

Internal Audit

Half Year Report 2015/16

Devon County Council  
Audit Committee

November 2015

Not Protectively Marked



Auditing for achievement

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## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service 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.

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 [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

## Confidentiality and Disclosure Clause

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.

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.

## **Introduction**

The Audit Committee, under its Terms of Reference contained in Devon County Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2006 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2015/16 was presented to and approved by the Audit Committee in March 2015. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2015/16 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a report providing an opinion that can be used by the organisation to inform its governance statement. This report provides a position statement at half year on the progress towards that opinion.

### **Expectations of the Audit Committee from this half year report**

Audit Committee members are requested to consider the;

- assurance statement within this report;
- completion of audit work against the plan;
- scope and ability of audit to complete the audit work;
- progress impact against strategic aims;
- audit coverage and findings provided;
- overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

**Robert Hutchins**  
**Head of Audit Partnership**

## Assurance Statement

**Overall, based on work performed during 2015/16 and our experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

*This assurance statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.*

The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework.

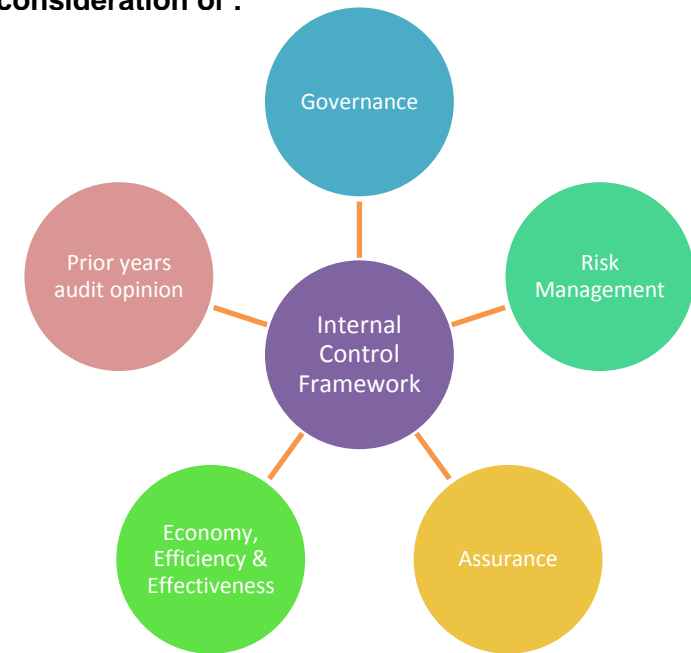
Heads of Service have been provided with details of Internal Audit's opinion on each audit review carried out in 2015/16. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2015/16.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, 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 during a review. Implementation of action plans rests with management and are reviewed during subsequent audits or as part of a specific follow-up process.

Generally, our work has not been adversely affected by planned changes during the first six months. There have been no significant changes made to the Corporate Services, Public Health and Place plans to date although changes were made to the People plan at the start of the year post Audit Committee approval and continue.

As in 2014/15 the level of irregularity work has remained high and this has had an impact on the overall completion of the plan. Although this has had an impact on the planned assurance work, we feel, based on previous year's work, that the framework of control remains in operation.

**This statement of opinion is underpinned by our consideration of :**



<b>Full Assurance</b>	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
<b>Significant Assurance</b>	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
<b>Limited Assurance</b>	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
<b>No Assurance</b>	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

## Progress Against Plan

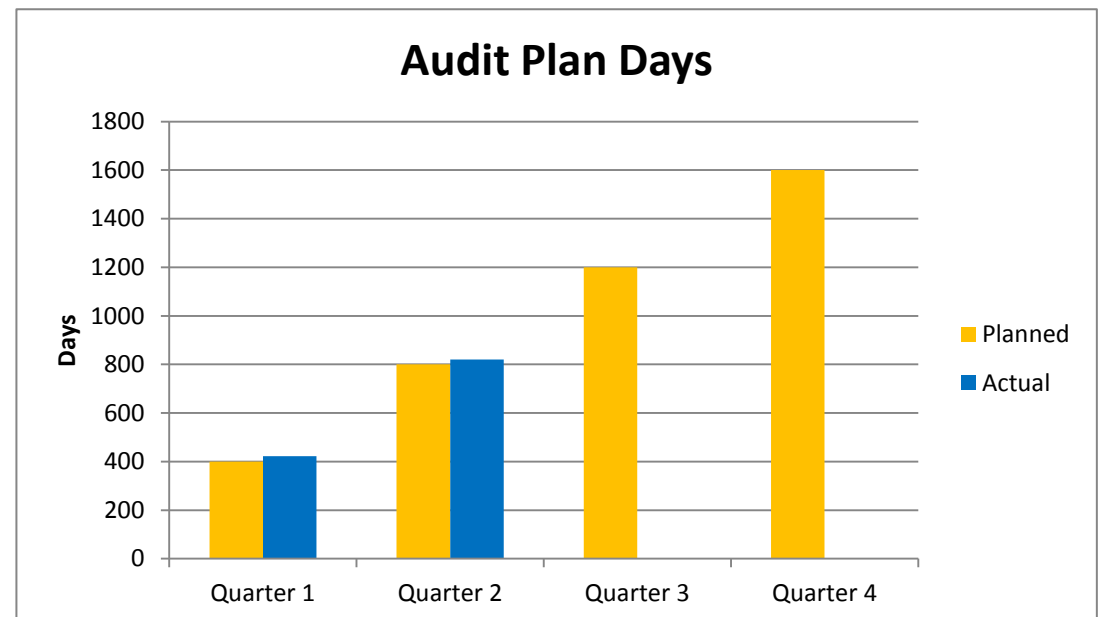
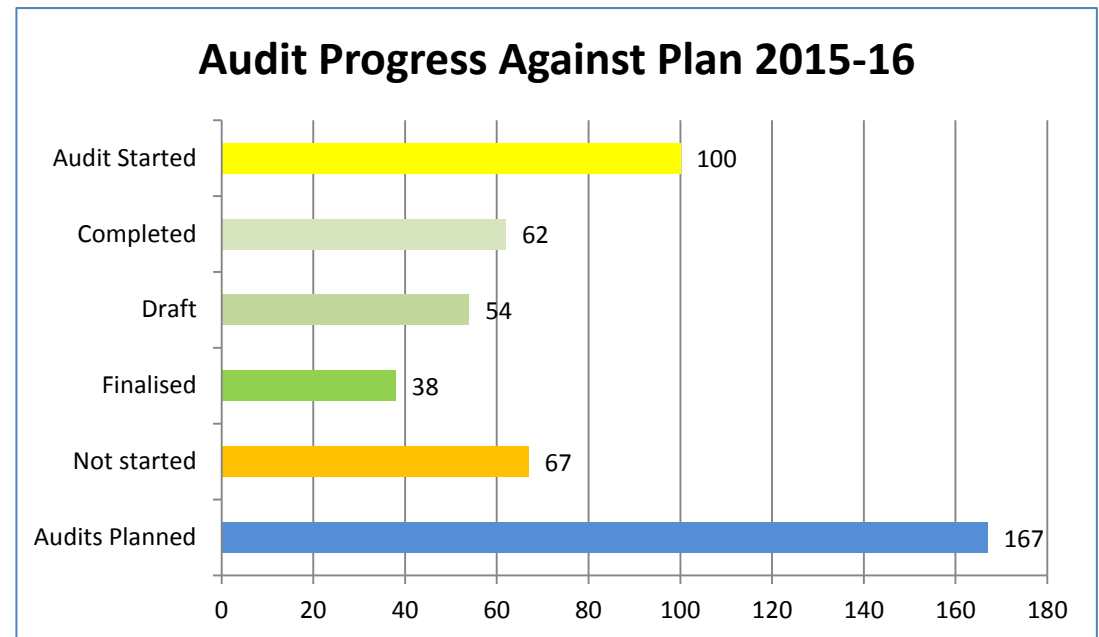
This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit 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 comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year. The level of irregularity work has been greater than planned and the need for this investigation work has had an impact on the overall completion of the plan.

The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations and that the number of audit days delivered has exceeded that planned.

Appendix 2 provides further performance information for the first six months of 2015/16.



