

Devon Audit Partnership

**Business Plan 2013 to 2018**

**September 2013**

Version 0.1



**Auditing for achievement**

## Devon Audit Partnership – Business Plan 2013 - 2018

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## **1 Executive Summary**

1.1 Devon Audit Partnership is a “not-for-profit” organisation providing professional internal audit services covering areas such as risk management, governance and business improvement.

1.2 As organisations look to save money through sharing back office services, internal audit is seen as one area where this could be taken forward; the success of the Devon Audit Partnership confirms that financial savings can be achieved whilst maintaining and enhancing audit delivery.

1.3 The time is right for the Partnership to help the not-for-profit sector achieve more from internal audit with less resource. Our large, dedicated and specialist staff pool provides an excellent and pro-active resource that enables difficult subject areas to be addressed. Our ability to maximise the efficiencies from economies of scale and effective working will enable partner organisations to realise savings whilst effectively managing risk.

## **2 Objectives**

2.1 Devon Audit Partnership (DAP) provides professional internal audit services to not-for-profit organisations covering areas such as risk management, governance, business improvement and cost containment. Our advisory services can help you meet your challenges in a rapidly changing environment. We deliver an innovative service that offers high quality and value, making the most of your resources, and helping you to achieve your objectives in an efficient and cost-effective way.

2.2 DAP’s major advantage is that it draws on the strengths of all our partners and our professional, personable staff to provide high quality, modern internal audit and management assurance services. We provide a local presence that can respond swiftly to your needs. Our aim is to work with our partners, to support their goals and minimise risks which may prevent the achievement of these goals. That’s why the Devon Audit Partnership are auditing for achievement – your achievement.

## **3 Our Mission**

3.1 Our purpose, is to help better the lives of the people of the Southwest of England; be they children, parents, the elderly, employees of other public organisations and the very organisations themselves. As a service provider to and within the public sector our commitment is to help the organisations we work with to fulfil this common purpose. Our ability to engage with our clients through our friendly and supportive team of people is key to our success. Equally so is our understanding of your objectives and needs in order to help you to achieve your goals and ensure the success of the public services that you provide.

3.2 Our aim is to work with you, to support your goals and to provide assurance that the risks preventing achievement of your goals are minimised so that service users and the public benefit from the services you provide. We are not driven by profit, but by public need.

## **4 Our vision and values**

4.1 Our vision is to be recognised as a leading provider of internal audit services to public services in the South West. We will deliver high quality services that add value and are attuned to our customer needs.

4.2 Devon Audit Partnership will provide high quality independent and objective assurance and consulting services that add value to their customers and protect public resources.

## **5 Our Drivers**

5.1 We are committed to improving local government and public sector services, supporting and delivering continuous improvement, cost effective and value for money services, collaborative working and sharing good practice.

5.2 We seek to promote these purposes and undertake our work in ways which will deliver sustainable and continuous improvement, paying special attention to the needs of local communities and our customers.

5.3 We will strive to be recognised for the quality of the service we deliver, the expertise and support we offer and the opportunities provided for all our staff to contribute to the aims and objectives of our service and for self development and learning.

5.4 We are a “not for profit” organisation, but we are commercially minded. We know that the public sector is facing significant financial pressures and requires every pound invested in our services to be used for the maximum benefit; we tailor our services to ensure we provide a service that fully meets our partners and customers needs

5.5 We are a people organisation; audit is delivered by our experienced staff and although use of data analytics helps our processes it is our skilled staff that make a difference to our partners. We value our staff and will encourage them to develop their skills and knowledge to further enhance our service delivery.

## **6 Our Core values**

6.1 Our core values underpin the way we work and seek to deliver our mission

- **Putting the customer first**  
We are here to achieve the best for our customers and the people of the Southwest. Identifying and addressing their needs is at the heart of everything we do. In working with people we aim to listen; to be fair, open and honest; and to do what we say we will do.
- **Valuing everyone**  
We will demonstrate respect, understanding and fairness to all and we are committed to tackling discrimination and exclusion, promoting social justice and good community relations and ensuring fair access to our services.
- **Modern and Innovating**  
We want to be a modern and innovative organisation providing efficient, cost effective services that meet customer needs. This means seeking out and embracing opportunities for change and being innovative in finding the best solutions for the present and the future.
- **Working together**  
We work in close partnership with our customers and other organisations to achieve our vision. Effective partnership working means building trust, developing a common understanding of customers, agreeing joint priorities, taking collective action and pooling our resources where this will improve outcomes and services.

6.2 We expect all our staff to behave in ways that reflect these values.

## **7 Partners**

7.1 We work in support of the strategic objectives, priorities and key plans of each our partners and customers. In practice this means the following:-

- All Departments, Business Units and managers of partner organisations in delivering a focussed risk based audit plan
- Other Clients - delivering a focussed risk based audit plan, in partnership with the in-house audit team where applicable
- Schools across the County - in respect of delivering support and assurance to Head teachers and Governors to promote openness, accountability, high standards of risk management, internal control and governance and the external assessment for the Financial Management in Schools Standard.
- External Audit - for each of our customers in delivering audit assurance to the respective stakeholders
- Director of Finance as Section 151 Officer - in meeting the requirements of the Local Government Act 1972 and the Accounts and Audit regulations 2003 (Amended 2006 & 2011) for all customers.

## **8 Equality and Diversity**

8.1 We support equality and diversity, ensuring inclusion, fairness and equality. We aim to support our Partners in achieving Level 3 of the equalities Standard.

## **9 Organisational Summary**

### *Governance*

9.1 The Partnership was formed in April 2009 and is governed as a Joint Committee under Section 20 of the Local Government Act 2000. The Joint Committee has two Members from each of the three partner Councils (Devon, Plymouth and Torbay), supported by a Management Board comprising the three Section 151 Officers and the Head of Partnership.

9.2 We are aware of the financial pressures facing all our clients and partners in the not-for-profit sector. At this moment in time the “delivery vehicle” of a Joint Committee meets the needs and requirements of our partners and customers and also ourselves; however we are continuously monitoring developments as to how organisations such as ourselves are governed, and where different models represent opportunities, these will be explored.

