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Phil Norrey
Chief Executive

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

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Date: 6 November 2020

Contact: Dan Looker, 01392 382232

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DEVON AUDIT PARTNERSHIP COMMITTEE

Tuesday, 17th November, 2020

A meeting of the Devon Audit Partnership Committee is to be held on the above date, at 10.30 am to consider the following matters. This will be a virtual meeting, for the joining instructions please contact the Clerk for further details on attendance.

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 14 July 2020, attached.

3 Items Requiring Urgent Attention

Items which in the opinion of the Chair should be considered at the meeting as matters of urgency.

4 COVID-19 Fraud Activity & Income Pressures - November 2020 (Pages 5 - 16)

Report of the County Treasurer (CT/20/85), attached.

5 Redmond Review (Pages 17 - 18)

Report of the County Treasurer (CT/20/86), attached.

6 Six Month Update Report 2020/21 (Pages 19 - 28)

Report of the County Treasurer (CT/20/87), attached.

7 Budget Monitoring 2020/21 - Month 6 (Pages 29 - 30)

Report of the Head of Partnership (CT/20/88), attached.

8 Updated Risk Register - November 2020 (Pages 31 - 40)

Report of the County Treasurer (CT/20/89), attached.

9 Quality Assurance & Improvement Programme (Pages 41 - 54)

Report of the County Treasurer (CT/20/90), attached.

10 Future Meetings

Members are requested to have their diaries available in order for future meeting dates to be arranged.

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

Nil

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). They need to be disposed of carefully and should be returned to the Democratic Services Officer at the conclusion of the meeting for disposal.

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Induction Loop available



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:

Agenda Item 2

- 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

DEVON AUDIT PARTNERSHIP – COVID 19 FRAUD ACTIVITY & INCOME PRESSURES - NOVEMBER 2020

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 notes the attached report setting out the increased risk of fraud due to the Covid pandemic.

Summary

The attached document sets out some of the fraud risks that local government faces in this time of a global pandemic.

It is generally reported that there has been a general upturn in fraudulent activity during the COVID 19 (C19) crisis. Many frauds and scams have adopted a 'C19 camouflage' in order to play on people fears and lack of knowledge.

Local authorities continue to face a significant and unprecedented fraud challenges. Official figures are dated, however the argument for protecting the public purse remains a renewed priority. The National Fraud Authority (2013) estimated local authorities face the threat of £2.1bn fraud a year. In fact, the Annual Fraud Indicator, produced by Crowe Clark Whitehill, estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Being vigilant to the risk of fraud has never been more important; the Counter Fraud officers of DAP are providing advice and guidance to our partners to aid in the prevention, detection and investigation of fraudulent activity.

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

Counter Fraud Services

COVID 19 Fraud activity and income pressures update

DAP Partners.

Date October 2020



Support, Assurance & Innovation

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COVID 19 Fraud Activity Update

1. Introduction

- 1.1 It is generally reported that there has been a general upturn in fraudulent activity during the COVID 19 (C19) crisis. Many frauds which are often referred to as Scams have adopted a C19 camouflage in order to play on people fears and lack of knowledge. Fraud activity had already, significantly increased in the years prior to C19, therefore an accurate picture of the direct effects of the current crisis remains unclear.
- 1.2 Local authorities continue to face a significant and unprecedented fraud challenges. Official figures are dated, however the argument for protecting the public purse remains a renewed priority. The National Fraud Authority (2013) estimated local authorities face the threat of £2.1bn fraud a year. In fact, the [Annual Fraud Indicator](#), produced by Crowe Clark Whitehill, estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. [The Government's Economic Crime Plan](#) states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