## Progress Impact Assessment

Our audits completed to date this year, in the majority of areas, provide assurance that identified risks are being minimised or mitigated where appropriate. Progress impact assessments are detailed below by service area highlighting developmental areas. The overall audit assurance will have to be considered in light of these positions.

### Corporate

Assurance progress on the following reviews / risks remains incomplete or outstanding. The effectiveness of these areas may impact on the success of the organisation's wider strategic risks. For example, continued delivery of services against a backdrop of budgetary and resource constraints require resilient and effective ICT use and arrangements and robust procurement and supplier monitoring frameworks.

We will revisit the Council's ICT strategy to assess progress against the critical success factors identified within the 2014/15 report and look to see a positive direction of travel within key ICT operational functions. It remains essential that there is a high level of engagement corporately and with service clients and that the ICT strategy is structured to align with and meet transformational changes across the authority.

Support to the Payroll Self-Service Project (within the wider HR Change Programme) will continue in an advisory capacity with the intention of assisting in the establishment of an improved control framework; delay in this project results in authorisation control weaknesses remaining and efficiencies not realised.

Resolution of the Teachers Pensions claim continues and it is essential that this is satisfactorily addressed to prevent future qualification of the claim.

We will continue to provide challenge, advice and best practice guidance on the schedule of rates, the evaluation model and general procurement and contract controls associated with the tender process for a new Highways Maintenance contract due to commence in 2017.

Internal Audit continues to provide advice and support during the implementation of a new Accounts Payable system and a similar role continues on the project to improve budget planning and monitoring. After their implementation the new systems will be evaluated within planned annual audit activity.

Although overall progress against plan is largely in line with schedule, the impact of irregularity and unplanned work has deferred the timing of delivery of planned work.

### Place

We have completed assurance audits on Connecting Devon & Somerset Broadband and on Civil Parking Enforcement. They were assessed as High Standard and Good Standard respectively.

As a result of the ongoing period of austerity, budget reductions have been required to set a budget within the reduced funding levels provided by Government in the financial settlement. Funding within Highways is focussed on keeping the network safe, but with the longest road network in England, this is becoming ever more challenging. It is essential that the systems the service relies on are efficient and effective in order for the service to drive the most value out of limited resources. We therefore have three levels of audit input to support management in the 2015/16 plan: attendance at the monthly meetings for the existing Highways TMC contract; an assurance audit on the current payment mechanism which is due to commence shortly; and we have been asked to provide additional advice on the tendering process for the new 2017 Highways contract which is about to be put out for tender. This builds on previous work on the RMS Works Ordering System which considered how lean, efficient, effective and proportionate the controls are and that the management information produced provides the necessary intelligence to support management of the service.

We have also held initial discussions with the Libraries service in how best to support them through their development as a new delivery model; and with the Public Transport service on the two areas of audit requested. .

Overall, progress against plan is largely in line with schedule.

## People

The audit fieldwork completed in the first six months of this financial year provides assurance that identified risks are being minimised or mitigated where appropriate.

Following on from a previous audit review, further work was commissioned upon a particular community care provider. Findings from this work are due to be discussed mid-October with relevant officers. Such work providing the opportunity for DAP to give independent objective assurance regarding relevant documentation and records reviewed assisting the safeguarding process in scenarios of allegations of financial abuse against vulnerable people.

It should also be noted that safeguarding alert work, due to its complexity and the level of detailed analysis required, impacts greatly upon audit resources; other unforeseen requests for audit review in this work area could have further impacts on the delivery of agreed planned work. Safeguarding is high risk by its nature and for the Authority's improvement plan aims and therefore warrants such attention.

New work requests also have an impact on our ability to complete the original plan, and revision will be required to ensure the higher risk areas are covered, with audits of lower priority being rescheduled to a later year.

Additional audit requests include:

- DASH & SHAD;
- Quality Assurance Process,
- forthcoming DILIS Procurement exercise.

The scope of the work has not yet been finalised but will include audit of the transaction data supplied by the existing supplier and provision of independent assurance upon the entire process

## Public Health

The 2015/16 agreed audit within Public Health is scheduled to be undertaken in the second half of the financial year. Our work this year to date has been mainly concentrated on the completion of the 'Sexual Health' audit that was commenced in 2014/15. Arrangements in relation to Sexual Health were found to be operating effectively with robust processes in place regarding billing, accuracy of charging and identification of the debtor local authority.

## Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:

- providing objective and relevant assurance;
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Senior Management has found our engagement, support as a “trusted advisor” effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following areas:

### Corporate

- ongoing involvement in HR One / Payroll system development projects ensuring that control issues are highlighted and resolved before implementation;
- supporting HR One in resolving prior year issues regarding Teachers Pensions contribution;
- ICT Service Strategy Plan – direction of travel for new plan;
- helping to improve the SLA with Torbay Council and Plymouth City Council with respect to recharging of Coroners costs and standardising the information received;
- providing assurance that Blue Badge complaints and appeals are handled in an effective and efficient manner;
- reviewing the tender evaluation process for a significant contract within People and making recommendations for improvements;
- providing advice on how the Council conducts financial appraisals of prospective contractors and suppliers;
- supporting the Corporate Risk Management Group (CRMG) in developing, benchmarking and embedding the Council’s risk management approach;
- attending and supporting the recent Business Continuity Flu Pandemic exercise.

### Place

- continued provide support, advice and challenge relating to the South West Devon Waste Partnership to ensure that the County Council’s interests are protected;
- continued support and advice through audit presence on the Devon Highways TMC Cost Monitoring Board.
- Continued support and advice through audit presence on the Risk Management Group.

### People

- reviewing the tender evaluation process for a significant contract within People and making recommendations for improvements.

### Public Health

- providing objective and relevant assurance;
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

### Schools

The Partnership is supporting the School information “Dashboard” process to provide the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit’s performance data provides a greater focus on schools causing concern in the wider control environment. This information is used in assessing overall status for schools through FIPS, vulnerable budget reviews and school improvement. The result of our input has been:

- follow-up reviews at 10 schools;
- intervention information and review of schools by Governor Support and School Improvement.

The culmination of this work should, once complete, lift the performance of these schools.



## Executive Summary - Audit findings

### Corporate Services

In our opinion, and based upon our audit work completed during the 2014/15, 'trusted partner' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

Audit resources will continue to support ICT in aligning service delivery processes with ITIL best practice to meet the financial and technological challenges that lie ahead.

No significant concerns have been identified from our work, including that on grants, and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

### Key Risks / Issues

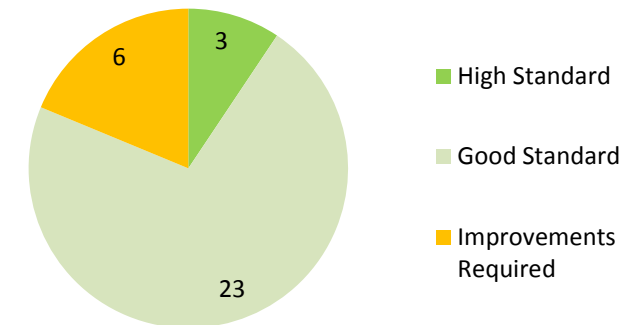
Recent changes to the material system control framework include the removal of creditor payment authorisation for low value items and the part introduction of payroll self-service, with forthcoming planned changes to budget monitoring arrangements and the accounts payable system; we have reported on the impacts of these changes in Appendix 1. The increased risk identified in relation to some low value creditor items has been accepted by management, although we understand steps will be taken to detect any such inappropriate payments.

Work remains underway to address issues identified in relation to hiring temporary workers, but a continued inconsistent adherence to policy puts the Authority at risk in relation to compliance with HMRC expectations.

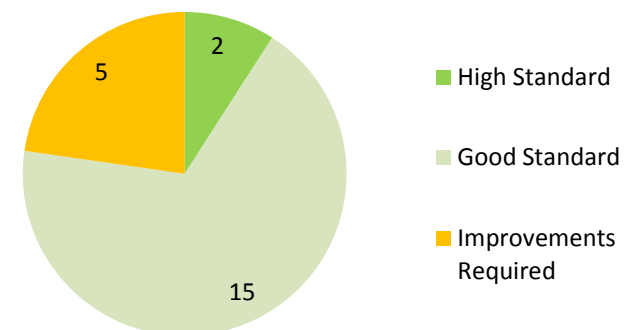
Procurement tender evaluation processes need improvement following recent challenges from bidders and Internal Audit are supporting this review.

