

Nine Month Monitoring Report – January 2014

Report of the Head of Devon Audit Partnership

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

Recommendation:

i That the Committee notes current position as set out in the accompanying report and the associated issues.

Internal Audit 2013-14

Nine month monitoring report

Partnership Committee

January 2014



Auditing for achievement

Devon Audit Partnership

Nine month monitoring report 2013/14

1 Partnership Agreement

- 1.1. The Devon Audit Partnership is now well into its 5th year of operation. It has been agreed that the partnership will be extended for a further 3 year period (up to end of March 2017). We look forward to working with the three partners to support them through the current and projected changes in the public sector.
- 1.2. The agreement requires that DAP will reduce costs to partners by 10% in each of the coming three years (2014/15, 2015/16 & 2016/17) This will mean that over the eight years to March 2017, the internal audit costs to the partners will have reduced by approximately 47% compared to April 2009.

2. Training and Development

- 2.1 As an organisation that relies on people to deliver our services it is vital that we have the skills we need to deliver our services effectively, efficiently and to the quality required. We regularly review our team, the skills and qualifications that they hold, and compare this to current and future needs. (Please see extract at Appendix1) This enables us to determine an effective approach to training and development.
- 2.2 We are aware that various standards are in place, to which an organisation can measure itself, to provide reassurance that staff are valued and developed. We have recently obtained information for the Investors in People scheme and have conducted staff survey to canvass staff views on how we meet such standards. The value in any such exercise is not in confirming what you know, but in identifying those areas of possible weakness, and then in addressing these concerns.
- 2.3 The results from our staff survey have now been received, and we shall be looking at these, in detail, to determine the areas where we may need to improve our practices. It is not our intention (at this stage) to enter for accreditation for IIP, rather to benchmark ourselves against this standard and make continual improvement to ensure we are a “good” employer and make best use of our most valuable assets.
- 2.4 We work with colleagues in the West of England Chief Internal Auditors Group in identifying areas of common interest and how we can help each other improve skills and knowledge. Recently, (November 2013) DAP hosted a 2 day training and development workshop on contracting and commissioning. A speaker from CIPFA was identified, and delegates from all over the South West attended the event.
- 2.5 We have also worked with colleagues in Devon to establish a training session in the use of IDEA software (software that enables vast data sources to be securely and effectively interrogated – this is part of our “continuous auditing” approach). A training event was held at the offices of Exeter City Internal Audit, and a “user group” now established in Devon to share experiences and knowledge.

- 2.6 We currently have a number of staff training in a formal basis (Institute of Internal Auditors) and a number of employees have expressed their interest in starting training when funds become available.

3 Audit Committee Development

- 3.1 We have recently provided detailed training to the members of the Devon Audit Committee. There has been considerable change in the make-up of the Committee, with new members joining with limited or no experience of the audit function.
- 3.2 In the summer we provided awareness training, but more detailed and specific training was requested. This has been developed (in conjunction with Grant Thornton) and training delivered in January.
- 3.3 We have shared our training with the West of England Audit Group to help develop member training further and to strengthen the skill sharing between local authorities in the South West.
- 3.4 We are considering working with our colleagues in SWAP (south West Audit Partnership) and to develop a half day information / networking session for Chairs of audit committees that DAP and SWAP support.

4 Devon Audit Partnership Away Day

- 4.1 Every nine months or so we arrange an “away day” for all DAP staff (including temporary staff). The aim of the day is to provide an overview of issues affecting the Partnership and the wider world of internal audit; to provide specific training and knowledge transfer for areas of particular interest; to consider how we impact on the organisations we audit; and to help cement team identify and working relationships.
- 4.2 Our next away day is planned for Monday 24th February, and will take place at Cockington Court. The proposed agenda for the day includes the following areas:

Main sessions

- What is Added Value ?
- Customers - introducing the new feedback survey.
- Investors in People – feedback from responses (25 received) and next actions
- MKI – training update
- Data security – data sharing agreement

240 second updates

- PSN
- Sharepoint
- Key financial systems work – what does the future hold?