2. Fraud How and Why

- 2.1 How and why fraud is committed generally remains unchanged over our history. The vehicle to deliver the fraud may vary over time (letter or email), but essentially 'it is the same old wine in new bottles'. As C19 took hold and fears grew, the way we work, shop and fill our leisure time changed. Fraudsters understand, how many of us think and react as human beings. In many instances they use a technique which is called the Amygdala Hijack. This is where they create a situation which causes an overwhelming and emotional response to a stimulus (such as an email or text) that increases our stress levels which in turn trigger our fight or flight responses. Normal logical thought is over-ridden by the need to take immediate action.
- 2.2 When people are already stressed the effect of an email or text that they may normally dismiss suddenly triggers a response and the reaction can be to 'click the link', take up the offer or believe something that may appear to be extraordinary in normal times.
- 2.3 The high risk indicators of fraud fall into three categories outlined in the diagram on (**Appendix I**).
- Pressure – “Financial or emotional pressure pushing towards fraudulent activity”. Financial hardship either perceived or real will drive fraud. Greed and fundamental dishonesty (getting something for nothing) are emotions that many find difficult to control. The pressures that cause people to commit fraud are wide and varied. The issue could be drug, alcohol or related to some other addiction such as gambling. Whatever the reason there will be a driving force that makes someone do something they know to be fundamentally wrong. With organised crime the drivers are, that this is their business and how they make money to support other illegal activities. As we were starting to emerge from one global financial crisis, C19 has tipped us back into a much larger one, causing even more pressure.
 - Opportunity – “The perceived ability to execute a planned fraud without getting caught”. C19 has required many LA Departments and all businesses to operate outside of normal and accepted, tried and tested processes. Staff drafted into new positions and roles, with little training. Decisions have needed to be made quickly and often with no prior example to follow. Whilst every opportunity to block any fraudulent attempts will have been made, it is clear that there will have been gaps in

normal defences and greater opportunity for dishonest activity. Fraudsters look for these opportunities, hence why fraud has adopted a C19 camouflage.

- Rationalisation – “The personal justification for dishonest actions”. All fraudsters self-justify their actions. C19 will mean that the pressures on individuals may change their perception of what they feel is acceptable. Fraud is seen by many of those who commit it as a ‘victimless crime’, as “insurance will cover it” or “well it’s my money anyway as I pay taxes”. Organised criminal gangs operate on a lower moral stance and just see fraud as good business. Whatever the justification in a fraudsters mind, they clearly know their actions are dishonest and this is what generally catches them out as their justifications appear hollow and without any moral substance under formal questioning.

2.4 The economic impact as a result Covid-19 is far reaching, extreme, and it is likely to be quite some time before the economy recovers. Many people will suffer financial hardship which will increase the risk of fraud. People of previous good character can be driven to commit fraud and related offences when they or their families are suffering financial hardship and the opportunity presents. Therefore, extra vigilance, awareness and checks will be required in the current and following years.

3. Examples of C19 related frauds.

3.1 Some of the more common examples of this type of fraud based on fear, which have already been reported -

- Victim alleged to have breached stay home regulations scam, fraudulent text messages from .GOV.UK issuing fines for leaving home.
- Free school meals scam, fraudulent messages to parents entitled to free school meals requesting bank details. Messages received via email and text.
- Fraudsters purporting to be from a research group that mimic the Centre for Disease Control and Prevention (CDC) and World Health Organisation (WHO). They claim to provide the victim with a list of active infections in their area but to access this information the victim needs to either: click on a link which redirects them to a credential-stealing page; or make a donation of support in the form of a payment into a Bitcoin account.
- Fraudsters providing articles about the virus outbreak with a link to a fake company website where victims are encouraged to click to subscribe to a daily newsletter for further updates.
- Lender Loan Fraud – there are already media reports circulating about parents concerned that they may not be able to feed their children if they are not at school and those who will be made redundant or self-employed receiving a much reduced income with potentially the same or increased living costs. This may mean people look to quick loans to see them through.

