

Phil Norrey
Chief Executive

To: The Chair and Members of the
Devon Audit Partnership
Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(see below)

Your ref :
Our ref :

Date : 27 February 2018
Please ask for : Dan Looker 01392 382232

Email: dan.looker@devon.gov.uk
Fax :

DEVON AUDIT PARTNERSHIP COMMITTEE

Wednesday, 7th March, 2018

A meeting of the Devon Audit Partnership Committee is to be held on the above date, at 10.30 am in the Committee Suite - County Hall to consider the following matters.

PHIL NORREY
Chief Executive

A G E N D A

PART I - OPEN COMMITTEE

- 1 Apologies
- 2 Minutes (Pages 1 - 4)
Minutes of the meeting held on 15 November 2017, attached.
- 3 Items Requiring Urgent Attention
Items which in the opinion of the Chairman should be considered at the meeting as matters of urgency.
- 4 Devon Audit Partnership Update (Pages 5 - 14)
Report of the Head of Partnership (CT/18/15), attached.
- 5 Budget Monitoring 2017/18 (Pages 15 - 16)
Report of the Head of Partnership (CT/18/16), attached.

- 6 Devon Audit Partnership Budget 2018/19 (Pages 17 - 20)
Report of the Head of Partnership (CT/18/17), attached.
- 7 Quality Assurance & Improvement Programme (Pages 21 - 36)
Report of the County Treasurer (CT/18/18), attached.
- 8 Future Meetings
The next meeting is scheduled for 20 June 2018.

**PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND
PUBLIC ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED**

Nil

Part II Reports

Members are reminded that Part II reports contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s).

Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.

Membership – Comprising two members from Devon, Plymouth and TorbayCounty Councillors

Councillors J Matthews and C Slade

Torbay, Plymouth and Torridge Councils

Councillors J Mahony, P Hackett, B Boundy, A Tyerman, S Leaves and J O'Dwyer

Declaration of Interests

Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.

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First Aid

Contact Main Reception (extension 2504) for a trained first aider.

DEVON AUDIT PARTNERSHIP COMMITTEE

15 November 2017

Present

Devon County Council

Councillors J Mathews

Other Council Representatives

Councillor J Mahony, Plymouth City Council
Councillor P Hackett, Torridge District Council
Councillor A Tyerman, Torbay Council

Also in Attendance

Councillor B Evans, Mid Devon District Council

Apologies

Councillors B Boundy (Torridge District Council), J O'Dwyer (Torbay Council), S Leaves (Plymouth City Council) and C Slade (Devon County Council)

* 10

Minutes

RESOLVED that the Minutes of the meeting held on 21 June 2017 be signed as a correct record.

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Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 12

Six Month Update Report 2017/18

The Committee received the Report of the Head of Devon Audit Partnership (CT/17/89) summarising the Partnership's activity in the first six months of 2017/18.

The Head of Partnership and Members discussed and noted, in particular:

- the Partnership recognises the need to diversify the services it provides and expand the current product range to include services that complement internal audit and help towards the wider "assurance" agenda for partners and clients. Examples of such services may include fraud, corporate governance, information governance and risk management.
- a change in the name of the Partnership from April 2018 to reflect the proposed wider role of the function with the *Devon Assurance Partnership* suggested by the Head of Devon Audit Partnership. Members however agreed that it was essential 'Audit' remained in the name.
- the need to ensure adequate staff capacity to cover a likely increase in workload.
- new work for Hampshire County Council with AmicusHorizon, which represents an important potential "way in" for the Partnership to develop work with housing associations.

Agenda Item 2

- the reduction in the percentage of Audit Plans completed was attributable to work now being ongoing for a longer period than it used to be as the emphasis on advice and guidance has grown.
- sickness levels remain higher than the targeted outcomes, although lower than at the same quarter in the last two years.

It was **MOVED** by Councillor Hackett, **SECONDED** by Councillor Mathews and

RESOLVED

that the Committee notes the report and agrees in principle to the Devon Audit Partnership being renamed the *Devon Audit & Assurance Partnership* subject to further conversations between the Head of Devon Audit Partnership and marketing colleagues.

* 13 **Budget Monitoring 2017/18 - Month 6**

The Committee received the Report of the County Treasurer (CT/17/90) monitoring the Budget of the Partnership at month 6, indicating a potential slight underspend at year-end due to increased work undertaken.

It was **MOVED** by Councillor Hackett, **SECONDED** by Councillor Tyerman and

RESOLVED

that the Committee note the projected outturn, variances and reason.

* 14 **Updated Risk Register October 2017**

(Councillor Mathews declared a personal interest in this matter by virtue of being appointed by the County Council onto the Park School Trust.)

The Committee considered the Report of the County Treasurer (CT/17/91) setting out the updated Strategic and Operational risks currently facing the Partnership.

The Head of Partnership discussed working with academies, and how the Partnership can better position itself to provide services to these schools.

It was **MOVED** by Councillor Hackett, **SECONDED** by Councillor Mathews and

RESOLVED

that the Committee notes the updated Strategic and Operational Risk Register; and the actions in place to reduce risks to an acceptable level.

* 15 **Performance Indicators**

The Committee considered the Report of the County Treasurer (CT/17/92) setting out potential performance indicators.

