

Internal Audit

Partnership Update Report  
November 2014 to February  
2015

Partnership Committee

March 2015



Auditing for achievement

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<b>Devon Audit Partnership</b>	<b>Confidentiality and Disclosure Clause</b>
<p>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.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a> .</p>	<p>This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation’s disclosure policies.</p> <p>This report is prepared for the organisation’s use. We can take no responsibility to any third party for any reliance they might place upon it.</p>

## Report of the Head of Audit Partnership

### Devon Audit Partnership progress report – November 2014 to February 2015

The 2014/15 financial year continues to be challenging. In times of change internal audit can be an extremely effective resource to ensure that new delivery arrangements and models will provide the benefits / efficiency savings that organisations seek, and provide independent assurance that new ways of working provide suitable security and robustness to mitigate risks. We aim to provide a pro-active service that helps organisation meet change effectively.

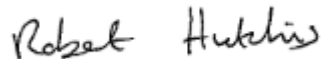
The team have been involved in a number of high profiles pieces of work, aiming to provide independent assurance on critical issues, whilst aiming to add value in the course of all our work. Work has included:-

- Integration of Health and Social care – particularly with regards Plymouth Council and NEW Devon CCG
- European funding audits – site visits have taken place in France. Two separate visits have taken place to a number of organisations in Normandy and Brittany
- Ethics audits – we have prepared and completed audits at two clients and aim to use the learning from these audits to prepare briefs for audits at all partners

We provided a training and development day for all Partnership staff; the day was attended by colleagues from South Hams and West Devon councils. The theme of the day was “providing assurance in times of change”.

We have prepared our budget for the coming financial year, taking account of the saving targets required by the partners, but also the opportunities offered by expanding the business with other public sector organisations in the south west and beyond. The proposed budget shows a projected turnover of £1.3m, but this value is likely to grow with in-year requests for audit assistance.

We are a forward looking organisation and always look at ways to improve our service. We continually update our development plan to reflect and capture new challenges.



Robert Hutchins  
Head of Devon Audit Partnership  
March 2015

## **Client Development**

### **Westward Housing**

In November we tendered for the internal audit service for Westward Housing. We were aware that we have no current experience in the sector, and were therefore pleased to be invited to present our proposal to a sub-committee set up to select a supplier. Unfortunately we were not successful on this occasion.

### **Mid Devon District Council**

We were recently invited by Mid Devon to undertake a specific piece of audit work (around ethics and culture). Mid Devon has a skilled internal audit team in place, but it was considered that an “outside” provider could possibly provide better assurance in this area. We have recently issued our draft report which we trust will be of benefit to the Council. We will look to further develop arrangements with Mid Devon to meet any future needs and requirements.

### **Police**

The Head of Internal Audit will retire at the end of March. We have worked with Police colleagues in preparing an options appraisal on how the resulting vacancy can best be covered. This is somewhat complicated by the proposed Strategic Alliance with Dorset Police. An interim arrangement has been proposed which will be supported and aided by DAP.

### **Fire Service**

We continue to work with colleagues at Devon and Somerset Fire and Rescue Service. The Service has its own internal team who provide the bulk of internal audit input, and we supplement this team. We are currently providing support whilst one of the Fire audit team takes maternity leave. This arrangement has worked very well; provided good support for the Fire Service and development opportunity for the DAP employee involved. The arrangement will end at the end of March 2015.

### **Torrige District Council**

We continue to work with colleagues at Torrige District Council. In October 2014 the post of Internal Audit Manager for Torrige was made redundant; we currently provide the majority of the internal audit function to Torrige and this will continue into 2015/16. This service is provided by way of an SLA, although it is understood that a formal tender exercise is likely to take place to commission internal audit services for 2016/17 onwards.

### **CAST**

We developed a new service delivery model for the Academy providing assurance across all 30 plus schools of the region through a tailored assessment process. This allowed targeted resources to be deployed to specific hotspots to provide guidance and assurance to improve consistency across the Academy. This was augmented by a central review of core systems. The work was very well received by the Academy and has resulted in additional audits being commissioned in the coming few months.

## Finances, diversification and added value

### Budget position

Our financial position remains healthy. Our financial projections have been updated to reflect activity in the first six months of the year, and we are now projecting to return a small operating surplus of around £5k.

A provisional budget has been prepared for next year (2015/16). This budget reflects the ongoing financial savings required by the founding partners (Plymouth, Devon and Torbay councils) of a further 10%; a further 10% saving is also expected to be achieved for 2016/17. The provisional budget shows a turnover in the region of £1.3m; this is our “base” figure. Our experiences from previous years indicate that external partners often request additional services as the year progresses; as a consequence we do expect the income figure to rise, but this will also result in the need to obtain additional resources to support this work.

