



devon **audit** partnership

Internal Audit

Progress Report

Partnership Management Board

November 2017



Auditing for achievement

## Report of the Head of Audit Partnership

*Please note that the following recommendations are subject to confirmation by the Committee before taking effect.*

*Recommendation: that the Committee notes the current status of the Partnership and current issues.*

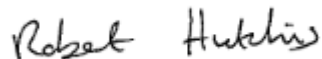
### Update Report October 2017

As a partnership we are keen to extend our range and breadth of services. We consider that we are well placed to provide a wider set of assurance services that compliment internal audit. Examples of such services may include; fraud, corporate governance, information governance and risk management. In July we were asked by Devon County to help re-energise their risk management process, a role that we consider we are well suited to. We need to ensure we develop our own governance arrangements so that we can still audit those areas where we provide advice, but are looking forward to the challenge of extending our product range.

We see part of our role as developing the skills and knowledge of those charged with governance. Working with our colleagues (SWAP) during the autumn we are running two member focused conferences in Buckfast Abbey and at Haynes Motor Museum. We also continue to circulate our “Internal Audit View” newsletter, encompassing the views of 9 audit partnerships across the country.

In September we undertook a staff development day. This is always an excellent opportunity for staff to meet with peers and colleagues, share ideas and understanding and help further promote professional working relationships. We welcomed staff from Mid Devon to the event, and covered a wide range of topics from the understanding of LGBT+ issues in the workplace to how we can effectively “soft sell” additional services to our clients and partners.

As always, the success of the Partnership is down to the professionalism and hard work of all the team. At the end of the day they provide professional independent assurance on risk and control, helping the many and varied organisations we support achieve their objectives in an effective way.



Robert Hutchins  
 Head of Devon Audit Partnership  
 October 2017

### Contents

Page 3 - Finances and diversification
Page 4 – Wider Assurance
Page 5 – Adding Value
Page 6 - Staff and Partner Development
Page 7 – New work & Staff Training Programme
Page 8 – Customer Service Excellence
Page 9 – Internal Audit Performance
Appendix 1 – CSE Results 2017/18

## Finances and diversification



### Diversification

As a partnership we know that our staff have a wide range of skills and experience; as the budget available for internal audit continues to be squeezed we consider that it is appropriate to look at other ways that we can help our partners and clients.

We are keen to extend both the range and breadth of services and consider that we are well placed to provide a wider set of assurance services that compliment internal audit.

Examples of such services may include; fraud, corporate governance, information governance and risk management. In terms of fraud, we currently provide assistance to “in-house” fraud, but consider that we could assist further by helping organisations prevent, detect and investigate fraud by clients and service users (for example in respect of council tax discount, social care payments etc.).

In July we were asked by Devon County to help re-energise their risk management process, a role that we consider we are well suited to. We have taken on an experienced individual to assist with this, and will look to learn from our work, potentially offering similar services at other partners and clients.

We have recently worked with our development partner, Audit West, running General Data Protection Regulations (GDPR) workshops. Our aim is to provide outline guidance and advice, but to be able to provide more specific support should this be needed.

We need to ensure we develop our own governance arrangements so that we can still audit those areas where we provide advice, but are looking forward to the challenge of extending our product range.

### Budget position

The Partnership has consistently remained within budget, and at the end of 2016/17 carried forward a reserve of £181k. Our month six budget monitoring report indicates that our 2017/18 position will show a small budget surplus of £5k.



## Wider Assurance

We continue to work with colleagues of Audit Together, aiming to promote internal audit and how it can assist our partners and clients.

We recently published our 5th edition of "Internal Audit View".

This edition provided advice and guidance on topical issues including the

- GDPR,
- Organised crime procurement,
- Risk – what is your focus
- Cyber Risk and
- using your internal auditors as a "trusted advisor".



We are proud of our work with Audit Together and recently submitted details of our work to Public Finance as part of their annual **innovation awards** in the sector of Internal Audit.



Collaborating to improve services

## An Internal Audit View

Welcome to the fourth edition of 'An Internal Audit View'.

In our last bulletin, we reported that we are a collaboration of seven local government Internal Audit Partnerships from across England and Wales. Taken together we partner with 11 County Councils, 9 Unitary Councils, 24 District or Borough Councils, 4 Police Authorities, 3 Fire Authorities and numerous other public sector bodies. Our ability to share benchmarking and best practice continues to grow for the benefit of our partner organisations. If we can help you in this way, please do not hesitate to contact your Head of Audit.

Contents: **Organised crime procurement** 3 **Risk – What's your focus?** 4 **Cyber Risk** 5 **Auditor – Trusted Advisor** 6

### General data protection regulations

These will be the new regulations that used to be covered by the Data Protection Act.

#### Are you ready?

Brexit doesn't make a difference! It has been decided that this is going to be taken on in English statute and therefore whether we are in the EU, article 50, or anything else, does not make any difference, we must be compliant by May 2018!