### *Key Activities*

9.3 The Partnership provides audit services to the three partner Councils, and other clients under Trading Agreements; we report to the respective Audit Committee of each partner / client. Our Audit Plans are prepared for each client using a risk based approach and priority assessment to ensure the service provided is aligned to customer needs, goals and objectives and satisfies statutory assurance requirements such as the Public Sector Internal Audit Standards.

### *Location and facilities*

9.4 The Partnership head office is Larkbeare House, Topsham Road Exeter. To maximise operational efficiency our Partners and clients provide office location for our audit staff to work from. We have specified work locations for each of our Partners which are as follows;

- Devon County Council – Room 180 County Hall, Topsham Rd, Exeter
- Plymouth City Council – Midland House, Plymouth, PL1 2EJ
- Torbay Council – Town Hall, Castle Circus, Torquay

9.5 We operate standard office opening hours (9 to 5 Monday to Friday) but are often available outside of these core hours.

### *Customers and service standards*

9.6 Customers are core to everything we do. We aim to provide the best possible customer service that we can. We have been accredited with the Customer Service Excellence Award, which helps to ensure that we have suitable processes and arrangements in place to meet our customer requirements.

### *Professional Standards*

9.7 We provide a professional service that we regularly review to ensure it meets our expectations. In readiness for the introduction of the Public Sector Internal Audit Standards (PSIAS, from April 2013), we were recently subjected to an external accreditation process against the Institute of Internal Auditors Internal Audit Standards (which form the basis of the PSIAS). Our external assessor confirmed that we are meeting these standards.

### *Head of Partnership*

9.8 The Partnership is headed by Robert Hutchins. Rob is a qualified Management Accountant who has significant experience of providing internal audit services to a wide range of not-for-profit organisations.

## **10 Products and Services**

### *Introduction*

10.1 The future landscape of the not-for-profit sector will change in the coming years. As a critical provider of assurance in this fast changing landscape, we are aware that our products and services need to develop to be in tune with organisational needs. Our service should not be driven by cost or location or ICT capabilities (although all these will be factors) but the needs of our clients.

10.2 We cannot be certain that all factors will affect all our customers, but we do know that the following factors will apply:

- Money ↓ our customers will have less funding available to them;
- Risk ↑ as global influences increase, and public expectation and needs increase, so risk will increase;
- ICT solutions ↑ will need to increase to enable “more to be done with less”; and

- Static, single location ↓ people want services where they are, not have to travel to get them.

10.3 Our service will continue to develop our focused audits with measurable outcomes that are delivered in an adaptable manner. The organisation will be agile to meet future needs, and will be both reactive and proactive to change

#### *Products*

10.4 Our core product is the provision of a modern, professional, efficient and effective Internal Audit and risk advisory service. This is made up of a number of elements:-

- Risk based audits – providing assurance that the key risks faced by an organisation are being suitably controlled
- Systems based audits – reviewing the key systems of an organisation (e.g. payroll) to provide assurance that the control environment is sound and effective and is being complied with in practice
- Fraud – prevention, detection and investigation. We aid organisations in the prevention of fraud. We use our audit skills and analytical techniques to identify possible areas of weakness in controls for potential fraudulent activity and use our skills to help in the efficient and effective investigation of suspected fraud.
- Continuous auditing – using data from systems to provide early warning of potential areas for concern.
- Specialist advice – on the introduction of new systems, large business change projects, contract and tendering arrangements and the audit of IT solutions.
- Grant funded schemes – advice on creation of systems to meet grant conditions, and audit of grant claims. We have particular expertise in EU funded projects.
- Critical friend – we are independent of operational management and provide valued, independent views on issues or concerns.

#### *Outcomes*

10.5 Our products are aimed at providing added value for our customers. In particular we aim to provide:-

- Assurance – that risks are being managed and opportunities are being maximised
- Solutions to problems – we have an unenviable position in that we can see the different approaches taken by organisations to similar problems – we can draw upon this experience to provide valuable and workable ideas on how risks or opportunities can be delivered.
- Focused reports – highlighting key concerns and opportunities for improvement

10.6 All our outcomes are delivered through an adaptable organisation – we do not provide a “one size fits all” service, but tailor our approach, making best use of DAP’s resources, to provide a flexible, pro-active and reactive service that meets needs.

#### *Competitive Comparison*

10.7 The Internal Audit market is competitive, with a high number of service providers operating in the Southwest.

10.8 The Partnership arrangement allows for the Partner organisations (Devon, Plymouth and Torbay councils) to allocate work to the Partnership without the need for a competitive process.

10.9 However, a significant and growing element of our business relates to other not-for-profit organisations. It is considered appropriate and beneficial for the Partnership, the Partners and the organisations served, to tender for such work and this trend is expected to continue. The benefits of this approach are many but some of the key elements are:-

- Other not-for-profit organisations can draw upon the considerable knowledge and experience of a specialist internal audit provider
- The contributions received assist the Partnership to make further investment in assets (staff development, IT etc.)
- The contributions received assist in the Partnership being able to develop specialists in certain areas, providing better services to the Partners and other organisations
- The knowledge built up by the team help to provide an “audit picture” of the region, and help establish and develop links between organisations in the not-for-profit sector.

10.10 Competitors in the region include all the major accountancy firms plus local firms. National firms have the ability to draw upon national “experts” and often use this as a selling point for their services. The Partnership counteracts this by working with colleagues in the not-for-profit sector, both locally (West of England Chief Internal Auditors group) and nationally (County Chief Auditors Network) sharing experience, knowledge and development.

10.11 Local firms aim provide a responsive and personal service – the Partnership aims to match this through a presence in the 3 major towns / cities in the region (Plymouth, Exeter, Torquay) and locally based staff.

10.12 We consider that we are large enough to enable expertise to be developed in an efficient and effective way, enabling the “big risk” issues to be tackled and value to be added, but also responsive enough to provide a personal service that meets individual organisational needs.

### *Technology*

10.13 We ensure that our services are delivered in a secure, effective and efficient manner. The effective use of IT is critical to this aim. Our IT is provided by Devon County Council (as host organisation). We provide each of our employees a laptop computer so that they can work on site, at each of our clients. We are also provided with IT access to Partner organisations systems through corporate logon ID’s – this enables our staff to obtain required data in an efficient and effective manner.

