

DEVON AUDIT PARTNERSHIP COMMITTEE

14 July 2020

Present:-

Devon County Council:-

Councillors J Clatworthy and G Gribble

Other Council Representatives

Councillor Robert Loxton, Torbay Council
Councillor Margaret Corvid, Plymouth City Council
Councillor Lorraine Parker-Delaz-Ajete, Plymouth City Council
Councillor Philip Hackett, Torridge District Council
Councillor Bob Evans, Mid Devon District Council
Councillor Claire Hodson, Torridge District Council
Councillor Andrew Moore, Mid Devon District Council
Councillor Ian Roome, North Devon District Council

Apologies:-

Councillors Davies, Heyse and Phillips

* **68** **Election of Chair**

The Chair should be held on a rotational basis with each Council having a Member serve alternately for one year. Mid Devon District Council had recently held the Chair and it was therefore Devon County Council's turn to hold the post of Chair for one year from the date of this meeting.

RESOLVED that Councillor Gribble be elected Chair for the ensuing year.

* **69** **Election of Vice-Chair**

The Vice-Chair shall be elected from a Council other than that which currently held the Chair.

RESOLVED that Councillor Loxton (Torbay) be elected Vice-Chair for the ensuing year.

* **70** **Minutes**

RESOLVED that the Minutes of the meeting held on 10 March 2020 be signed as a correct record.

* **71** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

* **72** **Devon Audit Partnership - Revenue Outturn Position 2019/20**

The Committee considered the Report of the Head of Devon Audit Partnership (CT/20/59) setting out the revenue outturn position and changes between Month 9 and year end, the balance sheet as at 31 March 2020, the Accounting Statement, the Annual Internal Audit Report for 2019/20 and the Annual Governance Statement.

Members noted:

- the Head of Partnership apologised for 2 minor errors in the report relating to section 1.4.2 (month 9 projection figure for Supplies, Services & Support) and in the table at section 2.1 (date of 31.3.2020 shown, should be 31.3.2019);
- a confirmed operating surplus of £8,781 made up of £4,331 with regards our Internal Audit and Risk Management services and £4,450 with regards Counter Fraud Services;
- South Hams and West Devon as non-voting partners did not feature in the balances for the Partnership;
- as a Teckal compliant organisation DAP's turnover with non-partners could not exceed 20% of it's overall turnover, which limited the work it could undertake with outside bodies; and
- South West Audit Partnership completed an internal audit of the 2019/20 DAP accounts and confirmed positive arrangements and assurance.

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

RESOLVED

- (a) that the Devon Audit Partnership Revenue Outturn Position Report 2019/20 be noted;
- (b) that the Devon Audit Partnership balance sheet as at 31 March 2020 and the balances contained be noted;
- (c) that the Accounting Statement, prepared in accordance with the (former) small bodies return format be noted;
- (d) that approval be given for the Chair to sign the Annual Governance Statement; and
- (e) that the Annual Internal Audit Report for 2019/20 be noted.

* 73

Devon Audit Partnership - COVID Update Report

The Committee considered the Report of the Head of Devon Audit Partnership (CT/20/60) describing the action taken by Devon Audit Partnership to respond to the COVID-19 crisis.

Members noted:

- 5 DAP staff had been redeployed to other roles during the pandemic;
- the delay to the appointment of a new Audit Manager until 5 October 2020 and the subsequent cost saving;
- impact of COVID-19 on fraud detection and Council Tax collection rates;
- impact on audit work, with some physical checks not being completed during COVID-19, but that DAP could still provide good coverage over the majority of controls and the overall control environment; and
- preparedness for a (possible) second wave of the pandemic was good.

It was **MOVED** by Councillor Loxton, **SECONDED** by Councillor Moore and

- (a) that the actions and response by the Devon Audit Partnership in relation to the COVID-19 crisis be noted;
- (b) that Internal Audit plans for partners are likely to be affected from the impacts of COVID-19, be noted;
- (c) that the potential risks to the financial position of DAP and the action by Partnership Management to reduce such risks to an acceptable level, whilst still supporting the COVID-19 response when called upon be noted;
- (d) that a report be presented to the 17 November 2020 Committee on impact of COVID-19 on fraud detection and Council Tax collection rates.

* 74

Devon Audit Partnership - Annual Report 2019/20

The Committee considered the Report of the Head of Devon Audit Partnership (CT/20/61) outlining the progress made by the Partnership during the year; the ongoing development of arrangements with partners; and the continued high level of customer satisfaction achieved.

Members noted:

- added value and how quantifiable this could be in terms of savings achieved;
- work to grow the Partnership's business, for example with the non-maintained school sector;
- impact on chargeable time with COVID-19 in terms of sickness and productivity; and
- the need for a balance between DAP staff continuity against some turnover of staff being healthy for the organisation.

It was **MOVED** by Councillor Corvid, **SECONDED** by Councillor Loxton and

RESOLVED

(a) that progress made by the Devon Audit Partnership during the 2019/20 financial year be noted.