As with all regulations, your Authority will need time to implement the necessary controls to ensure compliancy, so they need to be looking at the requirements, the 'as is' position, and the need to achieve this. Your Authorities need to be thinking about and planning this NOW! Do you have it in your 2017-18 Audit Plan?

#### The main differences between the current DPA and the new GDPR are:

- Increase in levels of fines; removal of fees;
- 'Child' Language – any guidance regarding the rights of children must be understandable by children; ensuring mechanisms remain in place for gathering parental or guardian consent;
- Data Protection Officer – a DPO must be appointed;
- Abolition of the £10 fee as standard; reduction in timescales; greater burden of proof to demonstrate

- New data portability requirements infer that they relate to the private sector, however authorities may wish to review any data sharing to establish any applicability;
- Breach definition and reporting – there will now be a need to report certain types of data breach to the relevant supervisory authority, and in some cases to the individuals affected;



#### Further guidance

So you now need to support your Authorities in the journey to compliance. The Information Commissioners Office have provided various advice and guidance, the key pieces being:

<https://ico.org.uk/media/1624219/preparing-for-the-gdpr-12-steps.pdf>

## Adding Value

We know that “doing an audit” is not enough for our customers these days; we know that senior management and those charged with governance very much value our independent assurance, & welcome our identification of untreated risk or control weaknesses, but they also want an audit service that “adds value”.

Added value will mean different things to different people at different times; it is not about a “buy one get one free” approach, but it is about using our professionalism and ability to apply a unique and independent approach to help organisations and managers provide their services in the best possible fashion. We employ staff who can make a difference and encourage them to “add value” at every step in the audit process. We set out below some comments received from customers **since June** who agreed that we have achieved this aim.

### **Waste Management, Aug 2017**

- “the audit added value by suggesting system methodology tweaks that helped improve the system.”

### **Schools, August 2017 -**

“The audit added value in that we were able to further strengthen our systems. It was a very fair and informative audit process.”

**Schools , August 2017 -** “The audit was able to add value in that suggestions were made and discussions had over practice, and we were able to amend the way in which we account for Extended School payments.”

### **Adult and Community Learning, July 2017 -**

“The audit added value as it was helpful to raise the profile of issues we are facing within the Council that lie outside our control. Senior managers are now aware and have expressed an interest. It was a very positive experience.”

### **Care Leavers Transitions, June 2017 -**

“The Audit was able to add value as it confirmed our thoughts and identified actions. It was good to get an independent view of this as confirmation and I am sure it would have highlighted anything we had missed.”

### **Creditors, July 2017 -**

“. Value was added by highlighting an area that may need attention.”

## Staff and Partner Development

### Regional training for Audit Committees

In previous years we have worked with SWAP, (South West Audit Partnership) to deliver training sessions for senior management and audit committee members.

We have again run training sessions this Autumn, at Buckfast Abbey and Haynes Motor Museum.


In previous years the events have attracted a wide range of delegates – last year 72 members representing 26 different public sector organisations.

This year, our events will focus on how the audit committee can use internal audit as a “critical friend” and how to ensure that committee sees the “bigger picture”.



## GETTING THE GOVERNANCE RIGHT

### *A Guide to Survival*



**Free  
Event**

What do Elected Members and Representatives need to know in order to fulfil their vital role as the guardians of public sector corporate governance? Understanding what your responsibilities are and where you can get the assurance you need will be paramount.

By attending this event you will be better equipped to ask the right questions of the right people at the right time. You will gain an understanding of some of the risks your organisation may be faced with in a rapidly changing environment of uncertainty.

### Objectives ● By attending this event you will gain insights on:

- ➔ How internal audit can be the ‘critical friend’ of the organisation and the eyes and ears of the audit committee
- ➔ What the strategic risk ‘big picture’ looks like and what to look out for
- ➔ How the external auditor sees the challenges ahead
- ➔ What cyber threats are likely to affect your organisation and what you can do about them
- ➔ How risk taking can be harnessed to the advantage of your organisation
- ➔ The Director of Finance’s perspective— what does it all mean for your organisation?

## New work

Since the start of the financial year we have added a number of new clients to our client base. The majority of these are in relation to EU funded projects, where we work as First Level Controller. The level of income generated is modest, but is always useful, and does provide opportunity to further develop relationships should we deliver an effective service. New clients include:-

- Hampshire County Council AmicusHorizon (Housing Association)
- Citizens Advice 1066 Project (east Sussex)
- Cornwall Mobility (ADAPT project)
- Plymouth hospital NHS Trust (ADAPT project)
- Plymouth University (a range of projects)

We have also supported our current client with additional work requests, and this includes the Fire Service and Dartmoor National Park.

## Staff Training Programme

We continue to invest a percentage of our budget in the development of staff; we have recognised that, whilst the overall audit budget continues to reduce, the need for high quality assurance services does not. Indeed, with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated and versatile audit staff has never been higher.

In terms of professional training, we have 1 member of staff who is currently studying for the Institute of Internal Auditors (IIA) qualification; with one exam left to complete.