Members discussed and noted, in particular:

- use of performance indicators to differentiate types of sickness absence, along with the need to closely monitor absence for stress and work to understand the underlying reasons.
- recognition in performance targets that the Partnership has an older than average staff group, reflecting the need for a certain level of experience and skills within the role, which may increase sickness rates.

It was **MOVED** by Councillor Mathews, **SECONDED** by Councillor Tyerman and
RESOLVED

that the work to improve performance indicators be welcomed and continued.

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Future Meetings

7 March 2018 and 20 June 2018.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.30 am and finished at 11.31 am

Agenda Item 2

DEVON AUDIT PARTNERSHIP UPDATE REPORT November 2017 to February 2018
Report of the Head of Devon Audit Partnership

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

Recommendations:

- i that the Committee notes the current status of the Partnership and current issues.
- ii that the Committee note the transfer of the Counter Fraud Team from Plymouth to the Partnership
- iii that members note the continued high level of customer satisfaction achieved by the Partnership.

The Update Report, available separately, describes the performance of Devon Audit Partnership during the period November 2017 to February 2018 and some of the key achievements during this period.

Robert Hutchins

Electoral Divisions: All
Local Government Act 1972

List of Background Papers

Contact for Enquiries: Robert Hutchins
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
Nil		

There are no equality issues associated with this report



devon**audit**partnership

Internal Audit

Progress Report

Partnership Management Board

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CUSTOMER
SERVICE
EXCELLENCE



Auditing for achievement

Report of the Head of Audit Partnership

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

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

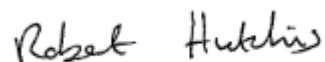
Update Report February 2018

In our October report, we explained our intention to extend our range and breadth of services. We consider that we are well placed to provide a wider set of assurance services that compliment internal audit. Since October we have been working with Plymouth City Council looking at the possibility of their Counter Fraud Team joining the Partnership. The Business Case that we have prepared indicates significant benefits for both DAP and Plymouth City Council and it is our aim that this takes place. We are working towards a May implementation date.

We continue to work with our Strategic Partner (Audit West) and are currently undertaking audits for them on the Avon Pensions Fund, drawing from our experiences and knowledge in auditing the Devon Pension Fund and also work for Peninsula Pensions.

We recently sent out to partners, client and members our sixth edition of Audit Together, a newsletter prepared by nine large public sector internal audit teams for which we consider ourselves a “founding member”. Our work with Audit Together has been acknowledged and we are finalists for the PFI Innovation Awards. www.publicfinanceawards.co.uk/2018-shortlist/ The Award Ceremony will be held in London on Wednesday 25th April.

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



Robert Hutchins
Head of Devon Audit Partnership
February 2018

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Counter Fraud Service.
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Improvement Plan

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Performance

Finances



Budget position

The Partnership has consistently remained within budget, and at the end of 2016/17 carried forward a reserve of £181k. Our month nine budget monitoring report indicates that our 2017/18 position will show a small budget surplus of £0.5k.

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What's in a Name?

At the last meeting, we discussed potentially changing the name of the Partnership to reflect the wider range of services that it currently provides, and to recognise that a percentage of our work is completed outside of Devon.

The Committee suggested a name of the Devon Audit & Assurance Partnership – as this is quite long, it is likely that it would be shortened to DAAP – unfortunately the initials DAAP are already used by the Drug and Alcohol Action Programme, who use a website address of <http://www.daap.org.uk>.

Whilst it is unlikely that there would be confusion between the two organisations, the fact that DAAP is already being used by another public-sector body makes it difficult for us to use the name and website address. We have looked further into names and will continue to review, but for the time being will continue with Devon Audit Partnership.



Diversification – a Counter Fraud Service

Plymouth City Council currently operate a standalone Counter Fraud Team (CFT); we are working to bring this service, and the staff employed, into the range of services offered by Devon Audit Partnership (DAP).

By way of background, historically, most district and unitary councils had a dedicated counter fraud team that investigated “external” fraud; for example, Council Tax claims, Insurance Claims, Direct Payments etc.; the Internal Audit function then focused more on “internal fraud” – abuse of position, payroll / expense claims etc. The Fraud Team looked to recover lost sums / prosecute offenders; Internal Audit looked to see why the fraud occurred and what system and control changes could be made to prevent re-occurrence.

In 2015 the Department for Work and Pensions (DWP) set up a single Fraud Investigation Service, and the majority of local authority investigators transferred in to this service. This dramatically reduced the counter fraud ability at a lot of authorities. However, Plymouth took the decision to retain its counter fraud staff and maintained a Counter Fraud Team (CFT).

The CFT team are seen as a leader in the field of counter fraud work in the South West; it has an experienced, committed and fully qualified team of investigators who are “Accredited Counter Fraud Specialist” or “Accredited Counter Fraud Technicians”.



The Team are well placed to provide services to other not for profit bodies (including local authorities, housing associations etc) via contract arrangements; however, the team have not been able to generate as much additional interest and business from other councils as would be expected. One of the aims of the transfer of the team to DAP is to use DAP links, contacts and commercial relationships to generate extra take up of services from other bodies.