The Corporate Risk Management Group (CRMG) - work continues to embed risk management across the organisation. The effectiveness of the risk management arrangements is dependent on the organisation effectively managing and mitigating the risks, and that the risk register reflects priorities, emergent risks and projects across the Council when examined through its 'strategic lens'; the Corporate Leadership Team has commissioned work to assess the register. Internal Audit continues to provide advice and support to the CRMG which has delegated authority to lead on the development of the Council's approach including active benchmarking with local Risk leads.

### Assurance Opinions 2014/15



### Assurance Opinions Apr - Sept 2015/16



## Place

In our opinion, and based upon our audit work completed during 2015/16, 'watching briefs' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

We are pleased to be able to report good and high standards in reports completed to date and particularly for the Development Management Approval of Planning Applications where performance has improved and now exceeds national targets. Also, performance is improving in areas of Civil Parking Enforcement with many more planned developments identified.

The Energy from Waste plant in Plymouth became officially operational in September and Internal Audit have continued to work with the Project Executive and Contract team, providing support and challenge on contract management arrangements and the development of an audit and assurance plan.

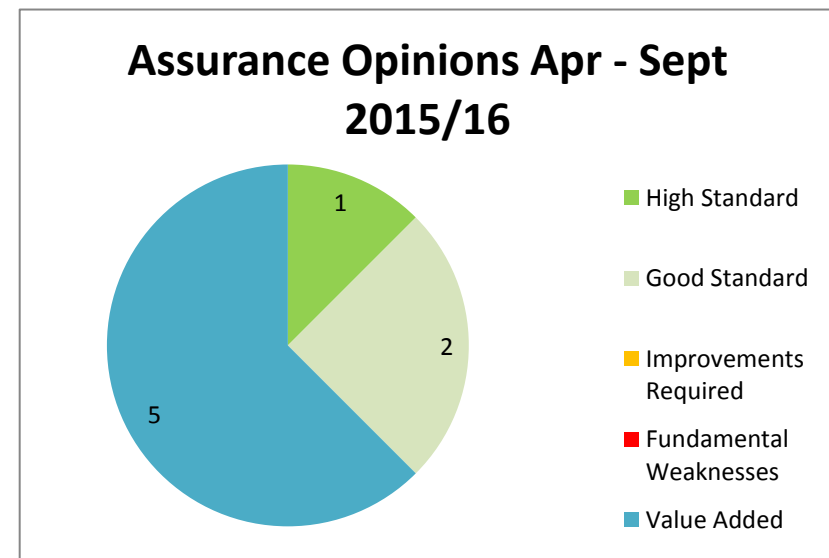
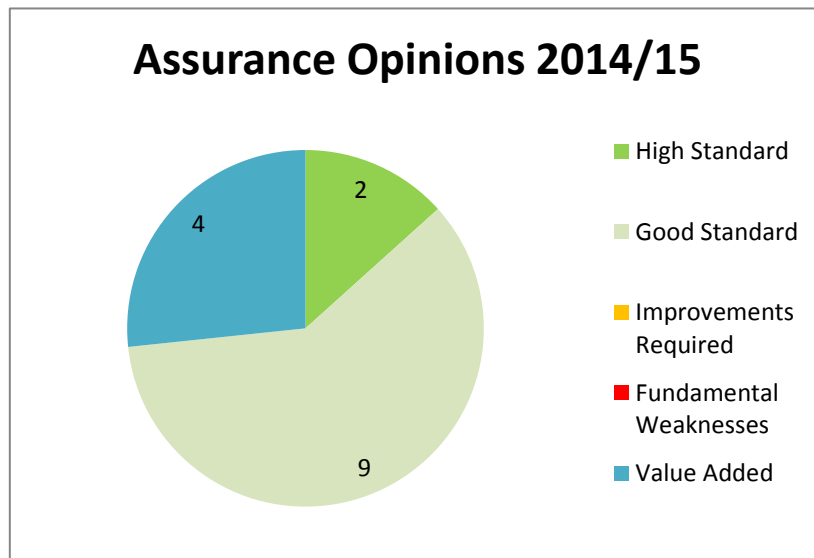
No significant concerns have been identified from our work and management have responded positively to our recommendations for improvement.

The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

## Key Risks / Issues

To ensure an effective, fair and as-simple-as-possible tendering procedure for the joint Devon, Somerset and Plymouth Highways contract, which attracts tenders from a range of contractors and that will ultimately provide enhanced value for money for the Authority.

Achievement an effective and efficient transfer of the libraries service to their new service delivery model.



## People

In our opinion, and based upon our audit work completed we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Any concerns identified through our work leading to recommendations for improvement are responded to positively by management.

Appendix 1 details the assurance opinions for individual audits with work relating to 2014/15 audits finalised within the current financial year. Definitions of the assurance opinion ratings are given in Appendix 4.

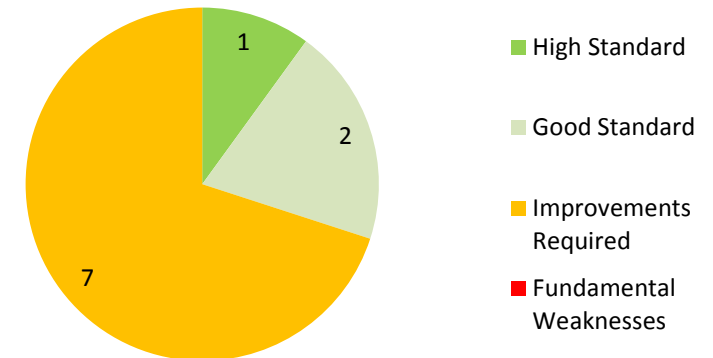
### Key Risks / Issues

We were involved with tender preparation for the five year £200m personal care contract 'Living Well at Home'; our role was predominantly around examination of key or significant amounts of data and important elements of the tender to assist in facilitating a robust procurement process to reduce the risks associated with this significant service provision.

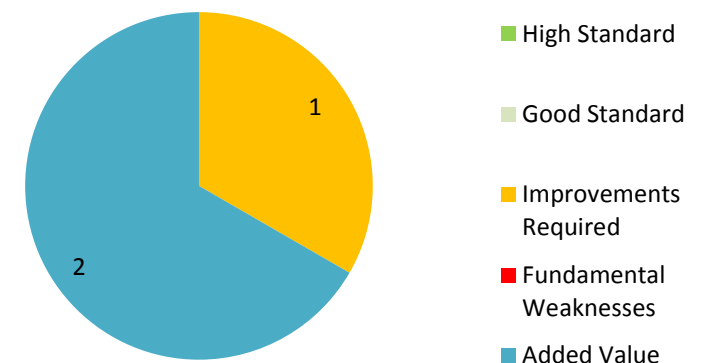
Audit has also been involved in the review of a tender evaluation model where award of a significant People contract was challenged both by an unsuccessful bidder along with counter challenge by the successful bidder. Subsequent facilitation of a workshop has taken place to examine lessons learnt including governance arrangements, quality assurance and project skill mix, and to mitigate the risk of recurrence.

Poor safeguarding practice is a potential significant risk within this service area and Audit are regularly asked to investigate safeguarding alerts. Work undertaken regarding a care provider subject of a safeguarding alert has been lengthy, complex and involved. Invoices submitted have been reviewed and cross referenced to service agreement requirements, client care records, provider summary timesheets and Ezitracker data. The findings emanating from the audit work have identified issues of both a financial and professional nature with DCC paying for care visits not made and also significant numbers of visits falling short of the required duration. Care management are currently considering the next steps.

### Assurance Opinions 2014/15



### Assurance Opinions Apr - Sept 2015/16



## Public Health

The 2014/15 audit review of Sexual Health was completed earlier in this financial year and an audit opinion of 'Good Standard' provided. The operation of internal controls within this area was found to be effective.