3.2 Where people feel that they are at risk, medically or financially, the same method is used in an attempt to appeal to our natural need for security and stability -

- Fraudsters sending investment scheme and trading advice encouraging people to take advantage of the coronavirus downturn encouraging victim to divulge details and or click on fraudulent links.
- Fraudsters purporting to be from HMRC offering a tax refund and directing victims to a fake website to harvest their personal and financial details. The emails often display the HMRC logo making it look reasonably genuine and convincing. We have also had reports of people receiving similar text messages.
- Since lockdown eased, fake websites have offered cheap holidays abroad and at home with links that steal personal data and or encourage payment when no product is available.
- Holiday rental homes scam, where there is no rental home available.

3.3 As the crisis deepened, we became more settled in our new reality and many wanted to help others less fortunate and those who were on the front line during the pandemic.

- Scam emails purporting to be from the Government asking for donations to the NHS.
- Emails, texts, letters and telephone calls purporting to be from legitimate charities requesting financial support.
- Scam emails requesting details of individuals to sign up to volunteering schemes in the local area.

3.4 Local Government Partners should also be aware of the following expected and emerging frauds both for their business and their constituents and customers –

- Online Shopping and Auction Fraud – more people at home socially distancing increases the number of people online shopping through necessity but also the fact they have more time on their hands to browse the internet.
- Computer Software Service Fraud – more people working from home will increase demand on IT systems causing slower responses and making some scripts seem more believable.
- Mandate Fraud – with more people working at home, it may be easier for fraudsters to impersonate senior decision makers, with seemingly valid reasons why they cannot be contacted, and request a change in direct debit or standing order payments.
- Investment Fraud including Pension Liberation Fraud – fraudsters could take the opportunity to create bogus investments in commodities in high demand, for example oxygen, and if people are worried that they might not have enough money to see them through this financially uncertain time, they may be more prepared to invest.

4. C19 Grant Fraud

4.1 In response to the pandemic the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors. This support took the form of grant funding schemes, including the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. There has also been a Discretionary Business Grants Fund developed separately by LA's.

4.2 The Grant values range from £5k to £25k per business and has proven a high value target for fraudsters. This has prompted a national wide response from HM Government and since the implementation of the schemes many organisations have come forward offering support, especially in the data matching and analysis area in an attempt to provide tools to LA's so that they in turn are able provide full 'Assurance' that the £20 billion spent nationally in support for businesses that –

- Only genuine claims are processed and or have been paid and
- Where claims have been identified as incorrect, false or spurious, that they have been highlighted for follow up action and or redress.

4.3 All Local Authorities will be affected by fraud in this area whether they have direct responsibility for the dispersal of funds, or not, as it is all funding from the 'Public Purse' - eventually this will affect all areas of public life in the UK.

4.4 With such large amounts of money available, it is unsurprising that opportunistic as well as organised fraudsters have taken advantage of the urgency and confusion caused by the C19 global pandemic, in order to line their own unscrupulous pockets. Below are some known successful and attempted frauds in this area of Council Business.

- Scam one: Someone emails the council pretending to be the liable party on a business rates account. They ask to be reminded what their account number is because they don't have access to the paperwork. They then use this account number to apply for a Covid-19 business grant.
- Scam two: Someone emails the council saying they moved to a new business premises in the area before March 2020. Often they use a tactic to add pressure, e.g claiming they tried to contact the council months ago, but their application form was lost. They don't have to actually pay the business rates because they've been suspended. They can access a Covid-19 business grant with the account information provided (up to £25k).
- Business owners, whose business liquidated prior to 11/03/20, attempt to claim and fail to notify that the business has folded prior to qualification. This may take the form of the owner maintaining that there is a new business taking over from the old one.

4.5 All involved LA's have a Single Point of Contact (SPOC) who is responsible for fraud reporting at the national level. Any frauds that cross LA borders or are considered related to organised crime must be reported in real time.

4.6 National Fraud Initiative Response (NFI) A recent consultation document issued by the Cabinet Office (CO) made it clear that it is the Government's intention to ensure that Grant Payments made during the C19 crisis are included in this year's data submission for the NFI. This data will need to be submitted by Dec 2020.