The transfer of the team is expected to be beneficial to DAP in many ways. DAP now provide internal audit to a vast range of not for profit bodies in Devon and beyond and understands that its partners and clients require a range of assurance services, not just internal audit. DAP has recently started to deliver these extra services – for example, it provides risk management and information governance advice to a number of organisations – and DAP considers that the addition of the Counter Fraud Team will further strengthen and widen the range of services that it can offer, and will enable DAP to extend its reach to more organisations and better compete with other assurance providers.

Quality Assurance Improvement Plan.

As part of the Public Sector Internal Audit Standards we are required to prepare and maintain an action plan that captures areas that we consider require improvement. Our updated report was presented to, and discussed by, the Management Board on 8 February.

Wider Assurance

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

We recently published our 6th edition of "Internal Audit View".

This edition provided advice and guidance on topical issues including the

- Transformation
- Project Management
- Agile Auditing



Our work with Audit Together has been recognised nationally, where we are finalists in the Public Finance **innovation awards** in the sector of Internal Audit.



Collaborating to improve services

An Internal Audit View

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

In this bulletin we focus on change and how internal audit should be well positioned to support management through the change process. An important part of that will be the development of the annual audit plan. Next year's audit plans are now being prepared so early engagement is therefore recommended. Please contact your Head of Audit to discuss your priorities.

Contents: **Project management 2** **Keeping you awake/Jurassic Auditors 3** **Agile Auditing 4** **Contacts 5**

The Role of Audit in Transformation

We are currently in an era where Local Government views the transformation of service delivery methods as a necessity rather than an aspiration. Here, traditionally cautious approaches to change are moving towards being replaced by a more pragmatic and proportionate approach to risk and control.

Whilst management of risk is clearly the responsibility of the Senior Officers within an Authority, Internal Audit will still be seen as key 'endorsers' of new approaches, methods, processes etc. There are also expectations that they themselves will be able to suggest innovative ways of working or applying controls.



With risk appetites naturally varying across organisations, this collaborative approach gives Internal Audit a tremendous advantage when they input to projects: challenging established ways of thinking; and being able to evidence the successes brought about by alternative approaches being adopted elsewhere.

The types of activity that Internal Audit is typically involved with will include:

- Providing a 'critical friend' challenge during business case development;
- Working alongside services as projects are developed to offer practical solutions that ensure effective governance is not compromised; and
- Post-project reviews to ensure that the expected benefits have been realised and that the intended outcomes are being delivered.

Adding Value

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

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

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Child Independent Placements, January 2018

“The Auditor is always great to work with – she has a way of getting to the heart of issues but also being very solution focussed.. A very helpful report and the auditor helped with brokering the final action plan between ourselves and commissioning.”

Schools, October 2017

“We found the process to be supportive, incisive and professional- our auditor was super appreciated!”

Creditors, January 2018

“The audit was a helpful. We will now be dealing with our ‘unders & overs’ in a way we would not have considered without the audit. The whole process has been a positive experience.”

Procurement, October 2017

“The final report and recommendations will be particularly helpful in addressing issues of poor procurement practice within the Business Unit audited.....The audit also identified an area of concern that had not been previously flagged, which can now be addressed with the relevant departments and Senior Leadership Team. Overall the audit was carried out in a professional and efficient manner.”

Payroll, January 2018

“As I’ve come to expect the Audit was conducted in a professional and courteous manner. I do appreciate the benefit of the auditor being familiar with my service and shows a genuine understanding of our strategy of improvement and the challenges we face within our operational function.”

Schools, October 2017

“A very positive experience – fully aware of issues of small schools. Suggestions of how we may do things more efficiently were particularly welcomed and added value.”

Customer Service Excellence (CSE)

DAP continues to be successful accredited in the CSE standard.

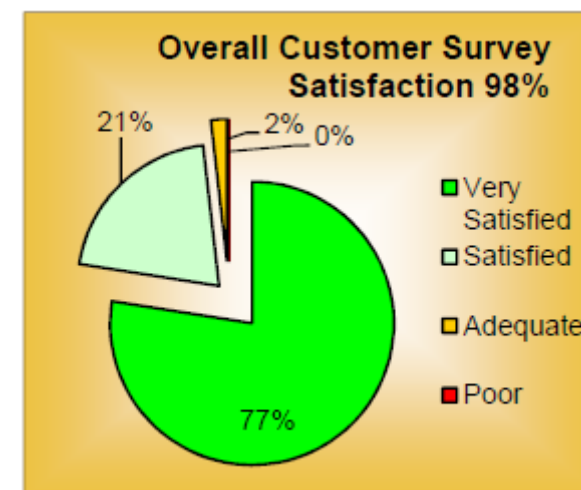
In June 2017, June Shurmer of G4S, our assessor, visited the team and evaluated our customer services against a rolling programme. The CSE standard expects and requires “continuous improvement”

June confirmed that we meet the standards, but did, helpfully, identify areas where we could further strengthen what we do and how we do it.