10.14 Our work is held on a secure network, with audit working papers held on the Mki system – this system is critical in delivering consistent, high quality work. The system ensures managerial review and clearance and provides complete evidence of how our assurance opinions have been arrived at.

10.15 However, we are aware that our ICT connectivity is not as efficient as we want it to be. Connectivity, especially in our Plymouth, is slower than expected and the current ADSL line is insufficient for our needs. To address this issue a broadband link is being installed (such a link has already been installed at our Torbay location) and this is expected to largely address this issue.

10.16 Our laptops are built to the design requirements of Devon County Council and IT packages are as per those approved by Devon. We need to be able to adopt new technology as and when it becomes available to retain our competitive edge. In the coming 12 months we shall consider our ICT needs and ICT service provider.



## Future Products and Services

10.17 Our products will continue to develop as we strive to increase our productivity, effectiveness and quality of service. We will ensure that our focus remains on being responsive, quick to react, reliable and intelligent audit specialists. We see that our areas of work will develop in the following ways

- Continuous Audit ↑ better and more effective use of data from client systems
- Fraud prevention ↑ ensuring robust and reliable arrangements prevent fraud occurring
- Fraud detection ↑ analytical techniques and better awareness will detect fraud at an early stage preventing it becoming a problem
- Fraud investigation ↓ reduced need for long and costly investigations as prevention and detection improve
- Risk based audits ↑ a higher percentage of resources will look at the “key risks”
- Material systems work ↓ as continuous audit allows for on-going review
- Contracts / tendering ↑ more involvement with high value contracts and the monitoring of service delivery
- Outcomes ↑ audit of actual outcomes against expected outcomes – has investment achieved results?
- EU funded projects ↑ guidance on control systems and audit of claims
- Consultancy ↑ advice / guidance on key risks affecting projects / new initiatives
- Partnership working ↑ drawing upon our skills to help the wider not-for-profit sector in the Southwest

## 11 Market Analysis

### Market Segmentation

11.1 We aim to provide a specialist, high quality and efficient internal audit to the not-for-profit sector in Devon and the surrounding area. There are a number of organisations that fit into the not-for-profit sector and we aim to provide tailored services for each type of organisation. A brief summary of the types of organisations and current Partnership involvement is as follows:

#### Current Partnership involvement

Sector	Current Partnership involvement
County Councils	Devon County Council
Unitary authorities	Plymouth and Torbay councils
District councils	Support to IA teams at Torridge and Teignbridge Councils, previous work with South Hams Council
Parish Councils	No current involvement
Blue light services (Police, Fire, Ambulance)	Devon & Cornwall Police; Devon & Somerset Fire & Rescue Service
Education:-	
Primary Schools	The majority of primary schools in the Devon geographical area still under local authority control
Secondary Schools	The majority of secondary schools in the Devon geographical area still under local authority control

Academies	Tendered services for a number of Academy schools
Federations	Provision of a tailor made service for a number of school federations
Colleges	No current involvement
Universities	University of Plymouth – EU funded project A previous client was Exeter University – we provided assistance on a grant funded project
Health	No current involvement
National Parks	Dartmoor & Exmoor National Parks
Other public bodies	Devon & Severn Inshore Fishery and Conservation Authority
Charitable bodies	No current involvement
Other not-for-profit bodies	Coaver club
Voluntary sector	No current involvement

### Target Market Segment Strategy

11.2 As can be seen from the above, we currently have a high level of involvement with the majority of areas in the not for profit sector. Our aim is to further develop our relationships in all these areas and increase our service delivery levels. In particular, we shall take the following action:

Sector	Strategy
County Council	Explore and develop links with Cornwall CC.
District Councils	Continue to develop links with district councils in the South West to help them meet their internal audit needs
Parish Councils	Determine internal audit needs, and develop a suitable service that can add value to Parish councils that can be delivered effectively and efficiently by DAP.
Blue light services (Police, Fire, Ambulance)	Review other areas such as Ambulance Services, Coastguard services etc.
Education:-	
Colleges	We wish to develop a role in this sector. We appreciate that we have considerable ground to make up on other competitors, but have a strong belief that we can provide a quality service. We will draw upon experience from large schools / academies and university work to help “sell” our service provision.
Universities	Further develop our role in this sector. We appreciate that we have

	considerable ground to make up on other competitors, but have a strong belief that we can provide a quality service.
Health	Discuss further partnership working with Health Sector Colleague (Audit South West). Identify stand-alone opportunities to bid for and deliver audit services.
Other public bodies	Identify potential customers and look to bid for service provision.
Charitable bodies	Identify potential customers and look to bid for service provision.
Other not-for-profit bodies	Identify potential customers and look to bid for service provision.
Voluntary sector	Determine the needs of this sector and design a service that can then be marketed.

### *Market Needs*

11.3 The not-for-profit sector will see a reduction in funds available as the “age of austerity” continues. In contrast, the expectation on these services, and the complexity of delivery, is likely to increase as public expectations get higher and technological solutions are identified as ways of doing “more with less”.

11.4 The sector needs internal audit services function that can help services develop, embrace new ideas and new technology, whilst fully understanding and effectively managing risk. Internal Audit should be seen as an enabler for management, involved with projects and developments at the outset, but independent from operational decisions to provide that all important “critical friend” role and on-going assurance that risks are understood and managed within organisation appetite.

11.5 The Partnership is at the forefront of changing the way that internal audit is seen by an organisation and in helping our clients react and adapt to living with reduced funds.

11.6 Working in partnership with Devon County Council we have developed a Marketing Strategy. This document sets out our brand, identity, market position and marketing and promotion requirements.



DAP comms strategy  
June 12 .doc

11.7 Whilst we are a “not-for-profit” organisation, it is in the interests of all partners and clients for the partnership to continue to grow. This will enable better specialisms to be developed, enhancing our audit product, and provide for better resources that can be reactive and pro-active to client needs.

### *Market Trends*

11.8 As funding to the sector reduces, the funds available for audit will be under pressure. Funds will reduce for internal audit; organisations want to know what is the “minimum requirement” with a view that any spending over this must be seen as “adding value”.