Attendee residency is captured as well as is practically possible. Whilst the majority of appointments are for Devon residents, the audit established that North Devon Healthcare Trust make every effort to identify the attendee's home residence leading to the billing of other local authorities for the service provided where necessary.

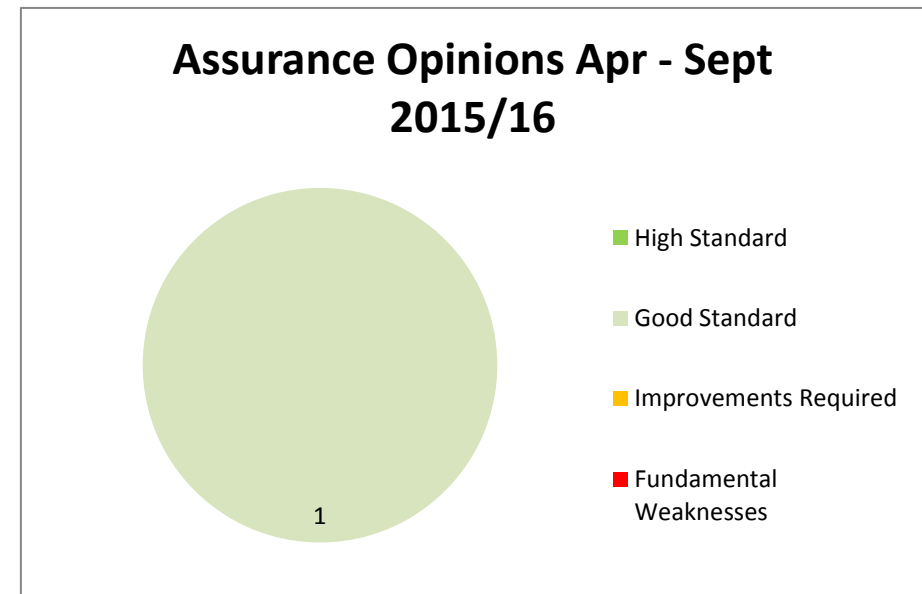
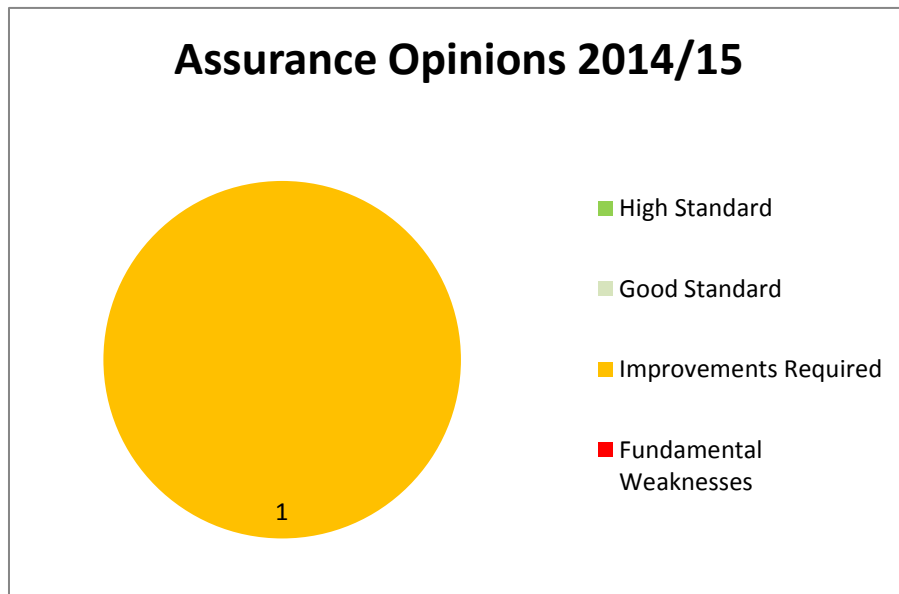
As an "Open Access Service" attendees do not have to provide personal information and can visit centres anonymously; as such there will always be related costs for attendees who choose to remain anonymous. Data on the system, being of a highly confidential nature, is held securely with access restricted to clinicians.

Audit reviewed the charges levied from reference to spreadsheet data and all found to be accurate. The contract is activity led and therefore greater use of the service leads to increases in contract cost.

The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

### Key Risks / Issues

The audit reviewed three areas encompassing the controls surrounding capturing of accurate residency data, identification and capture of reasons for attendance and accuracy of charging. Lack of robustness around these processes could lead to increased costs of this service provision, however processes were found to be operating effectively and no issues were identified.



## Schools

We have made good progress in the delivery of our audit plan to schools and schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the SFVS are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

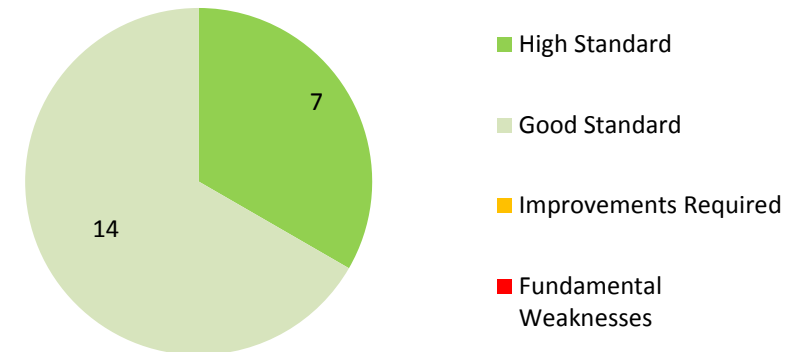
**Good Standard** - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks have been identified on the core element of the audit review at some schools, recommendations have been made to reduce risks and in other areas and are made to strengthen what are reliable procedures.

### Key Risks / Issues

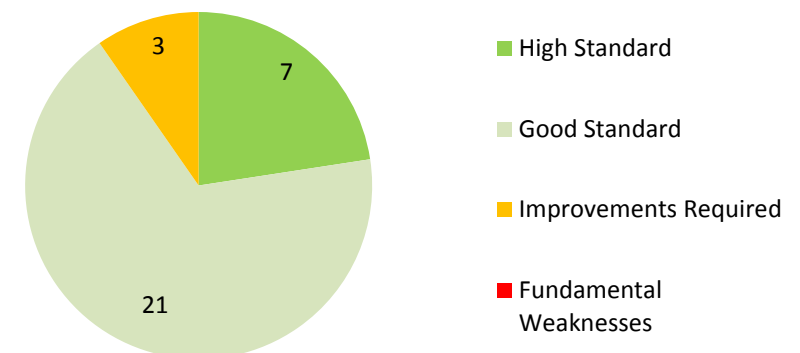
- understanding of financial management by governors as evidenced by the requirements of the Standard, skills assessment and absence of key business from meetings;
- demonstrable benchmarking & financing of plans for raising standards and attainment;
- business continuity planning;
- authorisation control over orders and payments
- inventories and asset management.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.

### Assurance Opinions Apr - Sept 2014/15



### Assurance Opinions Apr - Sept 2015/16



## Fraud Prevention and Detection

### Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Work has continued in 2015/16 reviewing the various data sets involved with the National Fraud Initiative (NFI). Most of the data matches have been reviewed. There are still a number of reports/data matches that are yet to be completed, which relate mainly to Blue Badges and Direct Payments. We are still awaiting the results of the investigations by the relevant teams within the Council. There are a small number of queries outstanding on some of the other reports but these are not significant.

**Proactive anti-fraud work** has been undertaken during the first six months of 2015/16. A Fraud bulletin has been produced and published on DAP's website. 2014/15 accounts payable data has been reviewed in order to identify duplicate payments; this work is currently ongoing.

**Irregularities** - In the first six months of 2015/16, Internal Audit has carried out or assisted in 20 investigations across the various services, excluding Public Health where Internal Audit were not made aware of any issues of irregularity that required investigation. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Financial Irregularities	7
IT-misuse	7
Conflict of interest	1

Issue	Number
Bribery & Corruption	1
Employee Conduct	2
Tenders and Contracts	2

DAP have completed investigations into potential IT mis-use with evidence of inappropriate activity provided to management. These involved personal use in work time and two cases relating to incidents in public libraries of members of the public accessing inappropriate material; one of which was proven.