As always, we issue client survey forms with our final reports. The results of the surveys returned remain very good and very positive. The overall result is very pleasing, with 98% being “satisfied” or better across our services, see appendix 1. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

We seek feedback from customers from all sectors that we work in. An extract from some of the feedback received since October is shown below :-

DAP – Customer Survey Results 2017/18 to date



- **Care Services, January 2018** - “The auditor was available to speak to....and made a point of being polite and friendly.
- **Benefits, December 2017** - “My gratitude .. to the audit team for your continued support.... Thank you to you and your team for all your support and guidance throughout the year.”
- **Elections and Electoral Registration, November 2017** - “Excellent efficient and professional staff.”
- **Housing Health and Safety, October 2017** - “Although people dread the word Audit I always find it useful....., As usual the team were very helpful and willing to discuss options especially when making recommendations or stating required actions. Audit is always welcome.”
- **Leisure Services, October 2017** - “I feel very much that the ‘support approach’ taken rather than the looking for fault and chastised, works so much better, and so allows the services to work together for the common goal.”
- **Schools, January 2018** - “Excellent service and support once again. The auditor was helpful throughout and had a wealth of knowledge. The service was professional and well delivered.”
- **Schools, January 2018** - “I was well informed prior to our visit and I would like to say a huge thank you to the auditor for his understanding with moving our dates around due to the absence of the SBM. He was very informative, helpful and it is great to learn of better systems we could use for the future. Keep up the good work. The Auditor is very professional and works well with us.”

Internal Audit Performance – figures for month 9, 2017/18.

Devon Audit Partnership - Performance monitoring 2017/18					
Nine month performance (end of December 2017) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	9 mth Target	Quarter 3 2017/18	Quarter 3 2016/17	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100	73	81%	78.90%	↑
Percentage of Audit plan Completed	90%	65%	59%	56.27%	↑
Percentage of chargeable time	65%	65%	67.6%	66.34%	↑
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	98%	98.00%	→
Draft Reports produced within target number of days (currently 15 days)	90%	90%	92%	87.63%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	97%	95.70%	↑
Average level of sickness absence	2.4%	2.4%	3.76%	4.25%	↓
Percentage of staff turnover	5%	5%	11% (3 people)	18% (4 people)	↓
Out-turn within budget	Yes	Yes	Yes	Yes	→

Commentary

Overall, performance is generally on target against our performance indicators.

Performance is also showing an improvement against 16/17 comparative figures, which is pleasing to see.

Complete audits are slightly behind the projected figure (59% v a target of 65%) but this is not considered of concern and we remain confident of being able to complete the internal audit plans of our partners and clients.

BUDGET MONITORING 2017/18 – Month 9

Report of Head of Partnership

Recommendations:

That members:

1. Note the projected outturn
2. Note variances and reason

Budget Monitoring Month 9

The Budget monitoring at month 9 indicates a potential for a slight underspend at the year end. The variance is mainly because of increase income (6.48%) from extra work undertaken by the partnership, but this is offset by the increase in staff (6.07%) and Transport costs (£21.3%) to complete the work.

Projected premises (3.42%) shows a slight overspend, which is due to an additional venue hire.

Transport costs (21.3%) are over target; this is due to the increased expenditure in work the partnership has performed with its clients, including overnight stays where appropriate.

Supplies and services (1.61%) show an overspend, this is due to the use of external staff to cover the additional audit work and other small overspends, but this has been offset by a slight decrease in the charges for other communication cost.

Overall income has grown (6.48%). This is due to the supply of extra audit services to Devon and Somerset Fire and Rescue Service, Devon County Council (risk management services), EU funded schemes and other local authorities (including Mid Devon District Council and Avon Pension Fund). However, income from schools has fallen (as schools continue to convert to academies) and has not been replaced with like-for-like sales to new or existing academies.

The table below analyses the under/over spend:

	2017/18 Base Budget	Projected Outturn	Variance	
	£	£	£	
Employees	1,076,600	1,141,900	65,300	6.07%
Premises	38,000	39,300	1,300	3.42%
Transport	28,200	34,200	6,000	21.3%
Supplies & Services	75,500	76,717	1,217	1.61%
Support	21,600	21,600	0	0.00%
Income	(1,239,900)	(1,314,300)	(74,400)	6.48%
Total	0	(583)	(583)	

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Variances (items over £1,000):

Employees – Staff Costs £ 65,300;

Premises – venue hire - £1,300

Transport – Travel Expenses (inc. overnight accommodation) £ 6,000;

Supplies and services – increase for External staff £ 517 and IT licences £ 5,700, Other communications costs £ (5,000)

Income – £ (74,400) - due to increased service provision to Fire, DCC, EU funded schemes and other local authorities, but also affected by a reduction in income from schools.

Robert Hutchins

Head of Partnership

7th March 2018

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

DEVON AUDIT PARTNERSHIP BUDGET 2018/19

Report of Head of Partnership

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

Recommendations:

That members:

1. Agree the proposed budget for 2018/19
2. Note the areas of uncertainty within the budgeted income figures

Budget 2018/19

Summary

In setting the budget for 2018/19, the Partnership is mindful of a pending pay award (circa 2%) which will have a significant impact on our payroll related costs, of up to £20k. As a consequence our day rate charge will need to increase in 18/19; this will result in greater cost recovery from external clients, but will not recover all of the projected increase. Partner contributions will increase to reflect the pay award. As the pay award value has not yet been agreed, the figures attached are based on 17/18 prices – therefore both expenditure and income will increase once the pay award value is known.

Torbay Council have further reduced their contribution by £20k over 2017/18 contributions; the internal audit days that we provide to Torbay will therefore need to reduce.