### Diversification

We continue to respond to the challenge of reduced work for our partners and aim to retain the high level of specialist, professional staff by securing work with other partners and work in other areas, for example the emergency services, HE sector and Districts.

### Adding 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 customers have said that we have added value recently include:-

“The auditor was extremely helpful and responsive throughout the planning phase. The Auditor was efficient and flexible which helped us respond and plan appropriately.

The reporting was timely, and the outcome of the audit was as expected by the board and senior safeguarding staff. The process has provided a useful vehicle to help us plan next steps and future requirements”.

“It was a really good experience that furthered my understanding of financial processes and reassured me that I was on the right track! I liked their clear and thorough approach and that they took time to explain everything to a non-specialist. Thank you.

“You, as always have exceeded expectations ...  
THANK YOU!!!”

“Very impressed with auditors who carried out the audit in challenging circumstances but really helped us to get a grip on the state of play and how things could be moved on, including prioritising.”

## Customer Service Excellence

As previously reported, DAP is accredited with the Customer Service Excellence (CSE) standard.

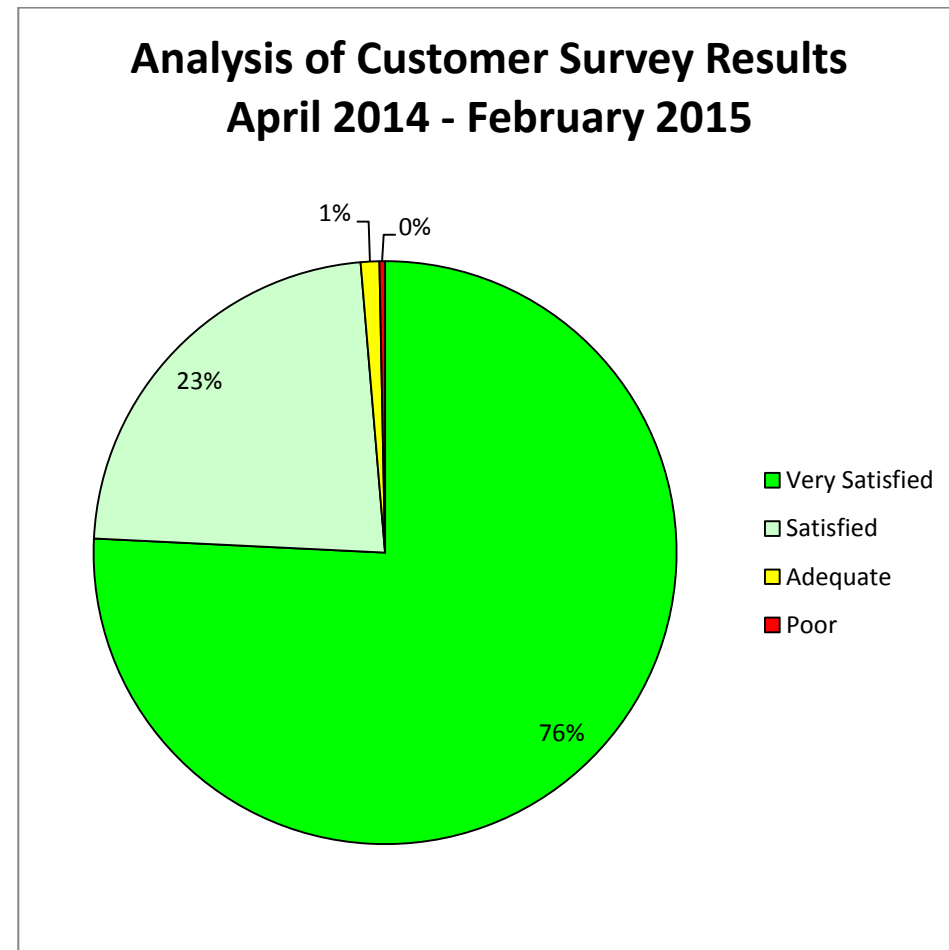
We have enrolled upon a “rolling assessment” programme to ensure we maintain the standards expected to meet CSE. As part of this programme our external assessor, June Shurmer, will be visiting DAP in late March to review our continued improvement in how we deal with customers. June intends to visit our Plymouth offices to see how we operate in Plymouth – June has previously visited our offices in Exeter and Torbay.