Assistance has been given with the investigation of a suspected attempt to withdraw cash from the Authority's bank account, an attempt by an individual outside of the Authority to fraudulently use a Council corporate credit card and two suspected instances of individuals fraudulently claiming a pension which are being investigated by the Police.

An employee of an Council contractor was found guilty of a fraud committed against a previous employer. The impact of this on the Council was investigated and DAP have found no evidence or material concerns that suggest the individual had the opportunity to commit similar fraudulent activity while working for the contractor. In addition, an investigation into a potential conflict of interest concerning an ex Council employee working for advisors to the Authority found only that a declaration should have been made.

Investigations are ongoing into potentially fraudulently claimed concessionary travel reimbursements by an external transport provider and alleged overcharging by two Community Care providers.

## Customer Value

### Performance Indicators - Resources

Overall, performance against the indicators has been very good (see appendix 2). We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

### Customer Service Excellence (CSE)

DAP continues to be maintain accreditation by G4S Assessment Services of the CSE standard. We highly value customer comments on our service and how we can improve our work.

During the period we issued client survey forms with our final reports. The results of the surveys returned are very positive. The overall result is very pleasing, with near 99% being "satisfied" or better across our services, see appendix 3. 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.

### What Our Customers Said

We have had some very complimentary feedback in the last six months. More details can be found on our website [www.devonaudit.gov.uk](http://www.devonaudit.gov.uk) but some of the more relevant comments include:-

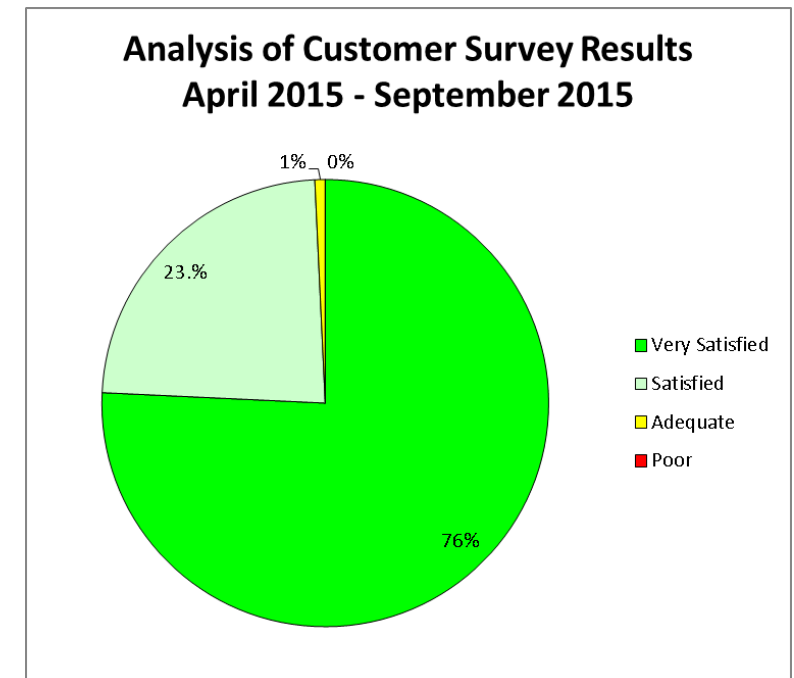
*"The planning and conduct of the report was informative and allowed for some self-reflection on processes"*

*"Useful to show the Board"*

*"A useful check for us on our processes"*

*"Useful to confirm some areas for improvement and prompted us to progress action in them"*

*"The report has helped us to strengthen and consolidate our financial procedures. The auditor was helpful in keeping us updated with any new procedures"*



### Added Value

We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. Some of the specific examples of where our team have been able to add value to the Council in the first six months of 2015/16 include:-

*"The audit did 'add value' because all the information about the Governors meetings has been taken on board and actioned."*

*"May I express my appreciation to you for your excellent professional contribution to the recent very successful special schools conference"*

*"The audit added value in that we improved our treatment of VAT"*

We continue to develop and train our staff so that they can add value to the organisation as it faces the difficult challenges ahead.



## Appendix 1 – Summary of audit reports and findings for 2015/16

### Risk Assessment Key

LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level  
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management  
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available



### Assurance Progress Key


Green – action plan agreed with client for delivery over an appropriate timescale;  
 Amber – agreement of action plan delayed or we are aware progress is hindered;  
 Red – action plan not agreed or we are aware progress on key risks is not being made.  
 \* report recently issued, assurance progress is of managers feedback at debrief meeting.

CORPORATE SERVICES					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Corporate Services – Finance</b>					
Fixed Asset Register	ANA - Low	Final	High Standard	<p>As was the case last year, controls in relation to property assets are robust, with adequate procedures in place for additions, disposals, and ensuring that asset register entries are complete and accurate.</p> <p>A weakness exists in relation to 'Plant, Vehicle, Furniture &amp; Equipment' (PVFE) expenditure, as the Council has an accounting policy which does not require the asset register administrator to be notified when such assets are disposed of, however, this does not create a significant risk of material misstatement within the accounts.</p> <p>The overall control environment is adequately controlled, for example access to the asset register itself and having comprehensive procedures, and only minor recommendations have been made in this respect.</p>	
Debtors/Debt Recovery	ANA - Medium	Final	Good Standard	<p>Debtor processes are operating effectively within a reasonably sound overall control environment.</p> <p>There are some areas where consideration and implementation of additional measures would enhance the existing control framework and therefore reduce the risk to the Authority; however it is noted that due to operational need, management have previously accepted the associated risks or action to resolve remains ongoing.</p>	



**CORPORATE SERVICES**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Creditors	ANA - Medium	Final	Good Standard	<p>With the exception of those relating to low value invoices, processes, procedures and related controls within creditors are generally sound, and we have no major concerns in this respect. A small number of recommendations have been made to further improve the control environment and in relation to ongoing weaknesses.</p> <p>Procedures in relation to low value invoices changed during the year. At the end of August 2014, a new process was introduced whereby invoices for £20 or less are now automatically authorised when certified for payment, eliminating the need for independent authorisation. This was designed to increase efficiency by preventing additional time being taken to obtain the additional authorisation; however this has also increased the risk of inappropriate payments being made, particularly in relation to general claims paid against one time creditors, and we recommend that management review this area.</p>	
Finest System Administration	ANA - Low	Final	Good Standard	<p>Controls in relation to the administration of the Finest system are generally operating as designed. Although this year's report contains a number of re-reports from last year, we note that the associated risks are not significant in nature.</p> <p>Access to the system is restricted to authorised users, however there continues to be a lack of segregation between certain operational and system administration roles. System changes, patches and upgrades are less well controlled, though for those sampled, this does not seem to have resulted in any issues in terms of the actual amendments made.</p> <p>Internal reconciliations are effective and undertaken at an appropriate frequency.</p> <p>The system is subject to robust and regular backup, and although the Business Continuity Plan requires testing and review, we understand that it will be done after the P2P project has gone live in summer 2015.</p>	

CORPORATE SERVICES					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Main Accounting System	ANA - Medium	Final	Good Standard	<p>The Main accounting system is generally operating effectively within a reasonably sound overall control environment, with most processes being undertaken as required by the organisation.</p> <p>There are some areas where consideration and implementation of additional measures would enhance the existing control framework, and recommendations have been made accordingly. These include consistency across the Services in relation to budget virements, and introducing an element of separation when making journal amendments.</p>	
Budgeting System	ANA – High	Ongoing	N/A	<p>Internal Audit are providing the project with support and advice within the project, reporting any concerns via the project manager or, where appropriate, to the Deputy County Treasurer (Systems and Change).</p> <p>FLT have now identified both the level and categories of budget to be monitored on a monthly basis and a budget profiling exercise is to be undertaken. Workshops to identify functional requirements have been held and it is expected that development of the solution will take approximately three months.</p> <p>The project must recognise the need to optimise data quality as this will determine how successful the proposed solution will be in delivering successful outcomes.</p>	N/A
Accounts Payable System	ANA - Medium	Ongoing	N/A	<p>We continue to provide the project with support and advice as “Trusted Partner”, with the focus now upon the actual computerised solution. Some technical problems have been experienced although it is hoped by Management that these have now been resolved.</p> <p>The sign-off of the final functional requirements document is imminent and scenario based User Acceptance Testing will soon be underway. Internal Audit is providing advice on the testing plans as well as forming an initial opinion about the solution functionality and controls. Timetables for live operation have been revised and now appear to be more realistic.</p>	N/A

## CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Tax Compliance Forum	Client Request	Ongoing	N/A	<p>The Group discusses HRMC ‘hot topics’ and their implications on the authority; and the impact of organisational and systems changes on tax compliance.</p> <p>Audit updates in relation to tax compliance are shared at this forum on a quarterly basis. Tax compliance issues identified during audits are provided to the group, which can be shared with HMRC.</p> <p>No significant unmitigated risks have been identified to date.</p>	N/A

The following audits are in currently in progress:

- Treasury Management (ANA – Low)

It is anticipated that the reports will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.