Our Business Plan has recognised funding pressures on Partners, and acknowledges that income from other, external partners will need to rise to compensate for losses. In the current economic climate this is a difficult task to achieve (the Partnership focuses on public sector organisations that all are facing budget pressures) however the successful generation of new business and clients will enable the excellent staff base to be retained providing for a high quality, cost effective internal audit service for all our partners and clients.

Detailed notes

Employee costs – we employ staff to deliver the audits required by our Partners and external partners. As some of our income is of a short term nature, we retain one person on short term contract and have a small pool of people available through "Temp Solutions" to help with service delivery. Using temporary contracts provides the opportunity to "turn up" or "turn down" our resources in a reasonably short period to accommodate for income changes.

Premises cost – remains static.

Supplies and Services – the budget for 2017/18 remains static

Support – remains static

Income levels are projected to be over £100k higher than the 2017/18 budget.

Increases are due to new work with Mid Devon becoming a Partner of DAP, the purchase of a Risk Management service by Devon CC, and expected higher levels of work through EU grant audit work.

However, there have been some notable reductions in income and these include :-

Agenda Item 6

- Torbay Council (a further 10% saving target)
- Schools – reflecting the continuing academisation programme and
- Police – where we have take a prudent approach to income due to changes as part of the strategic alliance work between Devon and Cornwall and Dorset forces.

As in previous years, Income expected from other customers and partners has been set at a prudent level. The income generated in the coming year may exceed our budgeted figure – for example we have been asked to submit proposals to support further EU grant funded projects, Health colleagues and further work with our partner AuditWest; if successful, this will increase our income figure. However, it should be noted that gaining such additional work may require temporary staff to support delivery.

The table below analyses the projected budget for 2018/19.

2017/18 & 2016/17 budget figures are provided for comparison purposes.

Table 1 Projected Budget for 2018/19

	2018/19 Proposed Budget	2017/18 Base Budget	2016/17 Base Budget
Employees	1,161,900	1,059,800	1,045,000
Premises	38,000	38,000	38,000
Transport	28,200	28,200	28,200
Supplies & Services	63,500	63,500	95,500
Support	21,600	21,600	21,600
Income	(1,313,200)	(1,211,100)	(1,228,700)
Total (Surplus) / Deficit	0	0	0

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Table 2. Analysis of Income from partners and clients

Partner	2018/19 Expected Income Level	2017/18 budgeted income level	2016/17 budgeted income level	2015/16 Budgeted income level
Fire	14,000	8,300	15,300	22,100
Police	26,500	33,100	37,500	42,500
Pensions	23,800	23,800	21,700	23,000
Dartmoor	5,500	5,200	5,100	4,800
Exmoor	5,300	5,300	5,300	5,300
Mid Devon	75,950	0	0	0
Torridge	47,100	46,600	42,900	45,000
Teignbridge	13,750	11,300	11,300	12,500
South Hams & West Devon	23,400	20,600	25,100	22,000
Devon CC *	335,600	297,800	282,500	291,200
Plymouth CC	318,800	318,800	312,600	336,100
Torbay CC	200,000	218,000	233,800	250,500
Schools	123,000	145,500	168,500	162,800
Schools Academies	50,000	52,000	52,000	52,000
University of Plymouth	0	0	0	22,000
Cornwall Unitary	0	0	0	2,200
EU Grants	30,000	9,000	0	0
Other smaller partners	20,500	15,800	15,100	13,600
Total	1,313,200	1,211,100	1,228,700	1,307,600

* Devon County Council includes an amount for Risk Management services.

Robert Hutchins Head of Partnership 23rd February 2017

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Contact for Enquiries: Robert Hutchins Tel No: (01392) 382437

Larkbeare House

Background Paper Nil

There are no equality issues associated with this report

DEVON AUDIT PARTNERSHIP – Quality Assurance & Improvement Programme - February 2018 Report of the County Treasurer

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

Recommendation: that the Committee

1. **Notes** the current Quality Improvement Action Plan
2. **Notes** the challenges for the future and the action being taken by management to react to these challenges.

Summary

The attached Quality Improvement Action Plan for Devon Audit Partnership sets out the areas for advancement in the coming 12 months or so. The document is expected to be a “live” document – i.e. actions identified will be taking place throughout the year.

The document presented is a “slimmed down” document, focusing on the key actions that are in progress or are planned for delivery during the coming year. A more comprehensive document, capturing the actions that have previously been delivered, is available if required.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

List of Background Papers

Contact for Enquiries: Robert Hutchins
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report