As always, we issue have issued client survey forms with our final reports. The results of the surveys returned continue to show a very positive picture. The overall result is very pleasing, with near 98.7% being “satisfied” or better across our services, please also see appendix 1. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

### Customer Testimony. Some examples of customer testimony are shown below:-

- The feedback session at the end of the audit was a good opportunity to discuss and salient points.
- Continuity of having the same auditor each year helps cut down the time providing information as well as having to explain in detail how the back office system works.
- We appreciated the way the auditor conducted the audit, keeping us well informed as to what they were doing and when, and being very mindful of our staff time and their other responsibilities.
- The auditor was accessible and pragmatic in his approach recognising the range of issues we were dealing with and it has been a positive experience.

Further details can be found on our website [www.devonaudit.gov.uk](http://www.devonaudit.gov.uk)



## Staff Development & Staff Changes

### Staff Development

In early December we held our regular Staff Development Day. The theme of the day was “providing assurance in times of change”. We invited staff from South Hams to attend the day, meet more staff and this was beneficial.

A number of topics were discussed, including

- the Local Government Transparency Code and the need to report on fraud;
- feedback from conferences and seminars - what’s new – new ways to do audit – new and emerging risks;
- an update on our People Management arrangements (we are aiming to embrace the key elements of Investors In People)
- audit as a Trusted Advisor as an alternative to the critical friend
- Ethics and Culture – the impact of transformation on culture and how can we audit Ethics and Culture and
- Value Added Meeting the demands of our clients

Staff development days are crucial in ensuring our staff have the right tools and approach to ensure we provide an effective and relevant internal audit service to our customers.

### Staff Changes

At the end of March Anne Parsons (Audit Manager) will retire. Anne has been with internal audit since 2002, and with the Partnership since it was founded. She has provided excellent service to all partners and clients, but in recent times has specialised in working with our “external partners” including Fire Service, Police, Torridge and Teignbridge councils and the National Parks. We wish Anne a very happy (and well earned) retirement.

Anne informed us that she would be retiring and this provided us good time to find a suitable replacement. We are pleased to announce that Jayne Quick shall be joining us at the start of April. Jane has former experience as working as the Head of Audit at Torridge council, and has recently complete her MIIA. We very much look forward to Jayne joining us and helping us to develop our services further.

December also saw another of our long standing senior auditors retiring; Stephen Pooley, who worked mainly from our Torbay office completing ICT and Place audit reviews decided the time was right to “hang up his green pen”. Stephen had recently helped us complete our EU grant funding work, including overseas visits to France. His enthusiasm and knowledge will be missed by the Partnership and clients.

To help fill some of our work gaps we have taken on two new auditors on short term contracts. Hannah-Louise Berry will work in the Exeter office, mainly providing input to the key financial systems work at Devon County Council and Lorraine Williams will help in the completion of our considerable school audit programme.

## Internal Audit Performance

Our analysis of performance for the first nine months of 2014/15 indicates that overall performance was good and generally exceeded our targets. 46% of the audit plan has been completed (against a target of 45%) and customer satisfaction levels of 98.7% across the partnership are exceptional. A breakdown of performance across all partners is shown in Appendix 3.

Devon Audit Partnership - Performance monitoring 2014/15					
Nine month performance (end of December 2014) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	9 mth Target	Quarter 3 2014/15	Quarter 3 2013/14	Direction of Travel (where applicable)
Percentage of Audit plan Completed	90%	65%	63%	57.31%	↑
Percentage of chargeable time	65%	65%	66.6%	66.63%	↑
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	99%	98.00%	↔
Draft Reports produced within target number of days (currently 15 days)	90%	90%	80%	83.91%	↓
Final reports produced within target number of days (currently 10 days)	90%	90%	90%	95.83%	↓
Average level of sickness absence	2%	2%	5.20%	2.50%	↓
Percentage of staff turnover	5%	5%	4% (2 People)	2% (1 person)	
Out-turn within budget	Yes	Yes	Yes	Yes	↔