4.7 The resultant matches/mismatches will have to be investigated, justified or corrected. Where fraud is identified it may be necessary for LA's to use the full weight of the law in order to be able to recover fraudulent debt. This may / will undoubtedly uncover more sophisticated frauds that cross LA borders.

5. Predicted threats to income

5.1 The threat to income from non-payment of Council Tax and Non Domestic Rates is an obvious one as business and jobs come under threat. There is little statistical analysis available this time as Councils are busy doing all they can to minimise the impact on individuals, businesses and service users. The information below is taken directly from a report by the Institute for Fiscal Studies titled [The financial risk and resilience of English local authorities in the coronavirus crisis](#).

5.2 Lower-tier shire district councils are particularly reliant on business rates revenues and income from sales, fees and charges, putting them at greater risk of revenue falls. On average, they could lose business rates revenues equivalent to 18% of revenue expenditure before a 'safety net system' compensates them for losses, compared with 6% for urban metropolitan districts and 2% for county councils. Fees for parking, cultural and leisure services, planning and trade waste schemes, which are likely at particular risk, are equivalent to an average of 29% of shire districts' budgets, compared with 7% for London boroughs and less than 1% for county councils.

5.3 There is substantial variation in reliance on these revenue sources between individual LAs, implying significant variation in risk to overall revenues. One in ten shire districts rely on fees from parking, cultural and leisure services, planning and trade waste schemes for less than 9% of their expenditure, while another one in ten rely on them for more than 55%, for instance.

5.4 LAs serving more deprived communities seem likely to be subject to less revenue risk than LA's serving more affluent communities. First, they rely less on income from sales, fees and charges, and much less on council tax revenues. For example, the tenth of LAs with the highest levels of deprivation rely on council tax for 32% of their non-schools revenue expenditure, compared with

69% for the tenth of LAs with the lowest levels of deprivation. Second, a smaller share of jobs in their areas are in the sectors most affected by the coronavirus lockdown (such as non-food retail, hospitality and transport), and a smaller fraction of their adult residents are self-employed and had to wait until late May for financial support for loss of income.

6. Statistical evidence

- 6.1 The problem of fraud is an ever growing one, which is constantly changing and evolving. Research shows that detected or reported examples of fraud do not represent the total cost of fraud, as much remains undetected and or hidden. Investing in the appropriate strategies means that organisations can continue to increase their resilience to fraud as this is recognised as one of the most effective ways to reduce the risk of fraud.
- 6.2 Various organisations have seen an upturn in the reporting of fraudulent activity. Whilst this is to be expected, the full extent of fraud activity will not be known for some time and the total of losses at this time it is difficult to say whether there is more fraud activity due to C19 or whether reporting has increased and fraud has just taken on a C19 cover, whereas prior it hid in many different guises. Below are some headlines from national counter fraud investigation teams.
- 6.3 We know from previous experience that reported fraud is the tip of the iceberg and that most goes undetected and or unreported as it is a hidden crime.

Action Fraud

- Animal lovers looking for pets in lockdown defrauded of nearly £300,000 in two months - Tuesday, 5 May, 2020
- Cyber experts shine light on online scams as British public flag over 160,000 suspect emails - Thursday, 7 May, 2020
- 260 reports of coronavirus-related TV Licensing emails so far this month - Wednesday, 27 May, 2020
- A total of £11,316,266 has been reported lost by 2,866 victims of coronavirus-related scams.
- Action Fraud have received 13,820 reports of coronavirus-related phishing emails. 12 June, 2020
- Over £16 million lost to online shopping fraud during lockdown - Friday, 19 June, 2020

Her Majesties Revenues and Customs (HMRC)

- More than 10,000 COVID related phishing scams are being investigated by Her Majesty's Revenue & Custom (HMRC)
- In May alone more than 5,000 scams were reported to HMRC by the public. A rise of 337% if compared to March figures, when lockdown began. During the month, HMRC asked internet service providers to remove 292 scam websites to help combat the issue.