11.9 Organisations are looking at ways of sharing back office services; internal audit is seen as one area where this could be taken forward and the success of the Devon Audit Partnership confirms that financial savings can be achieved whilst maintaining and enhancing audit delivery. The time is right for the Partnership to help the sector achieve more from internal audit with less resource. The large, dedicated and specialist staff pool will enable difficult subject areas to be addressed. Our ability to maximise the efficiencies from economies of scale and effective working will enable organisations to realise savings whilst effectively managing risk.

### *Market Growth*

11.10 The overall not-for-profit sector will see a reduction in funding in the coming years. The public sector will reduce (or not grow as fast as previously). This is expected to result in organisations and individuals looking at how services can be delivered differently and possible changes in delivery vehicles; there is also likely to be an increase in the involvement of the voluntary sector.

11.11 Some of the changes expected are as follows:-

- Schools – move to Academies to access more funds
- Schools – move to Federations to make efficiency savings
- Local authorities – look to partnership working – especially for back office services
- Local Authorities – look to collaborative working with the private sector to enable new funding to be captured and to provide commercial expertise in delivering services
- Local Authorities – support for workers co-operative schemes
- Voluntary sector – increase in demand as public sector resource reduces

### *Distribution Patterns*

11.12 Our clients are distributed across the region; there is a larger concentration in the south of Devon (below the A38) but pockets of activity remain throughout the area. For example, schools are distributed across the region, Exmoor national park has centres in Lynmouth, Dunster, etc., and our work with Torridge requires on site presence in Bideford.

11.13 We do not confine ourselves to the borders of Devon, and consider that we could effectively provide services in Cornwall, Somerset and Dorset. It is possible that services could be provided further afield; however such cases would need to be considered on an individual basis and would need to be able to demonstrate advantages to the client and the Partnership. Internal Audit provides services to organisations; as such it has a requirement to undertake work where the client has the need. In simple terms we work “on site” discussing with managers their key risks and risk solutions and review and test supporting evidence. We make best, and increasing, use of IT to limit the need for travel time, but face to face conversations, and physical review of evidence cannot always be fully avoided.

11.14 To meet these needs our workforce is mobile and willing and able to travel. We support the use of public transport where possible, but also provide hire cars (or allow employees to use their own cars) where public transport is not an effective option.

11.15 We have invested in ICT to enable effective mobile working, working from home and to enable detailed audit work to be completed at Partnership offices rather than client offices where possible

### *Buying Patterns*

11.16 The Partnership is supported by a partnership agreement between Torbay, Plymouth and Devon Councils. This agreement provides for Devon Audit Partnership to undertake internal audit work for each of the partners over a five year period April 2009 to end of March 2014. It is intended that the partnership agreement will be further extended by three years until March 2017.

11.17 For other clients, work is undertaken on a number of bases; for some clients a formal service level agreement is in place and for others we provide a “call off” service that is reviewed each year for cost and required input. Both arrangements work reasonably well for the Partnership; we have a large enough workforce that, with appropriate notice, we can plan to ensure that the best person is allocated to a piece of work to ensure a high quality delivery in an effective manner.

11.18 Some clients have subjected their internal audit to a competition process. We have developed our tendering processes and now have an effective process to follow that provides for key information to be produced completely and efficiently and enables us to demonstrate the benefits of working with the Partnership. Where we have been successful, a contract has been entered into for a period of between 3 and 5 years.

11.19 In the future we consider that both informal and contract arrangements will develop further. We need to be able to provide the service that best meets clients needs. We appreciate that the future is uncertain, and that long term (5 year plus) contracts may not be appropriate for some organisations. We will remain flexible and attuned to sector needs to ensure we are well placed to meet needs.

### *Main Competitors*

11.20 The Internal Audit market in the South West is currently seen as highly competitive. Both nationally and locally based accountancy firms are facing reduced turnover, and see internal audit in the not for profit sector as an area where business can be developed. On the back of successful internal audit services can come consultancy advice on specialist areas (such as system development, business reorganisation etc.) where good profit margins can be made. As a consequence service providers do not always see the need to drive large profits from internal audit, but see that the marketing and delivery of an internal audit function can provide a gateway to further work.

11.21 Competitors range from small, locally based firms or sole traders (e.g. providing services to schools in the North Devon area) to large national firms with an established reputation in the public sector for quality internal audit provision (e.g. RSM Tenon).

11.22 We are also mindful that other Partnerships in the area are keen to establish their reputation and grow their businesses. We do try to develop links and partnerships as far as possible, but will submit competitive tenders for work when we see a possible business opportunity.

11.23 Our main competitors by sector, are as follows:

Sector	Main competitors
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Sector	Main competitors
County Councils Unitary authorities District councils	National specialist providers – RSM Tenon, PWC, E&Y Other Partnerships – e.g. SWAP
Parish Councils	Local Accountancy firms – e.g. Francis Clark and private individuals with accounting knowledge (sometimes free)
Blue light services (Police, Fire, Ambulance)	National specialist providers – RSM Tenon, PWC, E&Y
Education:- Primary Schools Secondary Schools Academies Federations	Local Accountancy firms – e.g. Francis Clark and Bishop Fleming Sole Traders Other Partnerships – e.g. SWAP
Colleges Universities	National specialist providers – RSM Tenon, PWC, E&Y Local Accountancy firms – e.g. Francis Clark Other Partnerships – e.g. SWAP
Health National Parks Other public bodies	National specialist providers – RSM Tenon, PWC, E&Y Other Partnerships – e.g. SWAP
Charitable bodies Other not-for-profit bodies	Local Accountancy firms – e.g. Francis Clark Sole Traders
Voluntary sector	Local Accountancy firms – e.g. Francis Clark Sole Traders Other Partnerships – e.g. SWAP

## 12 Service Standards

12.1 The following outlines the Standards in place for the Partnership to meet customer needs :-

- Delivery of Audit Plan – Minimum of 90% of agreed plan to be delivered
- Productive time to be maintained at or above external audit benchmark
- Audit reports found helpful by clients
- 90% of Draft audit reports to be produced within 15 working days of completion of work
- 90% of Final audit reports to be issued within 10 working days of management agreement to the action plan and recommendations
- The Internal Audit service will be available from 9.00a.m. through to 5.00 p.m. (4.00 p.m. on Fridays) every working day. The service will be provided where possible throughout lunchtime periods. An answerphone service will be provided outside of office hours, and for any periods the office is unstaffed due to work

commitments. All phones automatically divert to answer phone if not answered within 6 rings. This will include any “Whistleblowing” hotlines.