Guest Speakers

- Steve Parrock (Torbay Chief Executive) – What senior managers require from their auditors
- Alan Tyreman (Chair of Torbay Audit Cttee and DAP Cttee) – What the audit committee require from auditors

5 Accommodation

- 5.1 DAP has recently reduced its accommodation presence at County Hall, Exeter. We undertook an analysis of when the desks we had were being used, and who by, and compared this to our expected requirements going forward. We have reduced our area

from 6 desks to 4 desks. We shall monitor usage in the coming year; it is possible that we could reduce further to 3 desks, but this will be reviewed at a later stage.

6 Service delivery

6.1 Our team continue to provide a pro-active and reactive service. During the year we have progressed our risk based audit plans, delivering services that meet customer requirements (see customer survey responses appendices 2 & 3). We have also been requested to make changes to these plans to meet pressing operational needs. Some examples of work that has been requested that we have been able to deliver include:

- Assistance with “deep dive” financial and service reviews – we were asked to support a project that reviewed the costs of social care; what were the cost drivers and where financial savings could be achieved
- Lean reviews – including a review of safeguarding arrangements
- Irregularities – “in times of austerity, preventing fraud becomes even more important¹”. We have been assisting management in a number of fraud and irregularity reviews. These are, by their very nature, often complex and can be time consuming. Our work has included review of :-
 - The financial movements of an independent care provider, and how client funds are utilised
 - The gathering of information to support a partner to respond to allegations of unfair dismissal
- Information Governance – completion of a review of arrangements at all partners and sharing of the results
- Supporting the action plans arising from Ofsted reviews

7. Partnership performance

7.1 Performance for the first 9 months of 13/14 continues to be good; customer satisfaction levels of 98% continue to show the valued service that the team provides. Please also refer to Appendix B and C for further details of our customer’s responses and comments.

7.2 The percentage of audit plan completed is showing 51% against a 9 month target of 65%; we have reviewed this and consider that the level is influenced by a higher than normal number of on-going projects / audit assignments; we are content that progress is on target to ensure satisfactory completion of audit plans by year end.

7.3 Our productivity percentage is showing slightly higher than anticipated (at 66.6% compared to 65%). In our six month report we highlighted that performance was less than expected (at 62.5%) but considered that this was due to leave being taken over the summer period; it is pleasing to see that performance is now back on track.

7.4 At month 3 we identified that draft reports were not always being issued within our expected timeframes (15 working days) we have taken action to address this, and performance has improved to 85%. This is still less than target, but the figures for 13/14 are influenced by issues at the start of the year.

7.5 Feedback provided by one customer recorded “dis-satisfied” in terms of “did the auditor conduct themselves in a professional, courteous and helpful manner?”. We immediately contacted the customer in question, identified what the issue was and have taken action to address.

¹ Audit Commission – Protecting the Public Purse 2013

7.5 Sickness is slightly higher than projected at 2.5%. During the third quarter of 13/14 a number of staff were absent due to a number of reasons. We work with staff, via the HR policy and guidance of Devon CC, to ensure a swift return to work and to identify any underlying trends that may be affecting attendance / performance.

7.6 The performance figures as at month 9, 2013/14 are shown below:

Nine month performance (end of December 2013) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	9 mth Target	Quarter 3 2013/14	Outurn 2012/13	Direction of Travel (where applicable)
Percentage of Audit plan Completed	90%	65%	51%	93.80%	
Percentage of chargeable time	65%	65%	66.6%	66.10%	↑
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	98%	95.70%	↑
Draft Reports produced within target number of days (currently 15 days)	90%	90%	85%	84.30%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	97%	89.50%	↑
Average level of sickness absence	2%	2%	2.50%	2.90%	↓
Percentage of staff turnover	5%	5%	2% (1 person)	8.5% (3 people)	
Out-turn within budget	Yes	Yes	Yes	Yes	↔

8. Conclusion

8.1 These remain challenging times for the public sector and the need for a robust and cost effective internal audit service has possibly never been greater. All our partners are looking to make savings, become leaner and more cost effective. Where radical or significant change is happening, there is an increased risk of controls not operating effectively, greater potential for fraud and an increasing need to ensure value for money is achieved. Internal Audit is therefore a key resource to management in such turbulent times and our key aim is to support and assist all of our customers in managing the changes through providing cost effective assurance and consultancy services.