GOV.UK

- Fraudsters are exploiting the spread of coronavirus (COVID-19) in order to carry out fraud and cybercrime. Police have reported an increase in coronavirus related scams.
- We are issuing an alert to help charities minimise the risk of becoming a victim of such frauds and cyber-attacks. All charities, but especially those providing services and supporting local communities during the coronavirus crisis, could be targeted by fraudsters.

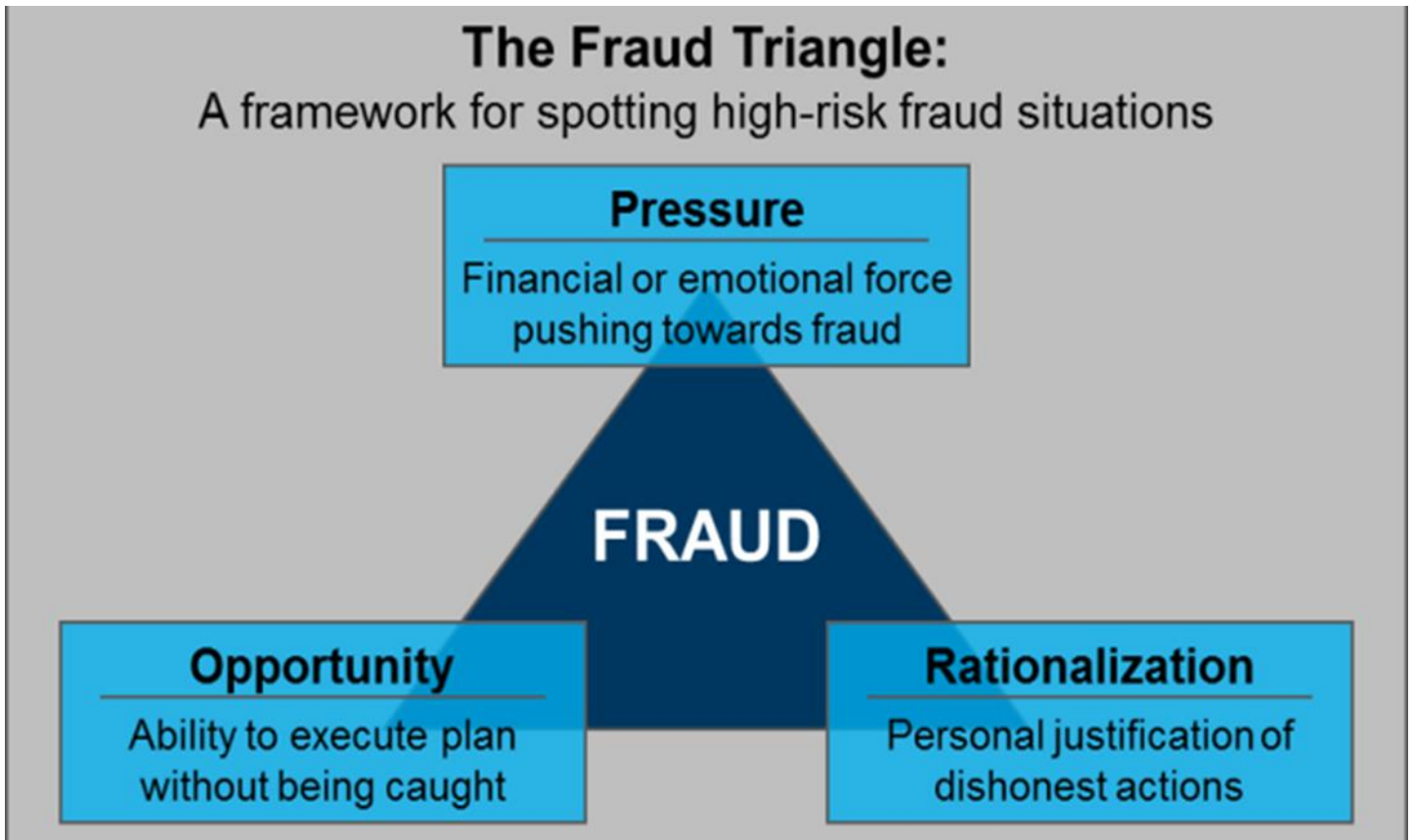
7. Where can our customers get advice?