The following audits are due to commence in the second half of the year:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Debtors/Debt Recovery (ANA – Medium)</li> <li>• Bank Reconciliation (ANA – Low)</li> <li>• Income Collection (ANA – Medium)</li> <li>• Finest System Administration (ANA – Low)</li> </ul> | <ul style="list-style-type: none"> <li>• Creditors (ANA – Medium)</li> <li>• Fixed Asset Register (ANA – Low)</li> <li>• Main Accounting System (ANA – Medium)</li> <li>• VAT Return (ANA – Low)</li> <li>• Strategic – Financial Planning (ANA – High)</li> <li>• Accounting for Infrastructure Assets (ANA – Medium)</li> </ul> |
|---|---|

### Corporate Services – Human Resources

HR – Consultants & Employment Status - follow up	Client Request	Final	Improvements Required	<p>Satisfactory progress against the agreed recommendations has taken place, particularly in relation to the corporate policy having been updated, and the corporate requirement to adhere to this policy and associated checklist having been communicated; and in respect of financial monitoring arrangements having been put in place involving HR, Procurement and Finance teams.</p> <p>We note that a number of recommendations remain to be completed. Notably in respect of ensuring compliance with and taking appropriate action where engaging managers do not follow DCC procedures. The continued inconsistent adherence to the Hiring Temporary Workers – Corporate Policy and Procedure, puts DCC at risk of not complying with relevant HMRC guidance and DCC’s Code of Business Conduct.</p>	
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**CORPORATE SERVICES**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
HR – Settlement Agreements	ANA - Medium	Draft	Good Standard	<p>The control environment relating to the Council's Settlement Agreement process is generally robust and the resulting settlement agreement payments made are accurately calculated and processed. No inefficiencies were identified in the existing process.</p> <p>There are two keys areas for consideration. Firstly, recent guidance from the Department for Communities and Local Government is yet to be considered in relation to whether it should be incorporated into practice and process; and secondly, the settlement agreement process where schools use another human resources provider does not at present ensure compliance with HMRC guidance.</p> <p>Analytical review across a number of years found that the number of settlement agreements has remained fairly static and relatively low with the majority of agreements being reached within the Education and Learning (Schools) area, although there are indications of a recent increase in other areas of the Council possibly as a result of organisational restructure.</p>	*
Payroll – Self-Service - On Line Contracts	ANA - Medium	Ongoing	N/A	<p>Ongoing support in the project to establish on line contracts of employment for staff with network access to provide a more efficient and automated process which it is hoped can be rolled out to all managers in the future.</p> <p>The planned self-service project implementation has been delayed, within the wider HR Change programme. On-going support to the project will continue in an advisory capacity, with the intention of assisting in the establishment of an improved control framework.</p>	N/A

The following audits are currently in progress:

- Payroll (ANA – High)
- Payroll – Travel & Expenses Claims System (ANA – Medium)
- Payroll – Teachers Pensions Return (ANA – Medium)

It is anticipated that the reports will be issued & agreed in the third quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.

CORPORATE SERVICES						
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report				Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary		
The following audits are due to commence in the second half of the year:		<ul style="list-style-type: none"> <li>HR – Absence Management &amp; Recording (ANA – Medium)</li> <li>HR – Pension Changes (ANA – Low)</li> </ul>				
<ul style="list-style-type: none"> <li>Payroll – Online Adjustments (ANA – Medium)</li> <li>Payroll – Auto Enrolment - Self Employment (ANA – High)</li> </ul>						
<b>Corporate Services – Legal services</b>						
Coroners – Recharging of Costs	Client Request	Final	Improvements Required	Assurance was reported in last year's report; please refer to that report for details.		
Coroners – Expense Claims	Client Request	Final	Improvements Required			
The following audit has been deferred to the 2016/17 year:						
<ul style="list-style-type: none"> <li>Legal – Operation of the Town &amp; Parish Fund (ANA – Low)</li> </ul>						
<b>Corporate Services – Business Strategy and Support</b>						
Property Disposal Programme	Client Request	Final	High Standard	Assurance was reported in last year's report; please refer to that report for details.		
Devon Assessment Framework IT System – Holistix	ANA – High	Final	Improvements Required	Assurance was reported in last year's report; please refer to that report for details.		
Management of Mobile Phones – Follow Up	ANA - Low	Final	Good Standard	Assurance was reported in last year's report; please refer to that report for details.		
Blue Badges – Complaints and Appeals	Client Request	Draft	Good Standard	Our review found the Customer Services Team to operate in line with Department of Transport guidance; levels of complaints are low whilst appeals are relatively high in comparison to the number of applications received, although the latter could be linked to the high numbers of former badge holders that have had their new applications rejected under tighter assessment rules. This will be looked into further at the request of		



**CORPORATE SERVICES**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>management.</p> <p>Appeals and complaints are dealt with sensitively with care taken to ensure that decision letters relating to complaints and appeals are accurate. Blue Badge correspondence is subject to ongoing review, and a number of improvements have been identified by the Customer Service team to help ensure they are communicating effectively with applicants.</p> <p>We did not identify any significant concerns with the level of service provided by Dependability, the external company engaged to carry out face to face assessments, and there is a reasonable working relationship between the Customer Service team and this 3<sup>rd</sup> party provider to ensure individual applications are discussed and performance of the contractor is reviewed.</p>	
Procurement – Review of Tender Evaluation Model	ANA – High Client Request	Ongoing	Value Added	The award of a significant contract within People was challenged by an unsuccessful bidder with a counter challenge by the successful bidder. Internal Audit has been requested by Procurement to review and QA the new tender evaluation model and to review the procurement team’s facilitation of tender evaluations.	N/A
Procurement – Financial Appraisal Review	Client Request	Ongoing	Value Added	Internal Audit has continued to provide support to a small working group tasked with examining how the Council financial appraises contractors. This has culminated in a number of Finance staff being given the responsibility for this task.	N/A
Information Governance including PSN	ANA - High	Ongoing	Value Added	On-going support and advice has been provided, including the provision of support for individual business areas in respect of information governance queries.	N/A

The following audits are due to commence in the second half of the year:

- Strategic – Ethics & Culture (ANA – Medium)
- Procurement – Governance protocols in relation to contract award procedures and contract lifecycle (ANA – High)
- Business Strategy & Support – Benchmarking Process for PFI Schools (ANA – High)
- Procurement - Resilience of significant/strategic suppliers to ensure service provision in face of Public Sector cuts (ANA – High)

## CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Corporate Services – IT Audit</b>					
ICT Service Operation (Processes) – Incident & Problem Management	ANA - High	Final	Good Standard	Assurance was reported in last year's report; please refer to that report for details.	
NPS Data Security	Client Request	Final	Improvements Required	Our review included both the controls operated by MigSolv at the data centre in relation to physical security and those operated by NPS in relation to logical security. We found both physical and logical controls to be sound but were concerned by the absence of any penetration testing since the infrastructure was updated five years ago. Controls in other areas were not as effective and we are particularly concerned about the effectiveness of arrangements in respect of disaster recovery planning and the reporting and monitoring of security incidents.	

The following audits are in currently in progress:

- Service Operation – Processes (Incident & Problem) (ANA – High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2015-16. No issues of major concern have been identified from our fieldwork to date.

