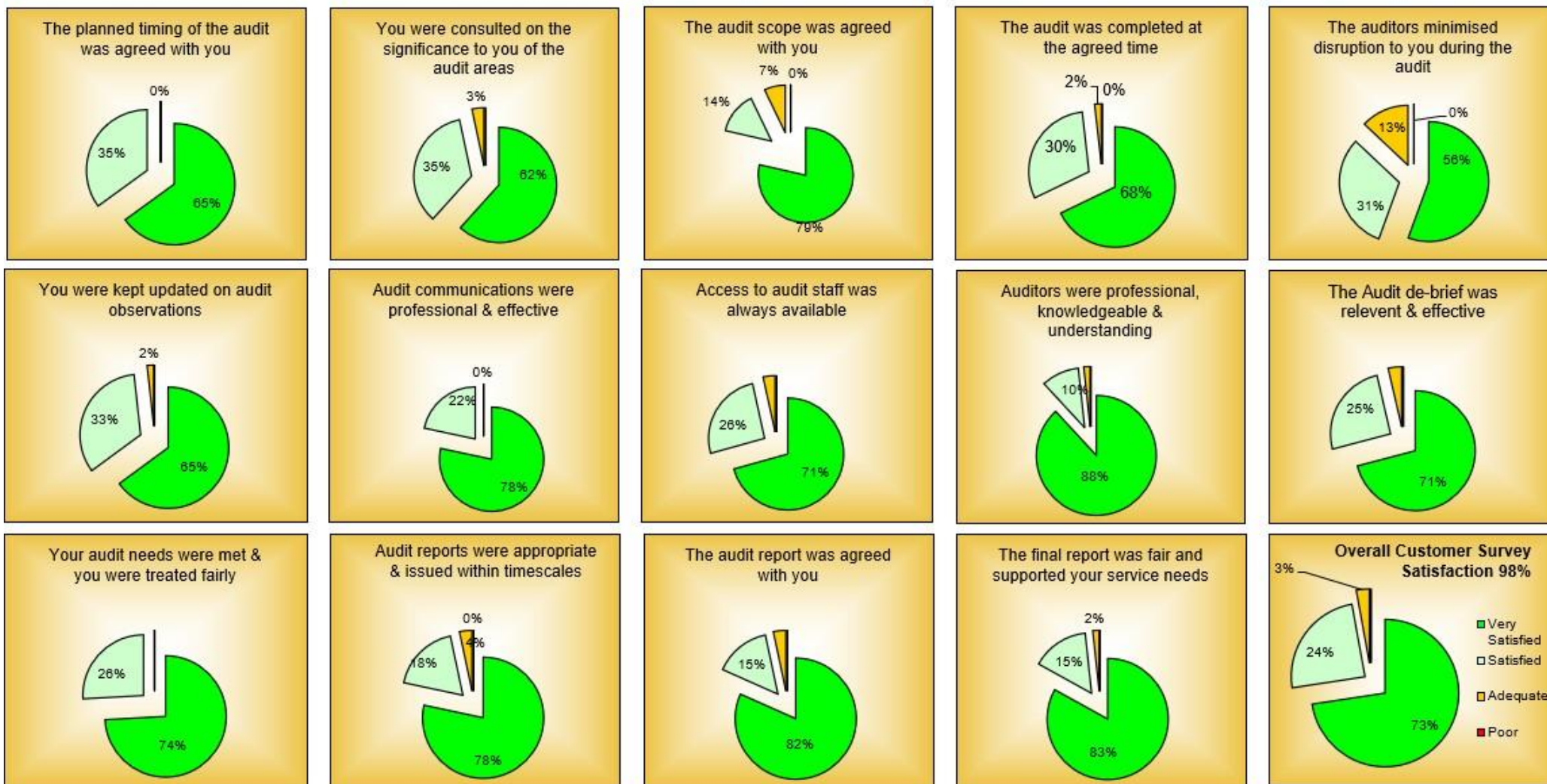
**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance are included in this development plan which is ongoing. Our development plan is regularly updated and links 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 3 – Audit Authority



## 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.

This page is intentionally left blank