- 7.1 Detailed counter fraud advice is available online, including from these trusted sites. **Only use trusted sites and or those displaying that they are secure.** (site address starts with "https" or displays a padlock image next to the site address)

- [Scamsmart](#),
- [ActionFraud](#),
- [CIFAS](#),
- [TakeFive](#),
- [Citizens Advice](#),
- [Trading Standards](#)
- [National Cyber Security Centre](#).
- [Fraud Advisory Panel](#)

8. Devon Audit Partnership how can we help?

- 8.1 [Devon Audit Partnership](#) DAP is committed to providing (independent) assurance and services that assist all Partners in fulfilling their responsibilities to comply with their duty to adequately protect the public purse.
- 8.2 At DAP we have fully professionally qualified Auditors and Fraud Investigators. This means that we can assist our partners in ensuring that they have the correct processes and practices in place to show that all reasonable steps have been taken to secure the public purse and provide assurance to Her Majesty's Government of the same. At DAP we take an integrated Risk Management, Audit and Counter Fraud approach to ensure that our partners receive the best service and advice.
- 8.3 We already have sound connections with [CIFAS](#) and are already members of [NAFN](#). The Counter Fraud Services Team won the CIFAS Fighting Fraud and Corruption Locally national award in the 'Prevent' category in 2019. They have also won national awards from [ALARM](#) Risk Management in 2018 and were 'Highly Commended' in the [Government Counter Fraud Awards](#) in 2019, only coming second to NHS Scotland.
- 8.4 Criminal investigation demand a high level of impartiality and professionalism. The Manager and Investigators are all 'Accredited Counter Fraud Specialists' and all other staff within the team are 'Accredited Counter Fraud Technicians'. We have dealt with thousands of criminal investigations and have successfully prosecuted many hundreds of individuals, with 100% success. The team are recognised as a ground breaking and highly effective counter fraud option in many areas of Local Authority business.
- 8.5 There are many things to be done in a short space of time to ensure financial security and assurance at the required standard for our customers and yours. If you think we can help then contact us at dap@devon.gov.uk
- 8.6 For further information on any counter fraud matters, please contact me directly Ken.johnson@devon.gov.uk or ken.johnson@plymouth.gov.uk or on 01752 307625.



DEVON AUDIT PARTNERSHIP – Redmond Review Report of the County Treasurer

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

1 Recommendation: that the Committee agrees

1. That DAP should investigate if it is feasible to attract a “pool” of independent members to support the Audit Committees (or equivalent) of DAP partners (and clients)

2 Summary

2.1 The [Redmond Review](#) into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, has made a large number of recommendations to improve audit related activities at local authorities – these are mainly aimed at External Audit colleagues, the closure of the Accounts and the operation of the Audit (or equivalent committee). It should be noted that these recommendations will require a Government Response and legislation to become a requirement. However, and in the meantime, there is nothing to prevent local authorities from considering the recommendations, and making recommended changes in anticipation of government support.

2.2 DAP have prepared an “Action Plan” that has been provided to each Partner to assist them in monitoring the completion of actions against the Redmond recommendations.

2.3 Internal Audit gets a minor mention in the Redmond’s report in that External Audit colleagues should look to work more closely with Internal Audit. In previous years a “managed audit” agreement has been in place with External Audit colleagues, which set out what we would share / how we would do that – it will be good to see this resurrected. CIPFA officers are giving consideration to preparing an explanatory note on Internal Audit / External Audit relationship and may seek steer from IASAB on this.

2.4 In his report Redmond recommends that :-
Independent Members should be recruited to Audit Committees, with the aim of bringing in specialist, technical knowledge to support the other elected committee members.