- Customers should always be treated with courtesy and respect, and according to their individual needs.
- The office standard will be to answer telephone calls within 4 rings. Telephone queries will be responded to within two working days.
- Letters faxes and emails should be replied to within five working days whenever possible. Where the nature of the enquiry necessitates further research or consideration, their correspondence should be acknowledged within five working days and the customer informed of who is dealing with the query and likely response time

### 13 Customer Feedback/Consultation

13.1 The following outlines the customer feedback / consultation methods used to assess customer views and comments: -

Mechanism	Source/Date
Audit Feedback Forms	Customers asked to complete a feedback questionnaire for each audit
Team Meetings and Away Days	Staff have regular team meetings (monthly, at each location) and appraisals, and are invited to make comment about audit workload, customer views etc.
Away Days	Away Days are held every nine months or so. They provide the opportunity for the whole partnership to come together and provide opportunity to focus on key customer issues
Attendance at management team meetings	Audit staff attend relevant management teams to discuss issues and obtain feedback
Partnership Management Board	Quarterly meetings to discuss progress of partnership, performance and future needs / direction
Partnership Committee	Meets twice a year and focuses on Partnership performance and customer needs
Audit Committee	Quarterly attendance at respective Audit Committees with 6 monthly reports as to performance and key issues
Monthly meetings with Section 151 officer or named contact within each client	Section 151 Officers are essentially the client officers for the Partnership and these sessions are intended to discuss performance, client needs and other issues affecting the Partnership or the client.
Implementation of audit findings	Audit Follow Up processes

### 14 Performance Management

14.1 We operate a number of key performance indicators that re reported to the Partnership Board and the Partnership Committee. These indicators include:-

	Devon Audit Partnership		
<b>Key Performance Indicator (KPI)</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Target</b>	<b>Target</b>	<b>Target</b>
Percentage of Audit plan Completed	92%	94%	95%
Actual Audit Days as percentage of planned	92%	94%	95%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%
Average Cost per Audit day	£245	£245	£245
Percentage of chargeable time	75%	75%	75%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	93%	93%	93%
Draft Reports produced within target number of days (currently 15 days)	90%	90%	90%
Final reports produced within target number of days (currently 10 days)	90%	93%	93%
Follow up of high priority findings within 6 months of issue of final report.	80%	83%	85%
Follow up of medium priority recommendations within 12 months of issue of final report	80%	83%	85%
Average level of sickness absence	2%	2%	2%
Percentage of staff turnover	5%	5%	5%
Staff Appraisals completed during year	100%	100%	100%
Out-turn within budget	Yes	Yes	Yes
Change in customer base / partnerships / new business achieved in year.	+1	+1	+2

### *Benchmarking opportunities*

14.2 As a not-for-profit organisation, the use of relevant benchmark scores provides good supporting evidence that we provide an effective and efficient service. Benchmarking opportunities that we maximise include:

CIPFA Benchmarking Club for Internal Audit	Cross section of other local authorities / unitaries
South Coast Unitaries Benchmarking exercises as and when run	Unitary Authorities along south coast i.e.: - Bournemouth, Poole, Portsmouth, IOW, Brighton & Hove, Southend



County Council Chief Auditors Network	County Councils
Peer review with other Internal audit sections re compliance with Public Sector internal audit Standards	SWAP Hertfordshire Internal Audit Services Veritau

## 15 Financial drivers

### *Value Proposition*

15.1 We are a medium sized organisation: our turnover in 2012/13 was £1.5m; the majority of our income comes from the 3 founding partners (Devon, Torbay and Plymouth) 77%, with the balance being made up of income from other partners including local authority schools (17%), Police, Fire & Rescue and work with district council partners.

15.2 Our cost base is predominately made up of staffing costs which account for 85% of expenditure; other costs include Premises (2%) Travel (2%) and Supplies & Services (HR, ICT etc) (10%) and other (1%).

### *Competitive Edge*

15.3 As stated earlier, we draw upon the strengths of all our partners and our professional, personable staff to provide high quality, modern internal audit and management assurance services. We provide a local presence that can respond swiftly to partner needs.

15.4 As a service provider to and within the public sector our commitment is to help the organisations we work with to a common purpose. Our ability to engage with our clients through our friendly and supportive team of people is key to our success. Equally so is our understanding of partner objectives and needs; this understanding helps us achieve goals and ensure the success of the public services being provided.

15.5 We are a “not for profit” organisation, but we are commercially minded. We closely control our costs to deliver a quality service within the financial envelope allocated by our partner.

### *Financial Plan*

15.6 Key Assumptions - We trade as a not for profit organisation; any surplus generated at year end is available to the Partnership for re-investment in future years to develop the service. However, balances remain the “property” of the partner members and so can be taken back into the partner organisations.