8.2. We continue to explore how we can work in partnership with other organisations, both within the Devon border and further beyond, to deliver efficiencies of scale and the ability to effectively deal with peaks and troughs in service requirements.

Robert Hutchins
Devon Audit Partnership
January 2014

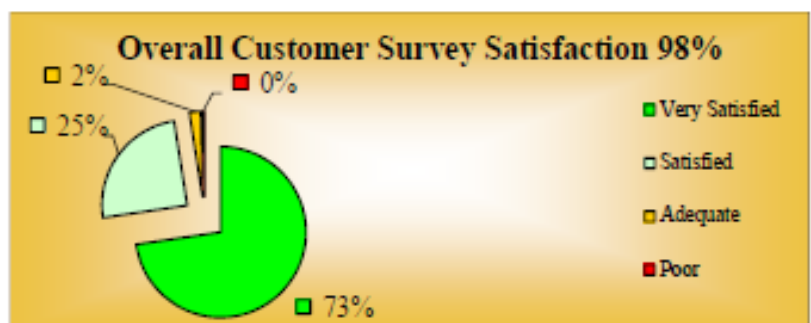
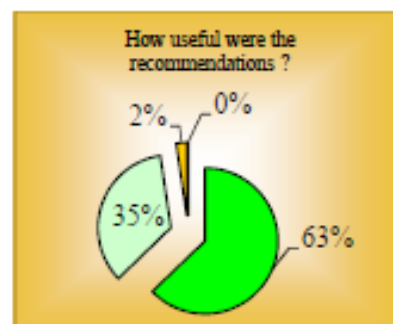
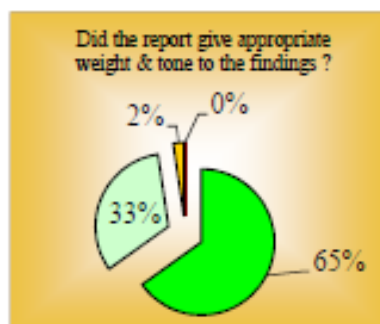
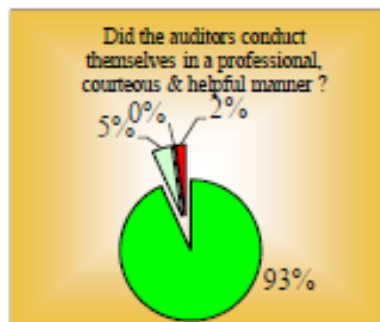
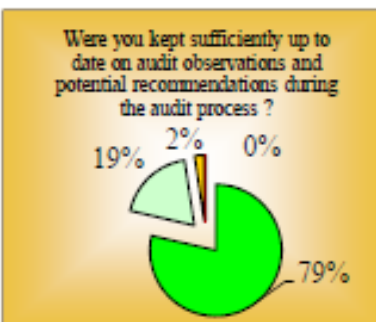
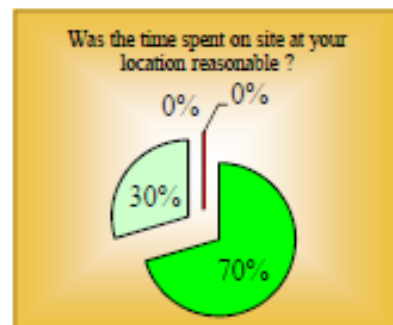
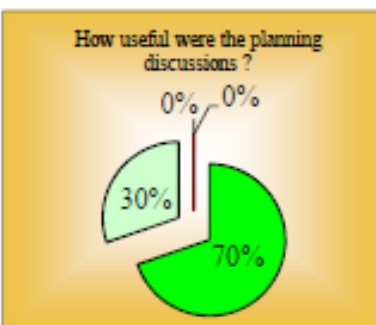
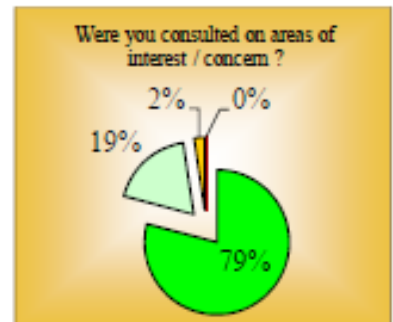
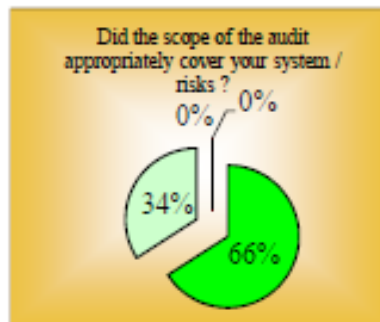
Appendix 1