2.5 We see that this could be challenging for councils; in the recent past we know that Partners have tried to recruit such independent members but have been unsuccessful. If the Redmond recommendations become a requirement then there is the possibility that 8 districts, 2 unitaries and 1 County Council, plus Fire, Police and National Parks in the Devon area will all be seeking such independent members – potentially competing against one another in a very small pool.

2.6 We consider that DAP could be used to support and achieve the need for independent members, with the idea that DAP could be used as a vehicle to recruit, say, a small pool of such specialists, and then allocate these to Audit Committees.

2.7 At present the number of committees varies at each organisation (3 to 8 per year) – if we allocated an independent member to 3 / 4 committees then their involvement would be greater and may appeal to a wider audience.

Agenda Item 5

2.8 We would expect to need to provide financial assistance / recompense for this – such a fee could be agreed (possibly £200 per committee?) with fees being paid by DAP but the charged back to partners. DAP would then assist in the training of these members – saving on training costs and officer time in training.

2.9 There could be a risk of “diary clashes” but, with a bit of planning, we think this could be avoided. It may be that an independent member is not required at every committee – we could work with each Partner to meet requirements.

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

DEVON AUDIT PARTNERSHIP – SIX MONTH UPDATE REPORT 2020/21 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 six month update report from the Head of Devon Audit Partnership

Summary

The attached report from the Head of Devon Audit Partnership summarises activity in the first six months of 2020/21.

The report recognises the challenge brought about by the Covid pandemic and the impact that this is having on the work of the team.

The report provides progress an update on new customers gained, but also on customers who have decided to seek new suppliers.

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>
-------------------------	-------------	-----------------

Nil

There are no equality issues associated with this report

Risk, Internal Audit, Counter
Fraud & Assurance

Six Month Report 2020/21

Partnership Management
Committee

Page 21

October 2020



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.

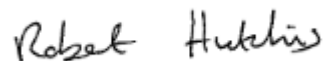
Recommendation: that the Committee notes the current status of the Partnership and current issues.

Key initiatives since June 2020

Since June, the Covid-19 pandemic has continued to be uppermost in all our minds and, quite rightly, our partners and clients have prioritised responding to the crisis. As previously reported, 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 level of Covid-19 support required has reduced since June, but with the risk of a “second wave” we are aware that further requests for support and assistance may be made.

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. However we know that, despite our best efforts, Covid has impacted on our work – for this reason we are looking to re-assess our internal audit plans to ensure that we can be realistic and effectively deliver a balanced assurance service for all our partners and clients.

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.



Robert Hutchins
 Head of Devon Audit Partnership October 2020

Contents

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Page 4 – loss of customer and 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 – 2020/21

Finance, new business and Covid-19 approach

Budget position

We work hard to ensure that the Partnership operates within its mean and stays within budget. Covid-19 will present significant challenges for us, not least as we anticipate that requests for additional work from non-partners will be limited, as funds are diverted away from internal audit reviews to front line services. However, we have taken action to manage our costs and are still projecting a (very!) small surplus of around £1k in this year.



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 following schemes.

Interreg Programme	Project	Partner
Channel	RanTrans – Rapid Reduction of Nutrients in Transitional waters	<ul style="list-style-type: none"> • Bournemouth University
Channel	PACCo - Promoting Adaptation to Changing Coastlines	<ul style="list-style-type: none"> • Environment Agency • Defra
2sea's	Polder2C's – To prepare the 2 Seas Region for the emerging trend in Climate Change	<ul style="list-style-type: none"> • Environment Agency
Channel	PPP – Preventing Plastic Pollution	<ul style="list-style-type: none"> • Environment Agency • Defra • Westcountry Rivers Trust • Plymouth City Council
Channel	INDIGO – INnovative fishing Gear for Ocean	<ul style="list-style-type: none"> • Plymouth University
Atlantic	DiadES - Assessing and enhancing ecosystem services provided by diadromous fish in a climate change context	<ul style="list-style-type: none"> • Plymouth University



But we also recognise that we operate in a very competitive field.

We are pleased that so many academy schools have chosen to use our audit and advisory services, but we know that our competitors offer different offers to us which may be more appealing at a moment in time.