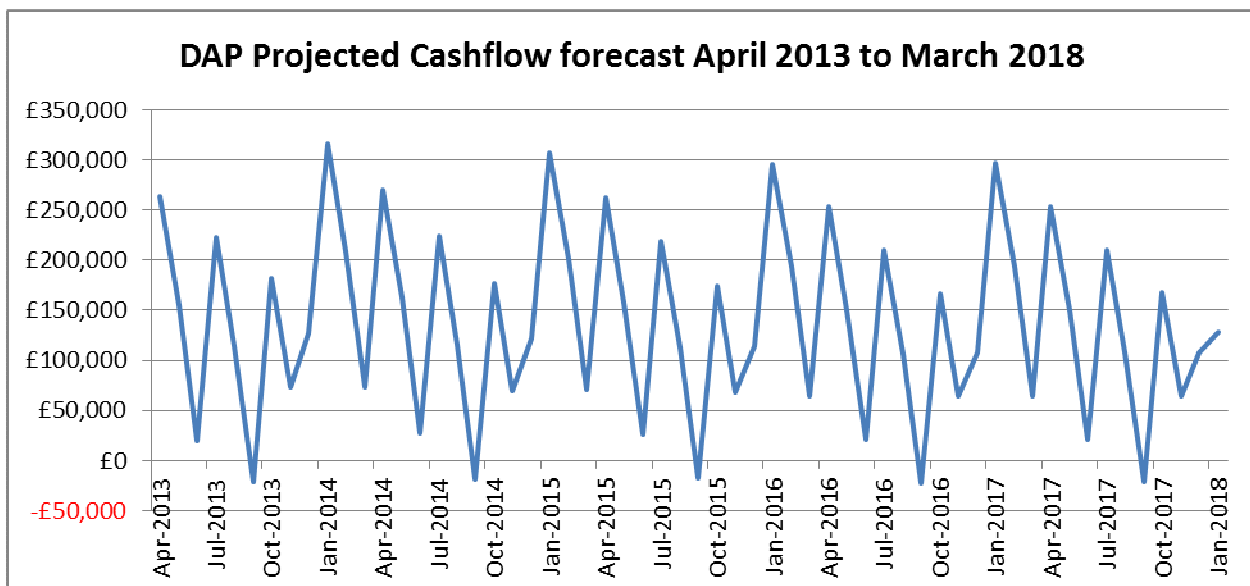
### *Projected P&L*

15.8 As an organisation we have the aim to break even – however a small operating surplus will enable us to react to unforeseen circumstances without the need to alter our objectives. Our projected Profit and Loss for the coming 5 year period is as follows:

Devon Audit Partnership						
Projected Profit and Loss Accounts for the period 2013/14 to 2017/18						
	2013/14	2014/15	2015/16	2016/17	2017/18	Cumulative
Employee costs	1,252,000	1,220,000	1,155,000	1,115,000	1,155,000	
Premises	29,000	28,000	28,000	28,000	28,000	
Transport	29,000	29,000	29,000	29,000	29,000	
Supplies & Services	123,000	120,000	115,000	110,000	105,000	
Support costs	23,000	20,000	20,000	20,000	18,000	
Total Expenditure	1,456,000	1,417,000	1,347,000	1,302,000	1,335,000	
Income	1,506,289	1,424,360	1,349,924	1,310,487	1,340,487	
<b>Profit (Loss)</b>	<b>50,289</b>	<b>7,360</b>	<b>2,924</b>	<b>8,487</b>	<b>5,487</b>	<b>74,547</b>

### Cash flow

15.9 At present the Partnership is hosted by Devon CC and does not have its own bank account. Cash flow management is incorporated into the cash flow process for Devon as a wider organisation; the Partnership therefore has no requirement to monitor cash flow. However, one of our key drivers is to be “commercially minded” and for this reason we set out below a projected cash flow forecast for the Period April 2013 to March 2018.



15.10 The projections show that a positive cash flow is maintained at most times. A small “overdrawn” position is noted around October of each year, where projections show that an overdrawn position of around £20k occurs.

### Pricing Strategy

15.11 We are a not for profit organisation but we are strongly commercially minded. Our prices are generally based upon an averaged daily rate; this means that we will determine and agree with a partner the level and detail of work that needs to be completed and then determine the staff best placed to deliver this work. This will enable us to determine our costs for service provision which will drive the charge to the partner.

15.12 The price for specific and one off pieces of work will again be determined by the staff involved. The more senior the staff involved the higher the daily rate to be charged.

15.13 We will work with our partners to ensure that costs are kept to a minimum; as a not for profit organisation we do not need to make large financial returns, and any surplus we do generate is available for reinvestment in the partnership to further improve our services.

*Distribution Patterns*

15.14 As stated above the majority of our clients are distributed across the region with a larger concentration in the south of Devon (below the A38); we expect this distribution to remain, although we recognise that percentage changes will take place.

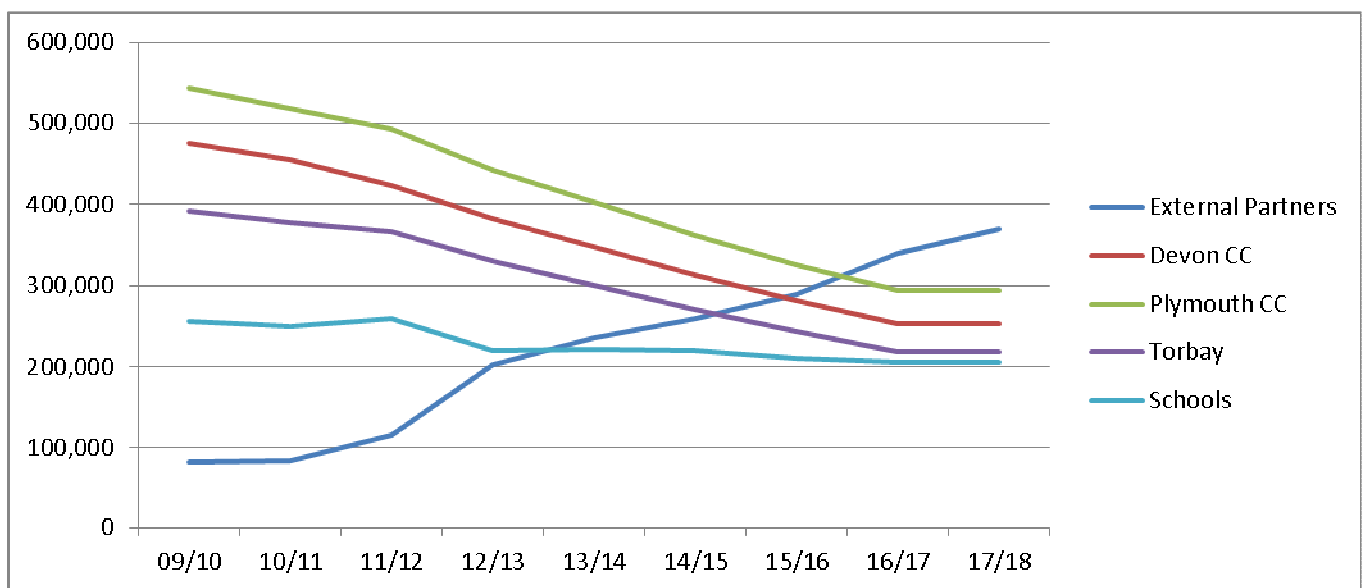
*Sales Forecast*

15.15 Our income projections for the period up to 2016/17 reflect a reduced level of income from the 3 partners, but also reflect the growing level of business that we have been able to generate from other partners.