The following audits are due to commence in the second half of the year:

- CareFirst 6 (ACS) Corporate Business Application (ANA – Critical)
- Service Strategy – Critical Success Factors and Technical Roadmap (ANA – High)
- Service Transition – Change Management (ANA – High)
- Service Design – Detailing how to deliver the service (ANA – Critical)

### Grants

Local Transport Capital Block Funding	N/A	Completed	Certified	No issues identified	N/A
Additional Highways Maintenance Funding	N/A	Completed	Certified	No issues identified	N/A
Local Pinch Point Fund x3	N/A	Completed	Certified	No issues identified	N/A

## CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			
		Status	Assurance Opinion	Executive Summary	Assurance Progress RAG Score
Transforming Care	N/A	Completed	Certified	1 issue reported	N/A
Rural Enterprise Gateway	N/A	Completed	Certified	1 issue reported	N/A
Local Infrastructure Fund	N/A	Completed	Certified	No issues identified	N/A
Active Devon	N/A	Completed	Certified	1 amendment made	N/A

The following audits are in currently in progress:

- Targeted Family Support Programme x4

It is anticipated that the reports will be issued & agreed in the third quarter of 2015-16. No issues of major concern have been identified from our fieldwork to date.



The following audits have not yet been started as they are not due to commence until the second half of the year:


- Local Sustainable Transport Fund - Access to Education
- Rural Growth Network
- Dartmoor Granite and Gears
- Skills Funding Agency
- Flood Resilience Community Pathfinder

The following audit has been cancelled as it is no longer required

- Adoption Support



PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Development Management – Approval of Planning Applications	ANA – High, Client Request	Draft	Good Standard	<p>Devon County Council, as a local Planning Authority, has improved its performance in recent years where it now exceeds the national target of 50% (as set by the Department for Communities and Local Government), with 89% of its planning applications being processed within the agreed 13 week timescales.</p> <p>The decision-making process by members and officers was found to be sound, well informed and transparent, with the correct procedures being following in relation to conflicts of interest. The control framework for planning applications was also found to be sound, complying with statutory requirements in the sample reviewed.</p> <p>Recommendations have been made in our report that will reduce risk and strengthen the robustness of current processes and procedures, as well as improving management information, data quality, customer satisfaction and realising further efficiencies through better utilisation of resources and the MasterGov system.</p>	
Civil Parking Enforcement – benefits realisation and review of new initiatives	ANA – Medium, Client Request	Final	Good standard	<p>On Street Parking has been the responsibility of Devon County Council since May 2008. The service was originally delivered by the District Councils and Exeter City Council through agency agreements. Since 1st April 2014 Devon County Council has taken back responsibility to manage 'On Street' parking in-house.</p> <p>There are a range of effective controls including established procedures for monitoring staff performance and surpluses only being used in accordance with the requirements of the Road Traffic Regulation Act 1984. We noted areas of current development which include implementing a set of standard operating procedures for Civil Enforcement Officers, actively dealing with negative press and ways to improve public perception of the service. A new formal Parking policy/strategy is to be implemented in 2015/16. At the time of the audit some requirements of the Local Transparency Code 2015 had yet to be</p>	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>implemented to include publishing the:</p> <ul style="list-style-type: none"> <li>- financial position of the parking account</li> <li>- number of on-street Car Parking spaces.</li> </ul> <p>Recommendations were made to consider adopting a formal risk management process to ensure all known significant risks to the service objectives are identified, assessed, evaluated and managed appropriately, and to consider formalising a training policy/strategy to ensure that future training needs can be met.</p>	
2014/15 Connecting Devon and Somerset – assurance on the roll out of Broadband	Client request	Final	High standard	<p>We found there is a reasonable governance structure in place to manage the Broadband project. This included the use of the formal Partnership agreement which includes all of the partners within the project, use of a risk register to help them to manage key risks throughout the life of the project, use of a Project Methodology and guidance notes provided by BDUK, and regular sample checks of completed milestones and performance indicators.</p> <p>At the time this audit was undertaken, as part of Phase 2, the Project had just appointed Airband to complete Dartmoor and Exmoor coverage. This contract will run for 12 months, and will use wireless technology to deliver the desired coverage in these areas.</p> <p>At present, we understand that the main part of Phase 2 of the Broadband programme is likely to be delayed. An offer from a key supplier was rejected by the Project Board on the grounds that it did not offer value for money and did not meet the time scales required for completing the works. The project team could not provide Internal Audit with definitive timescales for are currently planning the next tendering phase.</p>	
South West Devon Waste Partnership	ANA - High	Ongoing	Value Added	<p>Attendance at Project Executive and providing support and challenge to the Contract team as the Energy from Waste facility in Plymouth was officially commissioned in September. Assessment of contract management arrangements is set to</p>	N/A

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				begin as well as the formalisation of a programme of audit and assurance checks and reporting that can be used by the Contract Manager and Internal Audit in the future.	
Highways Virtual Joint Venture – presence on TMC (Term Maintenance Contract)	ANA – High, Client Request	Ongoing	Value Added	Attendance at the monthly meetings to provide independent and objective advice and input as required to the discussions between management and contractor.	N/A
Advice on the new 2017 Highways Contract	Client Request	Draft	Value Added	Challenge, advise and best practice guidance has been provided on the Schedule of Rates, the evaluation model and general procurement and contract controls	N/A

For audits currently in progress:

It is anticipated that the reports will be issued & agreed in the third quarter of 2015-16. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Growth Deal / LEP (Local Enterprise Partnership)
- Highways TMC (Term Maintenance Contract) – Payment Mechanism review
- Public Transport – Dynamic Purchasing Framework
- Public Transport – Total Transport Fund – links with Health Integration
- South West Devon Waste Partnership – review of requirements to fulfil Joint Working Agreement and operational needs.

### Services for Communities


Attendance at CRMG (Corporate Risk Management Group)	ANA - High	Ongoing	Value Added	The CRMG continues to embed risk management across the organisation. Internal Audit provides advice and support at CRMG which has delegated authority from the Chief Executive to lead on the development of the Council's approach including the Strategy, the Policy and the guidance materials in the Devon Way for Risk Management.  CLT, in line with the Risk Management strategy, have two key roles in considering the Corporate Risk Register and its ongoing	N/A
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**PLACE**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>development. Firstly, to consider the risks presented and whether the organisation is doing what it can to effectively manage and mitigate that risk. Secondly to consider the register through its “strategic lens” to ensure that it reflects priorities, emergent risks and projects across the Council as a whole. Following review in May, CLT have commissioned work to assess and where appropriate add a number of key strategic risks.</p> <p>The Council continues to actively benchmark with local risk leads, work which has been supported through Devon Audit Partnership.</p>	
Performance Management – Development and implementation of new Performance Management framework	ANA – High, Client Request	Ongoing	Value Added	Internal Audit have looked to continue supporting and advising the Performance Management team as they develop a new framework for reporting performance.	N/A

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Library Service – Alternative Service Delivery Vehicles
- Community Interest/Challenge Panels
- Youth Service – Alternative Service Delivery Vehicles – this may be delayed until next year.

People					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Charging for Care Team (Corporate Services) / Care Management (People) - Client Contributions - Non Residential Services	ANA - High	Draft	Improvements Required	Findings reported in the September follow-up reviews. Action plan agreed and due for re-review later in the year.  Close liaison is needed between Care management staff and the Charging for Care Team to ensure good progress continues to be made.	
Personal Care Contract	ANA – High Client Request	Ongoing	Value Added	Audit involvement has been requested to support key / significant elements of the tender. This includes <ul style="list-style-type: none"> <li>- 'needs analysis' and forecast of volumes and types of business (personal care, rapid response, learning disabilities);</li> <li>- financial evaluation and</li> <li>- quality of supply</li> </ul> Further support will also be provided around the tender evaluation process and final award recommendation.	N/A
Procurement - Review of Tender Evaluation Model	ANA - High Client Request	Ongoing	Value Added	The award of a significant contract within People was challenged by an unsuccessful bidder with a counter challenge by the successful bidder. We were asked to examine the evaluation process and assessments undertaken by members of the evaluation team. Our findings have been reported to management within Procurement, Finance and People and we facilitated a subsequent workshop to examine the lessons learnt. An action plan was drawn up and Audit will review progress made by officers on its delivery over the next few months.	N/A

Further to undertaking preparatory work the audit of SEND was postponed on 24<sup>th</sup> September 2015 due to sickness absence of a key member of staff.