In September, we had a development day for all staff. A wide range of work related issues were discussed; these included:-

- Diversity in the workplace – LGBT+ Awareness
- Collaboration – with Audit West
- Risk Management – and how to help organisations define risk better
- Data Protection Bill – incorporating the GDPR
- Commercialisation – how we can “sell on” our services to help our partners and clients
- Lean Processes

Staff are encouraged to attend courses and seminars that develop their audit skills, develop skills for the partnership and also further develop network opportunities. Events attended over the year included:-

- IIA Annual conference
- GDPR awareness session
- Warning and Advice Reporting



## Customer Service Excellence (CSE)

DAP continues to be successful accredited in the CSE standard.

In June 2017, June Shurmer of G4S, our assessor, visited the team and evaluated our customer services against a rolling programme. The CSE standard expects and requires “continuous improvement”

June confirmed that we meet the standards, but did, helpfully, identify areas where we could further strengthen what we do and how we do it. In particular, June identified that although all staff had received induction training in diversity, we had not followed this up with any detailed work, particularly around LGBT+ issues.

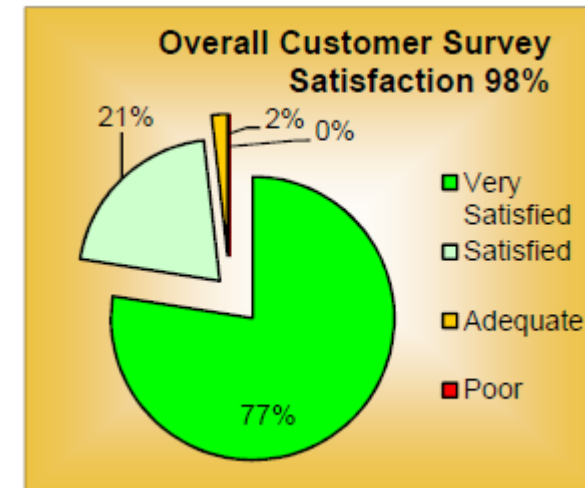
In response to this we arranged a session from officers at the Intercom Trust for all DAP staff. Andy Hunt and colleagues from Intercom provided much needed awareness, guidance and direction in how all staff should use their awareness in a work based setting.

As always, we issue client survey forms with our final reports. The results of the surveys returned remain very good and very positive. The overall result is very pleasing, with 98% being “satisfied” or better across our services, see appendix 1. 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.

We seek feedback from customers from all sectors that we work in, but receive a good rate of return from schools, be these grant maintained or academy. An extract from some of the feedback received since June is shown below :-

- *ICT Risk Workshop, Sept 2017 - “Many thanks for organising the risk workshop, a really useful session and one that all attendees got a lot from.”*
- *Treasury Management, June 2017 - “As ever I’ve been impressed with the Auditors’ background knowledge of Treasury Management and the appropriateness of their procedures and methods.*
- *Domiciliary Care, June 2017 - “Can you thank all the Audit team for their support in helping us turn this round. It is a clear example of Audit’s role in service improvement”.*
- *Schools, August 2017 - “The auditor was very professional and helpful at all times. Being new to the role I found the audit an excellent tool to ensure I was completing correct practices.*

DAP – Customer Survey Results 2017/18





## Internal Audit Performance

Devon Audit Partnership - Performance monitoring 2017/18					
Six month performance (end of September 2017) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	6 mth Target	Quarter 2 2017/18	Quarter 2 2016/17	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100	45	58%	43.0%	↑
Percentage of Audit plan Completed	90%	40%	35%	38.3%	↓
Percentage of chargeable time	65%	65%	66.3%	66.7%	↔
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	98%	97.0%	↔
Draft Reports produced within target number of days (currently 15 days)	90%	90%	87%	88.0%	↓
Final reports produced within target number of days (currently 10 days)	90%	90%	93%	98.0%	↓
Average level of sickness absence	2%	2%	3.18%	5.6%	↓
Percentage of staff turnover (4 staff (2 leavers & 2 starters) = 15%)	15%	8%	7% (2 people)	17.0%	↓
Out-turn within budget	Yes	Yes	Yes	Small overspend of £2k	↔

### Commentary

In general, performance is on target. There are a few areas that will benefit from further explanation:-

**Percentage of Audit Plan completed** – as at end of September, 34% of audits had been “completed” – i.e. a draft report had been issued. This is less than our target, however is due to assignments being “ongoing” at the end of September. DAP management are content that progress is being made and have no undue concerns at this time.

### Average level of sickness

Sickness still runs higher than our target. Sickness in the first 6 mths of 17/18 has totalled 105 days (against a full year expected level of 142 days).

Notable periods of absence in the period April to end of September 2017 include:-

- Eye Surgery – 32 days
- Loss of father (stress related) - 15 days
- Virus and post virus recovery – 9 days
- Mental Health / anxiety – 10 days



# Appendix 1 - Customer Service Excellence Results – 2017/18

## Customer Survey Results April - September 2017

The charts below show a summary of 42 responses received.