15.16 In summary, we are forecasting that income will slightly reduce from £1.58m in 2012/13 to £1.31m in 2016/17. This is a cautious estimate and, as we often see, actual level of service purchased increases in year to address specific concerns (irregularities etc.) and to address unforeseen circumstances facing clients (e.g. long term sickness)

**Current and Projected Income streams 2009 to 2018**

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
External Partners	81,800	83,900	115,500	202,330	235,000	260,000	290,000	340,000
Devon CC	475,500	454,670	424,200	382,600	347,036	312,332	281,099	252,989
Plymouth CC	544,113	518,003	492,100	442,900	402,586	362,327	326,095	293,485
Torbay	391,500	377,986	366,300	329,700	299,667	269,700	242,730	218,457
Schools	256,900	250,000	259,157	220,000	222,000	220,000	210,000	205,555
<b>Total</b>	<b>1,749,813</b>	<b>1,684,559</b>	<b>1,657,257</b>	<b>1,577,530</b>	<b>1,506,289</b>	<b>1,424,360</b>	<b>1,349,924</b>	<b>1,310,487</b>



15.17 As a service based industry, we need to ensure that we have sufficient and appropriate staff to deliver our work, but we are mindful of the need to tightly manage resources so as not to overstretch ourselves and thus create financial difficulty. As such, there will always be a need to employ skilled staff on temporary contracts; in this we can be proactive and reactive to client's needs, filling resources gaps and meeting unexpected need as it arises, but also allowing for a reasonable level of reduced input should this be required.

15.18 We strongly value the flexibility of temporary staff working with us in this way, and we shall work with them to ensure they are aware of their worth to us; we appreciate that they share in our risk; our success in securing contracts translates into work for them and colleagues.

## **16 Strategic Alliances**

16.1 We have developed strategic alliances with a number of organisations that will help us deliver our vision.

16.2 The most important of these is with the South West Audit Partnership (SWAP). SWAP is based in Somerset and provides services to a similar range of clients to DAP. SWAP is a not for profit organisation, and thus shares a similar ethos. In the recent past SWAP has been more successful than us in developing relationships with, for example, district councils in Somerset, with a high percentage of organisations now using SWAP's services; we will look to draw on their secret of success to develop Devon partnerships.

16.3 Both DAP and SWAP use the MKi system, and so there are opportunities to share training / learning for staff and further develop the expertise in internal audit in the South West.

16.4 We play, and will continue to play, a key role in the West of England Chief Internal Auditors (WOECIA) Group. This group is seen as extremely beneficial in sharing experiences, in developing work programmes, identifying new and emerging risks, and sharing best practice.

16.5 As with the WOECIA group, the County Chief Auditors Network (CCAN) provides another opportunity for experiences and knowledge to be shared and developed.

## **17 Milestones**

17.1 The partnership has been running for 4 years; our first 4 years have been ones of considerable change but we have reacted well to this change and have been proactive in developing the service further.

17.2 We are a service led organisation, and it is only through our staff providing an excellent service to our valued partners that we will continue to flourish and develop; we will work hard in ensuring that this continues in the coming years.

## **18 Website and internet presence**

18.1 We maintain an effective website to communicate our services to our customers. The website has been designed to be user friendly and provide a good introduction to the services we provide and how we can assist our clients. The website does not go into the detail of our services, as these need to be tailored to client needs, and so we ask clients, partners and potential clients to contact us so that services can be discussed that meet specific needs and requirements.

18.2 Customer interaction and feedback is crucial to us in developing our services; the website provides avenues for clients, customers and service users, to express their views and let us know what we are doing well and what could be improved.

<http://www.devonaudit.gov.uk/why-choose-dap/customer-satisfaction/>

## **19 Our People**

### *Organisational Structure*

19.1 Our service is delivered by our team; we are only as good as the service that they provide.

19.2 We are a team of (around) 41 people (representing around 34 fte) made up as follows:

- 1 Head of Partnership
- 2 Deputy Head of Partnership
- 5 Managers
- 15 Senior Auditors (of which 5 are on temporary contracts arrangements)
- 5 Auditor “level 2”
- 12 Auditors “level 1” (of which 1 is on a temporary contract)
- 1 Admin assistant

### *Management Team*

19.3 The management team consists of:

- Robert Hutchins – Head of Partnership
- David Curnow – Deputy Head of Partnership
- Brenda David – Audit Manager
- Dominic Measures – Audit Manager
- Lynda Sharp Woods – Audit Manager
- Anne Parsons – Audit Manager
- Chris Elliott – Audit Manager

### *Personnel Plan*

19.4 We are currently fully resourced to deliver our plans. We are acutely aware of the temporary nature of some of our work, and the fact that contracts do come to an end and change; as a consequence we consider that the balance between permanent and temporary staff currently meets our needs and clients’ requirements.

19.5 We need to ensure that our staff have the correct skills to deliver our services and feel that Devon Audit Partnership is their business. We are currently reviewing our working arrangements in line with the Investors in People standard, to ensure that we engage with and develop our staff in an effective and valuing way.

## **20 Location and premises requirements.**

20.1 Internal Audit is a service that is provided to other organisations; we do not audit ourselves. Internal Audit evaluates risks to an organisation and then considers how well those risks are being managed. A strong element of this work requires face to face meeting with the people we audit, and access to records, personnel, systems and assets that control the risks. Some of the records accessed by audit will be confidential or contain personal detail, and as

such we aim to minimise the amount of data that will leave an auditee’s office. In addition, internal audit is often called upon to act quickly to address areas of concern such as an irregularity.

20.2 Improved ICT links have meant that more and more work can be completed away from the office of the auditee – “off site”. This reduces the need of the auditee to provide desk space for the audit team to work, and helps to minimise disruption to day to day operations. When considering our accommodation needs we need to be mindful of the above and also the physical location of our main clients. At present, the majority of our work is in the “A38 corridor” although a significant amount of work is carried out in other locations.