Quality Assurance & Improvement Programme **Devon Audit Partnership**

Version 1.7

January 2018



Auditing for achievement

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Change Record

<i>Date</i>	<i>Author</i>	<i>Position</i>	<i>Version</i>	<i>Change details</i>
24/5/2013	Robert Hutchins	Head of Partnership	1.0	Amalgamation of various development documents into one single record.
17/7/2013	Robert Hutchins	Head of Partnership	1.1	Update to include links to other documents including CSE assessment report; Internal Audit report and IIA quality assessment report.
25/10/2013	Robert Hutchins	Head of Partnership	1.2	Updated to take account of action completed during the summer period
31 Jan 2014	Robert Hutchins	Head of Partnership	1.3	Updated to account of action taken up to 31 Dec 2013 and new issues emerging.
5 March 2014	Robert Hutchins	Head of Partnership	1.3	Updated to account of action arising from CSE rolling programme1 assessment.
5 March 2014	David Curnow	Dept Head of Partnership	1.3	Inserted - Added Value process
24 March 2014	David Curnow	Dept Head of Partnership	1.3	Inserted - review of audit report
28 April 2014	David Curnow	Dept Head of Partnership	1.3	Inserted - review of audit manual
4 June 2014	David Curnow	Dept Head of Partnership	1.3	Review budget monitoring process
4 June 2014	David Curnow	Dept Head of Partnership	1.3	Create Staff forum pages
19 June 2014	David Curnow	Dept Head of Partnership	1.3	PSIAS – Self-assessment progress
23 October 2014	Robert Hutchins	Head of Partnership	1.4	Incorporates results of LGAN self-assessment. Formal review and update of plan following Managers meeting
Summer 2015	David Curnow	Dept Head of Partnership	1.4	Incorporates “soft skills” requirements.
October 2015	Robert Hutchins	Head of Partnership	1.5	
April 2016	Robert Hutchins	Head of Partnership	1.6	Updated to reflect discussion with JS re CS processes.
Nov 2017	Robert Hutchins	Head of Partnership	1.7	Update following CSE assessment and External Validation against PSIAS

Introduction

Our development priorities

Our aim is to continue to provide excellent independent, objective assurance and consulting services designed to add value and protect public resources. We aim to assist in improving the efficiency and operations of our client organisations in line with corporate values of continuously challenging services and promoting openness, accountability and high standards of risk management, internal control and governance.

We aim to further develop our audit performance by the consistent use and pro-active development of Audit Management Software and other IT solutions where possible.

Our high level objectives are have been summarized into four characteristics: -

Process	People	Customer	Pounds £
Improving the management of our relationship with customers to ensure that audit services are developed and delivered appropriately	Using DCC HR policies to deliver results to support our customers strategic goals	Ensuring the customer is at the heart of what we do; listen and respond to the needs and priorities of our customers.	Delivery of a best value / Value For Money internal audit service
Organizing audit activities to deliver maximum value	Ensuring that all audit staff know what they need to do, and have the skills and competence to do it	Develop our approaches that meet individual customer needs, including those “hard to reach” and more disadvantaged clients and partners, whilst ensuring that a consistent and high quality service is delivered.	Maintaining and increasing customer base and associated revenue for contracted services
Ensuring that each element of the audit process (planning, delivery and reporting) reflects best practice and operates in a “lean” way.	Develop management practices that support innovation, creativity and effectiveness.	Ensure suitable arrangements are in place that engage with the customer and seek and encourage feedback at all stages of our processes.	Promote the efficient use of financial resources in terms of identifying audit deliverables and aligning resources accordingly
Ensuring equality and diversity in service delivery	Have a wider pool of experts readily available to meet short term needs of our partners and clients	Aim to “add value” to the organisations we audit so that they receive more than just assurance	Manage and control expenditure and maximize income
Using our audit “tools” (staff and IT) in a innovative way to ensure we can deliver maximum coverage and input on every audit.			

Key Changes / challenges

The Partnership - The Partners have stated that they appreciate the high quality and effective internal audit service that the Partnership provides.

The contract with DAP was extended in April 2017 for a further 7 years. This longer contract life provides stability for the Partnership and increases the ability to bid for new work with other appropriate clients and partners.

Process – We comply with Public Sector Internal Audit Standards as revised in 2017; the Standards closely follow the Institute of Internal Audit Standards. We complete an annual assessment of how we meet both the PSIAS and the LGAN (Local Government Application Note 10 IPFA 2014) and capture any required improvements within this development plan to meet the PSIAS.

We constantly review the effectiveness of our ICT; we work with our ICT provider (Devon ICT via SCOMIS) to determine how we may be able to further develop our ICT and help maximize efficiency gains.

Outputs – we appreciate that senior management and audit committee members have significant calls upon their time; we have made significant changes to the way our reports are presented, with the aim of reducing text but maximizing the impact of the messages we wish to convey. We make greater use of graphics where appropriate, with the old maxim of “a picture paints a thousand words”

Added value – we know that our clients expect us to provide more than just assurance; they look to us to add value to their organisations. This is often through well formed and business leading recommendations, or can simply be spreading best practice to common solutions. Our team look to work “across organisations” to (where appropriate) share understanding of common problems and effective solutions.

Customers - In May 2017 we were re-accredited with the Customer Service Excellence award. Our assessor, June Shurmer confirmed that we continue to meet this standard. We continue to develop our processes and arrangements to ensure our customers receive a high quality, customer focused service.

People – we wish to ensure that we have all the elements of an excellent employer. As a management team we have embarked upon a self assessment process against the criteria for “Investors in People”. Our intention is to identify areas where we need to strengthen / improve our practices to ensure we get the best possible return from our most valuable resource; our employees. Any areas form

improvement will be captured in this development plan. We have canvassed the views of our staff and are interpreting the results to help inform where we may need to further develop.

Pounds – We have faced considerable financial challenges over the years, not least the 10% year on year reduction requested by our founding partners. We have achieved these financial targets and still provide a respected and professional service. We continue to closely manage all our finances to ensure we stay within our resource envelope.

Using this document

This document is expected to be a “live” document – i.e. actions identified will be taking place at all time during the year.

At certain points it is appropriate to monitor what has been achieved, and what is still outstanding.