Devon Audit Partnership - Staff qualifications as at Nov 2013																														
	CIPFA	CIMA	ACCA	ACA	Pt Qual CIPFA Dip	Pt Qual CA	CMAA	PIIA	IIA Cert	IIA Student	QICA/CISA	QICA practioner	AAT qualified	AAT part qualified	Currently studying AAT	BTEC HND	PinS	ITIL Foundation	EnCase Qualified	ACIB (associate chartered institute of bankers)	Total	MBA	PHD	Postgrad Cert Mgmt Studies CMS	Postgrad Dip Mgmt Studies DMS	Degree	ILM Level 2 Leadership Award	ILM Level 3 Leadership Award	ILM Level 5 Leadership Award	AInstAM (Dip)
Head of Partnership	1																				1									1
Managers	1	0	0	0	0	0	2	0	0	0	0	0	3	0	0	0	1	0	0	1	8	1	0	0	1	2	0	2	2	0
Senior Auditors	2	0	0	2	1	1	0	0	0	1	1	0	1	0	0	3	0	1	0	0	13	0	1	1	0	7	1	0	1	0
Contract Staff		0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	3	0	0	0	1	0	0	0	0	0
Auditor Level 2	0	0	0	0	1	0	0	0	0	1	0	0	2	0	0	0	1	1	1	0	7	0	0	0	0	2	1	0	0	1
Auditor Level 1	0	0	0	0	0	0	0	1	2	1	0	0	4	1	0	1	0	0	0	1	11	0	0	0	0	5	0	0	0	0
Asst Auditor																														
Totals	3	1	0	2	2	1	2	2	2	3	2	0	10	1	0	4	2	3	1	2	43	1	1	1	2	16	2	2	4	1

Customer Survey Results April 2013 - Dec 2013



The charts below show a summary of 44 responses received.



Comments / feedback from DAP clients (extract from a wide range).

Please also refer to our website <http://www.devonaudit.gov.uk/why-choose-dap/customer-satisfaction/>

Subject Area	ICT Audit Universe Development
When	December 2013
What the customer said	<p>Chris did a great job in taking a half finished product and engaged with us to produce the final ICT Universe that has met our needs. Chris took on board our comments and suggestions and was able to tailor his approach to meet our requirements.</p> <p>I am really pleased that we now have a working document that we will embed into our IA planning process.</p>

Subject Area	Community Care
When	December 2013
What the customer said	<p>It was particularly helpful to be listened to and to have answers to queries raised. Thank you for making it a pleasant and beneficial experience.</p>

Subject Area	Schools
When	December 2013
What the customer said	Thank you for the draft audit report for Redhills School. We found the whole experience with Amy a very positive one.

Subject Area	Schools
When	November 2013
What the customer said	The whole process was very straight forward and informative. Being able to email the vast majority of documentation to Tony ahead of the audit made the 'in school' disruption much less. I feel that the personality of the auditor was also very important, it is a very serious visit and does put pressure on school staff, but when the auditor presents himself as 'human' and not going out of their way to make the visit uncomfortable it makes a huge difference, many thanks to him.

Robert Hutchins
Head of Devon Audit Partnership
January 2013



Auditing for achievement