20.3 We have produced an accommodation strategy that determines our current and projected accommodation needs.

## 21 Risk Management

### *Risk Profile*

21.1 Devon Audit Partnership as an entity, is considered a “low” risk organisation; the main “risk” to the Partnership lies in the non-delivery of professional internal audit services to our partners and clients. The Partnership is hosted by Devon County Council, and so risks around cash flow, invoice payment and income collection are mitigated by the support provided by our host.

### *Risk Assessment*

21.2 Our risk register is considered, reviewed and updated on a regular basis. Readers of this business plan should be aware that, as a live document, the risk register is constantly changing. Readers are requested to contact DAP management for a copy of the most recent risk register if this is required.

21.3 For information purposes only, the risk register as at March 2013 is attached at appendix A to this document.

## 22 Monitoring of the Business Plan

Time-table/Frequency	Key Milestone	Responsible
Quarterly	Report progress through Management Board	Head of Partnership
	Report through individual client performance monitoring mechanisms	Deputy Head of Partnership
6 Monthly	Report to Partnership Committee	Head of Partnership
	Report to individual client Audit Committees	Deputy Head of Partnership
May / June (Annual appraisals) Nov / Dec (6 month reviews)	Complete all staff appraisals and (6 month reviews) with actions linked to priorities identified in the Business Plan.	Staff Line Managers

## 23 Partnership Development

23.1 The management team are committed to the ongoing development of the Partnership. The Partnership has many aspects (finance, staff, products, our partners and clients, technology etc.) and these all need to be developed. We are conscious that all aspects of our service must represent “excellence” and so a detailed development plan is in place to identify development opportunities and to monitor progress against these.

23.2 As would be expected, the development plan is constantly being updated to reflect new developments; we have included our development plan as at March 2013 (now updated to July 2013) to outline some of the developments taking place.

23.3 Please contact one of the management team for an up-to-date version of this document.



001 DAP  
Development Plan v1.

## 24 Acceptance Statement

24.1 We confirm that this is the business plan for Devon Audit Partnership for 2013 - 2018 which we are satisfied and for which we have received and appropriately accommodated feedback from relevant support services and other stakeholders.

Name	Position	Signature	Date
Robert Hutchins	Head of Partnership		
David Curnow	Deputy Head of Partnership		
Anne Parsons	Audit Manager		
Brenda Davis	Audit Manager		
Chris Elliott	Audit Manager		
Dominic Measures	Audit Manager		
Lynda Sharp-Woods	Audit Manager		

## 25 Contact details

25.1 For further information about the Partnership, our services and products or how we could help you with you audit needs, please contact :

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Exeter  
01392 382437  
[Robert.hutchins@devon.gov.uk](mailto:Robert.hutchins@devon.gov.uk)  
<http://www.devonaudit.gov.uk/>

Or David Curnow  
Deputy Head of Partnership  
(same address)  
01392 382438

[David.curnow@devon.gov.uk](mailto:David.curnow@devon.gov.uk)

**All the staff of Devon Audit Partnership  
September 2013**



**Auditing for achievement**



**Devon Audit Partnership**

**Strategic and Operational Risk Register March 2013**

Ref	Risk Description	Inherent Impact *	Inherent Probability	Inherent RISK *	Mitigating control	Controlled Impact	Controlled Probability	Controlled RISK	Further action required	By When
<b>Strategic Risks</b>										
S1	Failure to recruit and retain key staff (due to staff dissatisfaction, inability to offer permanent contracts etc.)	3	3	9	Value staff by ensuring we embrace “investors in people” approaches. Ensure a wide pool of expertise.	2	2	4	Complete self assessment against IIP and address gaps. Work with partners (SWAP etc) to further develop a “shared pool” of call-off staff.	Dec 13  Sept 13
S2	Withdrawal or change in priorities of the founding partners leading to dissolution of partnership.	5	2	10	Continued development of service. Endorsement of Partnership working by (amongst other ) Eric Pickles	5	1	5	Work with new members. Delivery plan to achieve 10% savings for next 3 years.	Summer 13 By Dec 2013
S3	Loss of data due to IT failure / unable to use secure data transfer arrangements	3	2	6	Part of DCC network – so lots of resilience. Use MKi – hosted service by a multi national organisations	2	2	4	Look to further development of DAP network – possibly use ScoMis or equivalent.	Summer 13
SS4	Growing the Partnership through collaboration with other partners could be a	2	1	3	None at present.	2	1	1	Develop a team to work with a specific terms of reference to	Summer 2013

	distraction to the maintenance and development of our current business.								investigate pros and cons of wider collaboration.	
S5	Pace of change and the type of change become more unpredictable and this means that growing the partnership is not feasible	2	2	4	None at present.	1	1	2	Be prepared to consider a number of scenarios and develop viable strategies.	
<b>Operational risks</b>										
O1	Failure to deliver agreed audit plan in line with current targets resulting in increased control risk to clients and lack of confidence in DAP as a provider	3	2	6	Close and effective management of work against plans. Clear understanding and control of time spent on “overheads” / non productive work.	2	2	4	Further development of MKi as a business system to ensure performance is effectively monitored. Strong and effective management to tackle areas of concerning performance.	Oct 13  Ongoing
O2	Inefficient IT arrangements	2	3	6	Service provided by DCC. Hosted Audit Management system (Mki). Investment in broadband line at Torbay	2	2	4	Further work required. Looking at other service providers – expect (and have been told) that this will require a move away from Council owned premises.	Oct 13
O3	Insufficient revenue budgets to deliver service effectively	2	1	2	Signed SLA with main partners. Signed SLA’s with other customers (Fire, Police etc)	1	1	1	Ensure that we invoice promptly !	Ongoing
O4	Failure to make savings or generate increased	3	2	6	Good notice of what is required.	2	1	2	Continuous monitoring.	Ongoing

	efficiencies				Good understanding of cost base and use of temp staff to “turn up” or “turn down” our staffing commitments.				Continuous need to sell services to other clients.	
O5	Accommodation does not meet our requirements	2	2	4	Provided by Councils. Meets all H&S requirements	1	1	1	Further analysis of how we can get better value from our premises (tied in with IT) is required.	Oct 13

\* Risk score based upon the DCC approach to Risk Management. <http://staff.devon.gov.uk/riskmanagementstrategy2011.pdf>