The following audits are currently in progress:

The Virtual School - CIC (ANA / High)  
Banded Residential Care Placements (Client Request during 2015/16 - ASC Leadership Team)

<b>People</b>					
<b>Risk Area / Audit Entity</b>	<b>Risk Assessment / Audit Needs Assessment</b>	<b>Audit Report</b>			<b>Assurance Progress RAG Score</b>
		<b>Status</b>	<b>Assurance Opinion</b>	<b>Executive Summary</b>	

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Contract Management (ANA / High)
- 14+ Care Leavers Pathways (ANA / High)
- Integrated Children's Services (ANA / High)
- Quality Assurance Procedures (ANA / High)
- Commissioning: Children's Social Care
- Education
- Commissioning: Adults
- Assistive Technology (ANA / High)
- Care Act Implementation (ANA / High)
- Better Care Fund (ANA / High)
- Mental Health Commissioning arrangements with the NHS (LD Partnership commissioning / arrangements with DPT) (ANA / High)

The following audits have been requested during the current 2015/16 financial year:-

- DASH /SHAD (Follow Up)
- DILIS Procurement

Public Health					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

**Public Health**

PH - Sexual Health		Draft	Good Standard	<p>Visits to clinics are accurately recorded ensuring that appropriate local authority is charged. Data regarding attendees is maintained securely.</p> <p>A "Bill Code" captures the nature of the visit e.g. Contraception, HIV or GUM and whether the visit is an initial or follow-up; correct billing is dependent on the Bill Code which is reliant on clinician recording.</p> <p>Visits identified from the Bill Code as HIV are invoiced to NHS England; contraception is a block contract. It is the number of visits relating to GUM which have an impact on the contract value and therefore represents a financial risk should use of the service be significant.</p> <p>The majority of appointments are for residents of Devon; visits where the attendee's postcode/GP practice had been identified as outside of Devon can be charged to the appropriate other Local Authority with the exception of Wales and Scotland. For visits where attendees provided little or no information, the NDHT make every effort to identify these "anonymous" attendees, through various LSOA tables to their correct LA, however if another LA cannot be identified the cost for these visits defaults to DCC.</p>	
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The following audits have not yet been started as they are not due to commence until the second half of the year:

- Health Checks

## Appendix 2 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

<i>Annual Local Performance Indicators (LPI)</i>	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16
	Target	Actual	Target	Actual	Target	Actual	Full Year Target	Six month Actual
Percentage of Audit plan Commenced (Inc. Schools)	95%	97.75%	100%	96.5%	100%	96.9%	100%	54.1%
Percentage of Audit plan Completed (Inc. Schools)	90%	94.3%	93%	94.6%	93%	92%	93%	39.3%
Actual Audit Days as percentage of planned (Inc. Schools)	90%	99.7%	95%	97.5%	95%	97.8%	95%	51.3%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%	100%	On target
Percentage of chargeable time	65%	66.1%	65%	69.3	65%	67.8%	65%	67.3%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	94.5%	90%	98%	90%	99%	90%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	79.7%	90%	80.1%	90%	87%	90%	79.6%
Final reports produced within target number of days (currently 10 days)	90%	86.4%	90%	89.1%	90%	97%	90%	95.2%
Average level of sickness absence (DAP as a whole)	2%	2.9%	2%	3%	2%	5.5%	2%	2.1%
Percentage of staff turnover (DAP as a whole)	5%	8.5%	5%	3%	5%	16.6%	5%	6%*
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes	Yes	On target

Overall, performance against the indicators has been very good. We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We are reviewing areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

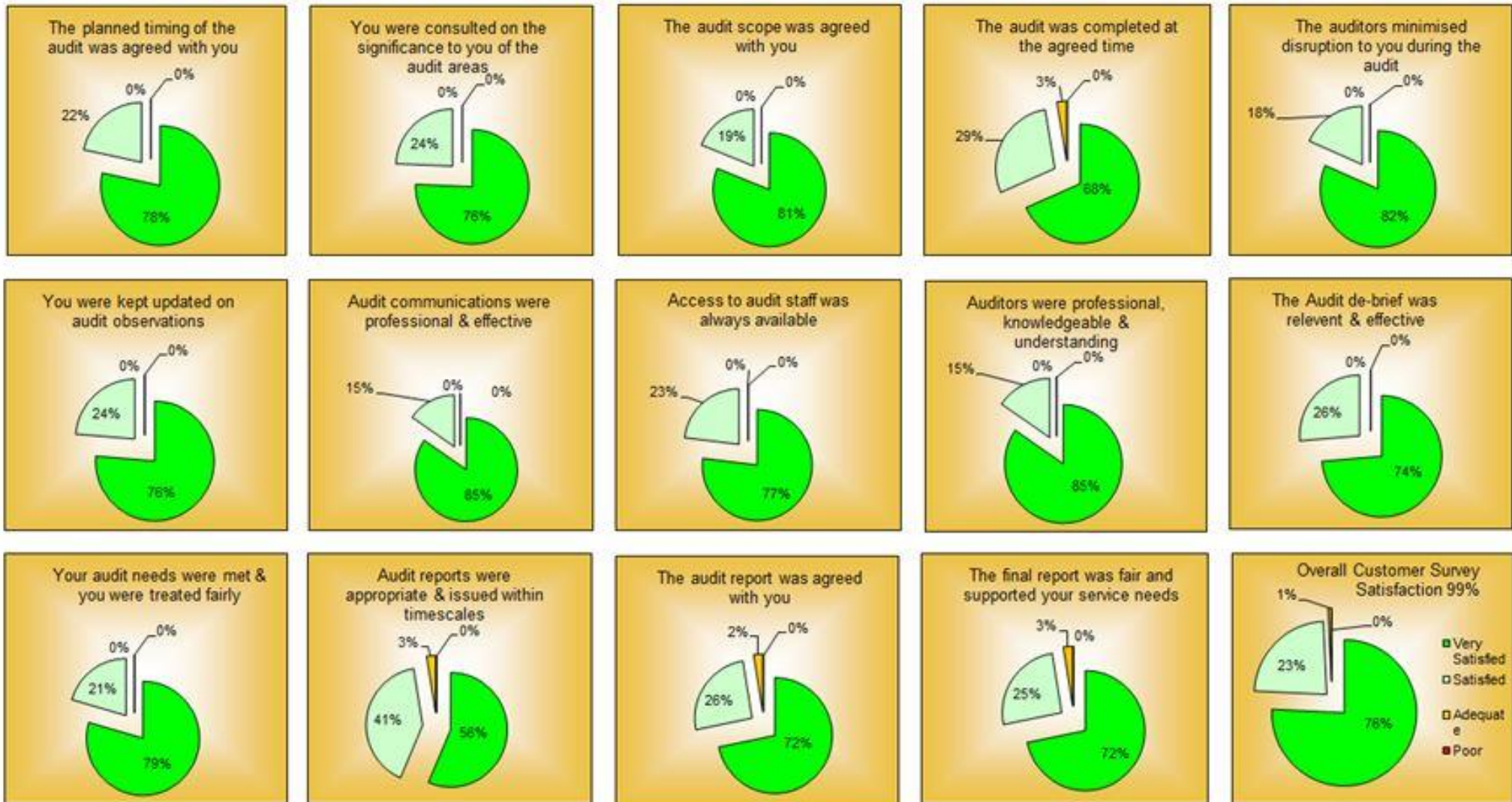
**Note \*** - 2 staff on secondment to other services.



## Appendix 3 - Customer Service Excellence

### Customer Survey Results April 2015 - Sept 2015

The charts below show a summary of 39 responses received.



## Appendix 4 – Definitions

### Definitions of Audit Assurance Opinion Levels

Assurance	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

### Confidentiality under the Government Security Classifications

Marking	Definition
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.