(b) that the continued high level of customer satisfaction achieved by the Partnership be noted.

* 75

Future Meeting

The next meeting was scheduled for 17 November 2020.

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

The Meeting started at 10.30 am and finished at 11.45 am

Risk, Internal Audit, Counter
Fraud & Assurance

Annual Report 2019/20

Partnership Management
Committee

Page 1

June 2020

Auditing for achievement

Minute Item 74

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.

Key initiatives since February 2020

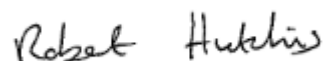
Since February, the Covid-19 pandemic has been uppermost in all our minds and, quite rightly, our partners and clients have prioritised responding to the crisis.

We recognise that DAP is not a “front line” service and therefore we made available all our staff to assist our partners with responding to the crisis; a number of our staff have been called upon to assist. The Head of Partnership took on the lead role for the Devon CC Food Cell, with DAP staff supporting this through a wide range of actions including establishing needs and supplies of food for smaller Care Homes. Other DAP staff have been deployed in different roles e.g. Supporting HR, Business Grants Processing, DCC Call centre – at time of writing 5 staff have been subject to such deployment.

We have further supported our partners as they have developed workarounds to normal business practices to enable a swift and effective response to Covid-19. We have been proactive in providing input, advice and assurance to services on any proposed changes. We have also looked to adapt and change the way we provide our assurance work – please see page 3 “new approach”.

During a crisis the risk of fraud is known to increase. We have encouraged all staff at all partners (and clients) to contact us when proposing changes to systems; if they have any concerns about what they are doing, or are concerned about the risk of fraud, then they are requested to contact us.

Looking back, 2019-20 was a special year for DAP. It was our tenth anniversary and we were able to welcome a new member to our partnership in the form of North Devon County Council. Covid-19 has shown how quickly things can change, and we know we must remain proactive and reactive to change, and constantly adapt and develop our ways of working to provide the services our partners and clients require and expect.



Robert Hutchins
Head of Devon Audit Partnership June 2020

Contents

Page 3 – Finance, new business and Covid-19 approach

Page 4 - Adding Value

Page 6 – DAP, Staff and Partner Development

Page 7 – Customer Service Excellence (CSE)

Page 8 - Internal Audit Performance

Appendix 1 - Customer Service Excellence Results – 2019/20

Finance, new business and Covid-19 approach

Budget position

I am pleased to report that the Partnership continues to remain within budget and, at the end of 2019/20, we generated an operating surplus of circa **£9k**. This has increased our overall surplus to **£221k**. However, we know that things can, and do, change quickly and so constantly monitor the financial position to ensure we stay on track and within budget.



New Business - We continue to win work in respect of our approved role as a First Level Controller of EU projects. We have recently been asked to provide this service for the Environment Agency for their Polder 2Cs and Fresh 4Cs projects.

Bournemouth University has also selected us from the FLC tender on the Rantrans project.

Page 3

Delivering an Audit Opinion in exceptional circumstances

Assurance Mapping
Development of 3 lines of defence
Implement Framework Models
Wider use of CRSA

Walk through
Data Analytics
Sample testing

Quality Delivery

PSIAS - compliance
CSE - compliance
Quality reviews

Enhance Appraisals
Staff training
Work towards Investors in People

Effective Processes

Business Development
- Development Plans - delivery of
- Marketing - development
- MKI - 3 Lines of Defence

Administrative Process
- P:/drive transfer to SharePoint
- Website refresh
- Teams - embedding use of
- GDPR compliance review

Covid-19 Approach

The Covid-19 crisis has required us to re-think how we provide our assurance work. We are very aware that we need to provide an annual assurance opinion at the end of 2020/21; we recognise that it will be difficult to complete our audit plan in the traditional way, and so have developed and adapted our practices to deliver our assurance work using different approaches.

This will include a greater focus on developing Assurance Maps for our partners and drawing on these to confirm risks are suitably identified and controlled. Key controls will be confirmed by way of remote testing wherever possible (so as not to disturb / disrupt operational staff) and we will employ a greater use of data analytics generated from system data.

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 February** who agreed that we have achieved this aim.

Child Independent Placements

Added value - Yes as it summarised and added weight to issues that I was aware of
The opportunity to have another pair of eyes look at our processes. The auditor knows us very well and always brings a high level of insight and expertise and well-informed challenge, which I value.

Better Care Fund

Added Value - Yes - it validated areas of focus that we were aware of and provided the opportunity for those in place actions to be recorded as well as providing important challenge to areas that require further attention.

Special School – Devon

Added Value - Yes, it identified areas needing more work and made helpful recommendations.
Although somewhat nerve-wracking, I have always found an audit to be a positive experience, designed to identify issues and recommend changes in order to strengthen out financial management.
The positive approach of the auditor is key to this.