We do not want to wish sight of what was achieved or what has changed, and so completed actions are separated from the main body of the report and are shown at Appendix B.

The main report (Appendix A) then attempts to use a colour coding system which shows what the status is of actions *at a moment in time* – i.e. the last time the plan was updated.

Appendix A

Devon Audit Partnership Plan – Key Priorities Development Plan as at October 2017

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
1	Process					
1.1	<p>Identify and recognise efficiencies and ensure we deliver what we say we will deliver.</p> <p>Greater use made of MKI, IDEA and Forensic Software</p>	On - going	To be identified as and when changes identified	<p>DAP Management team</p> <p>TR / Managers</p>	<p>Delivery of audit plan. Delivery within financial budget. Make best use of “tools” – i.e staff and IT.</p>	<p>Year on year successful delivery of audit plan.</p> <p>Year on year financial savings made.</p> <p>Investment in ICT (Encase, IDEA, Mki etc.) to give more “tools in the toolbox”</p> <p>Use of “Theme” in MKI for</p> <ul style="list-style-type: none"> • Added value and • Tax Compliance • Audit recommendation tracking.
1.2	Review of all documentation held (both in paper and electronic format) to ensure the requirements of the GDPR can be met.	March 2018	50 days. Use of apprentice to do majority of “weeding out”.	Head of Partnership	<p>Only expected data held.</p> <p>Other data (paper or electronic) to be effectively disposed of.</p>	<p><u>Paper records</u></p> <ul style="list-style-type: none"> • Exeter – review complete. Only appropriate records held • Torbay - review complete. Only appropriate records held • Plymouth - Only appropriate records held <p><u>Electronic files</u></p> <p>DAP network :-</p> <p>Former DCC network - review complete. Only appropriate records held.</p>

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
						Former PCC network - review in progress Former Torbay network - review in progress. Records checked back to 2009.
1.3	<p>PSIAS Review – review team of Terry Barnett and Chris Wood from the Hertfordshire Shared Internal Audit Service (SIAS).</p> <p>The Review Team identified for following areas which Merit Further Attention:-</p> <p>a) Review the current mechanisms used to capture staff feedback to ensure that opportunities to benefit from specialist knowledge e.g. existing commercial acumen, within the team are maximised.</p> <p>b) Consider revising the current classification of audits to ensure there are clear expectations around what is required of staff undertaking the reviews.</p> <p>c) The Partnership should look to formalise the frequency of staff supervision meetings and the method for recording and communicating the related outcomes.</p>	<p>March 2018</p> <p>December 2017</p> <p>See 2.1 below</p>	<p>1 day</p> <p>1 day</p>	<p>RH / CS</p> <p>Managers</p>	<p>Staff survey to be completed.</p> <p>Audit briefs clearer, and identify the high priorities (LEAN).</p>	<p>Being designed. Will be issued before March 2018.</p> <p>Completed Sept 2017</p>

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
	d) Liaise with clients to clarify expectations around specific aspects of service delivery including the format, length and content of audit and committee reports.	See 5.2 below				
	e) Consider the merits of using assurance mapping for all clients and reporting other forms of assurance to Audit Committees, e.g. CIH Reviews, results of consultancy by third parties etc.	December 2018	3 days	Managers / TR	Assurance mapping for all clients.	Not yet commenced.
	f) Consideration should be given to reviewing internal working practices e.g. the suitability of MKInsight in facilitating certain administrative processes that currently require additional external mechanisms to be adopted; as well as the development of formal strategies for particular types of audit work e.g. Computer Aided Audit Tools.	Ongoing	2 days	Managers	Constant need to review all our admin and “non productive” work to ensure that it is minimised and undertaken effectively.	Actioned = Use of onbase for invoices Use of Idea for duplicate payments Individuals to “self certify” annual leave check.
	g) Ensure that its approach to audit follow up is formalised and communicated to both staff and clients.	September 2017	1 days	Managers	Process provided to all employees. Re-enforced at Sept 2017 Development Day.	Actioned
	h) Work with the DAP Team and Client Officers to identify the potential blockages that could be contributing to the speed with which audit projects are brought to a close and implement corrective actions.	September 2017 and ongoing	2 days	Each manager for each client	Fully adopt LEAN principles. Re-enforced at Sept 2017 Development Day.	Actioned.

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
2	Process / People					
2.1	Re-energise the quality management programme to drive quality and timeliness and delivery against expected targets. See also 5.1.e below	April 2018	3 days	RH / DC then managers	Clear and consistent understanding and application of quality standards.	The file / work review process has been updated, shared with staff and used in some limited instances. Needs to be embedded.
2.2	Ensure that the 'Lean Approach' is used in all that we do.	31/3/18 and ongoing	2 days	Management Team	More efficient processes – including audit processes. Less disruption to staff Improved customer engagement	LEAN picked up every month as part of the Team meetings to ensure we do not lose sight of this. Update session held at September 2017 staff development day to re-enforce. Shortened Audit Report designed and presented to staff at Sept 2017 Dev Day and with MKI to create.
3	People					
3.1	Continued development of audit staff and assessment of training needs via appraisals and use of skills matrix and competencies. Identify skill gaps <ul style="list-style-type: none"> Identify skill needs to meet Partnership work commitments Identify future staff skill set Staff Skills Audit Create training programme Support Staff in training 	December 2018	4 Days	Managers	Well trained and motivated staff as demonstrated by high retention and positive feedback via staff surveys	Appraisals to completed for all staff by 31 March 2018. This will feed into Staff Skills Audit and the audit plans agreed with our partners / clients to determine training needs.