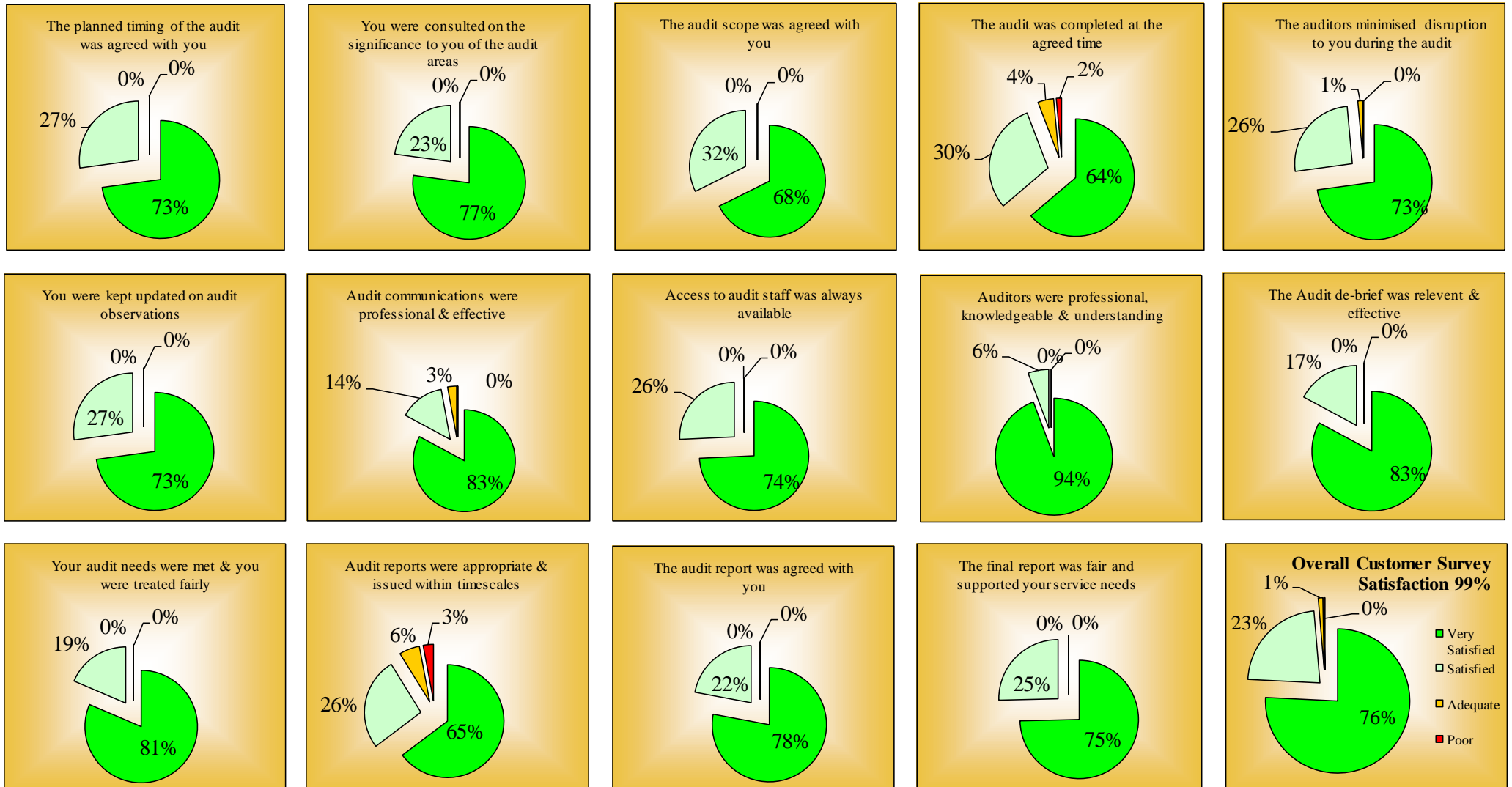
Sickness in the first nine months of 2014/15 has been significantly higher than expected. Our 2% “annual allowance” equates to 5 days per fte employee for a whole year, or 210 days in total. As end the end of December 2014, sickness days totalled **343**. The figure has been affected by a number of employees (2) needing to undergo operations and the resulting convalescence time (both employees are now back at work) and another employee who has been off for a considerable period due to shingles and resulting complications. . We work with staff to ensure that attendance at work is maximised; the assistance of HR support organisations such as Wellbeing @ work also assist us. The CIPFA benchmark for Internal Audit sections currently stands at 6.8 days.



# Appendix 1 - Customer Service Excellence

## Customer Survey Results April 2014 - February 2015

The charts below show a summary of 69 responses received.



## Appendix 2 – Local Performance Indicators

### Breakdown of Performance by Client

For the period April 2014 to end of December 2014

<b>Local Performance Indicator (LPI)</b>	<b>1<sup>st</sup> 9mths 2014/15</b>	<b>1<sup>st</sup> 9mths 2014/15</b>	<b>1<sup>st</sup> 9 mths 2014/15</b>
	<b>Plymouth</b>	<b>Torbay</b>	<b>Devon</b>
Percentage of Audit plan Completed	70%	62 %	57%
Percentage of Audit Days delivered	61%	54.5%	80.9%
Percentage of chargeable time	66.8%	60.1%	69%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	98%	97%	99%
Draft Reports produced within target number of days (currently 15 days)	92%	74%	73%
Final reports produced within target number of days (currently 10 days)	95%	95.9%	78%