New Payroll System

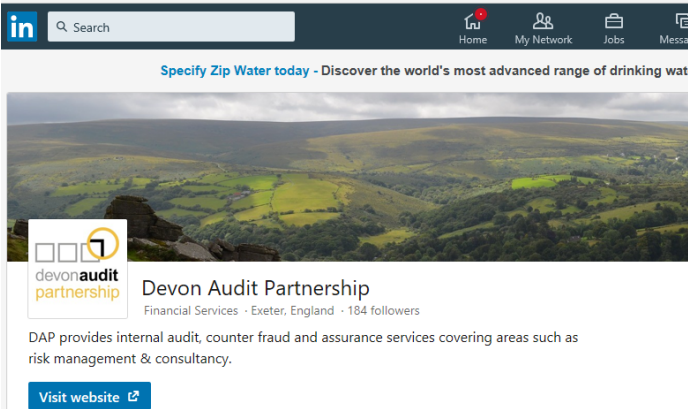
Added Value - Useful to have an 'outside' view following new system implementation.

Pensions

Added value - helps us improve working relationships with those also involved with some aspects of the pension fund administration.

DAP, Partner and Staff Development

[LinkedIn](#) – we have made a concerted effort to increase our reach via social media. We have asked all the team to look out for relevant, useful and informative posts that may be of use and interest to our partners and clients. We have considerably increased our LinkedIn following from (a paltry) 16 followers in September to a much better 211 as at May 2020. We see [LinkedIn](#) as a way to reach current and potential clients and staff and to promote the work of internal audit, risk management and counter fraud.



We wish to further develop working relationships across the south west, in particular in the peninsula. We have met with Holly Sykes and the Cornwall team to discuss audit planning, key and emerging risks, how each audit team could work with the other to maximise the benefit of internal audit.



Page 5



As part of our corporate social responsibility we encourage staff to make charitable donations if they are able to do so. Through various initiatives during the year the team were able to donate over £200 to various charities, including Macmillan Cancer Charity and Devon Air Ambulance.



We recently recruited a new Audit Manager to support our new work at North Devon, and in our growing client base overall. Paul will join us in October to take up his new role. Paul was originally scheduled to start with us in May, but, due to the Covid-19 pandemic, and the need for Paul to help finish work he was completing on behalf of the Ministry of Housing, Communities and Local Government, we have agreed an October start date.

Customer Service Excellence (CSE)

DAP holds the Customer Service Excellent award.

After every audit we issue client survey forms. The results of the surveys returned remain very good and very positive. The overall result is very pleasing, with near 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.

However, the real value in seeking feedback is to identify at an early stage where we have not met expectations and take action to address this. In this period, we have had one feedback form where the majority of scores were "poor". We have spoken to the auditor involved and provided training, support and guidance and expect performance to suitably improve.

We seek feedback from customers from all sectors. An extract from some of the feedback received since February is shown below:-

DAP – Customer Survey Results for 2019/20



- **School** - Auditor was very thorough and helpful. Auditor observation gave additional voice to areas that need to be addressed
- **Better Care Fund** - Colleagues interacted and maintained communication throughout the process which was appreciated and the asks / requests were always courteously made and any clarification willingly given
- **Primary School** - Auditor was very professional and thorough.
- **Special School** – Auditor was very good at explaining everything including the new SFVS requirements, always approachable and very professional Thanks for all your help and feedback..... was very fair and explained everything we needed to know and gave us tips and website links etc.....very fair and professional
- **Payroll** - Although the timing was far from ideal from a service perspective, I had useful conversation with the Audit team to allow flexibility where possible whilst meeting the time constraints. Enjoyed working with the auditors and that they were happy to arrange/meet directly with relevant members of the team where necessary.
- **Special School** - Very detailed advice and guidance was given prior to the audit taking place. Auditor was very understanding and professional and flexible in working around us to minimise disruption.

Internal Audit Performance

Our analysis of performance for 2019/20 shows that, overall, performance is generally expected.

The number of audits assignments started by 31 March is less than target but must be considered in light of the Covid-19 pandemic. A number of audits with planned audit start dates of March were delayed to enable our partners to respond to the emergency as it developed.

Devon Audit Partnership

Year end performance (end of March 2020)

Performance to end of March 2020

Local Performance Indicator (LPI)	Full year Target	Full year Performance	Outturn 2018/19	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100%	97.0%	99.4%	↓
Percentage of Audit plan Completed	90%	96.1%	92.0%	↑
Percentage of chargeable time	65%	64.8%	66.1%	↓
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	93%	98%	98.0%	→
Draft Reports produced within target number of days (currently 15 days)	90%	91%	89.4%	↑
Final reports produced within target number of days (currently 10 days)	90%	99%	100.0%	↓
Percentage of staff turnover	5%	4%	3.7%	↑
Out-turn within budget	Yes	Yes	Yes	→

Appendix 1 - Customer Service Excellence Results – 2019/20

Customer Survey Results April 2019 to March 2020

Summary of 63 responses