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
3.2	Ensure all staff have an excellent awareness of diversity issues, and how this affects us in the work place.	September 2017	Input from external specialists. £450	Head of Partnership	Well informed staff able to deal with clients, customers and colleagues in a professional manner without prejudice	Andy Hunt, Intercom Trust presented to all DAP staff at Development day in September 2017.
4	People / Customer					
4.1	Review and update the Training & Development policy. Ensure that the Policy includes reference to how staff will be trained in Customer Service.	September 2017		RH / BD		Not yet actioned
4.2	Plan and deliver customer service training for new staff.	As and when	½ day per employee	Line Manager	Consistent understanding of our expectations in providing excellent customer service.	Two new staff commenced since April 2017 (Apprentices RW and EG) Both have undertaken the DCC induction training.
4.3	Ensure that management are adequately trained in how to :- <ul style="list-style-type: none"> deal with a complaint in an effective manner. Identify areas around complaints that would benefit from further staff training 	Dec 2017	To be determined			Requires attention.
4.4	Can we work with DCC to develop an e-learning tool around customer service to use on an annual basis to maintain awareness. Then build into competency framework an annual completion by all staff.	March 2018	???	DC ??		

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
4.5	Ensure that the appraisal / development conversation document includes links to the DCC core competencies (especially with regard to customer service).	March 2018	Development time 00	DC	Effective appraisal that links well to core competencies.	A fair bit of development completed. Needs to be trialled, and then rolled out..
5	Customer					
5.1	We will continue to develop and foster a culture of working together seamlessly in a customer focussed approach. Feedback from June Shurmer, DAP CSE assessor:-	End of March 2018	3	Management team		
5.1. a	We have excellent customer feedback, with 77 % very satisfied and 21 % satisfied. Aim to increase % of very satisfied customers.	March 2018	0	All staff	Aim to increase "Very satisfied" to > 77%	As at mth 9 17/17 still at 77%
5.1. b	Feedback to include more "feeling" based results. For example, if report was late, we may score "adequate" – but how did that make the customer "feel"?	Feb 2018	1	RH / CW	Add "feeling" based questions in to survey.	Not yet actioned
5.1. c	Customer Care training – need regular refresh and also a way to teach new employees quickly.	See 4.2 above	-	-	-	Complete
5.1. d	Need greater awareness of LGBT+ and other diversity issues.	See 3.2 above	-	-	-	Complete

Ref	Specific tasks	Target Date	Resources (Days / £) in 2017/18	Person(s) responsible	Outcome / Measure of Success	Action / Progress
5.1. e	Quality assurance review process needs to include customer care element.	See 2.1 above	April 2018	RH & DC	Assurance that staff are dealing with customers as we would expect.	
5.2	<p>Ensuring that our communication and information with customers continues to be excellent and takes account of customer feedback:-</p> <ul style="list-style-type: none"> Website as an essential communication tool for existing and potential customers. However, it runs off old software and has become “clunky” over time – needs a refresh Consider verbal and written communications to ensure they are relevant and meet the needs of our customers 	<p>March 2018</p> <p>Annual review (March 2018)</p>		<p>Management Team / Tony Rose</p> <p>RH / DC</p>	<p>Website is easily navigated and used by customers. Looks “fresh” and works effectively. Possibly works on mobile devices.</p> <p>Want reports that are easy to read “on screen” – do not need to conform to a “piece of A4 paper”</p>	<p>Tony Rose completed early discussion with Web design team. Work ongoing.</p> <p>Shorter, easier to read report prepared. Brings higher risks to the fore.</p>
5.3	Update / refresh Customer related policies on an annual basis.	December 2018	4 day	RH / CW	Ensure that our policies are up to date and reflect current trends / challenges.	

6	Customer / Pounds					
6.1	Maintain existing client base and respond flexibly to changes in client needs and structure changes (e.g. Commissioning / Outsourcing/ reducing direct provision of services)	On-going		All	DAP has the skills and capacity to meet client demands, dealing effectively with peaks and troughs in requests for work.	All existing clients retained 2017-18. Review again in January 2018, taking account of provisional audit plans for 18/19. Have made substantial savings at all partners since 2009.
6.2	Consider the benefit of extending the services provided by the Partnership, for example <ul style="list-style-type: none"> • Risk Management • Fraud • Information Governance. 	April 2018		RH/ Management Board	Currently providing Risk Management to DCC. Possibility of providing Fraud services for PCC.	Delivered. Discussions underway.
6.3	Continue to review the accommodation needs of the partnership including assessment of costs and benefits including timescales.	January 2018	To be determined once possible options identified.	RH / DC / BD	Meet accommodation needs / requirements of DAP and partners. Could be affected by Fraud Service possibility as referred to above.	
7	Pounds					
7.1	Continue to closely monitor spending against budget to ensure we stay within financial envelope.	Quarterly throughout each financial year	3	RH / DC and Angela Stirland.	Senior management confidence.	Mth 9 projections (2017/18) show a slight surplus against budget.