It is with sadness that Plymouth CAST have chosen a new provider. Feedback from the interview process stated *“your organisation had the requisite skills and expertise to fulfil the contract, but the panel felt that your wider national contacts were limited, which could impact on your ability to keep the committee abreast of pending changes in the wider sector landscape”*.

Being a south west based organisation the ability to compete with national providers is always going to be an issue for us, yet we will take on board these comments and see how we can engage with other partners to further strengthen our knowledge and service offering.



Adding 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 June** who agreed that we have achieved this aim.

09/09/24

Debtors

Added value - yes - noted areas where we are performing quite well but also highlight areas where we could further improve with recommendations on how to do this.

Highways – Data Breaches

Added value - It's useful to have an independent review of issues to help establish links between and any root cause

Procurement – Financial Resilience

Very consultative, good listening, felt a very professional and objective peer challenge which helpfully highlighted the specific area we wanted to review / bring out.

Added value? - Yes, helps verify to our teams the importance of this area, good practices in how to approach getting the particular service area right, and adding weight as we encourage wider Service areas to adopt the same good practices also.

Secondary School

Added value - Yes, sensible suggestions made.

Academy School

Added value Yes I am kept up with all the latest legislation
The audit is always conducted well.
I would prefer to keep having a visit as I do not have time to scan in all the documents to send.

DAP, Partner and Staff Development

New apprentices to the Partnership.

We welcomed 3 x new apprentices to the Partnership. Whilst these new staff will take some time to train, we are looking to the medium & longer term and ensure that we have a good crop of new people coming through who can replace those who have left and indeed may leave in the new future.



© Can Stock Photo

Flexing our resources

it is unfortunate, but unavoidable and inevitable, that, due to the impact of Covid, the audit plans for our partners will suffer from some reduction.

We would normally expect to complete one half of the agreed plan by end of September, but completion in this first half of the year has been impacted by the pandemic. The Team has made good progress in delivering audits, albeit via a remote working approach, which has been made possible where partner staff return to the normal duties.

However, whilst we would, ideally, like to make up lost time in the rest of the year this will be unachievable. We have therefore proposed that, for each Partner of DAP, we re-assess each internal audit plan for 2020/21. Each allocated Audit Manager will provide an updated position on work completed in each partner's plan as at 30th September, and will adjust the plan for the rest of the year to reflect the resources remaining. This process will also take into account the changes enforced by Covid, and the resulting changes in your risks.

Customer Service Excellence (CSE)

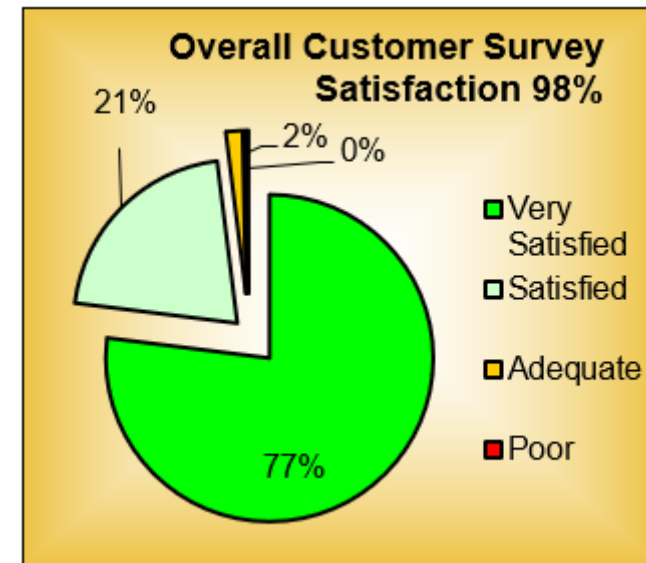
DAP holds the Customer Service Excellent award.

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 June 2020 is shown below:-

DAP – Customer Survey Results for 2020/21



- Academy – XX was professional and friendly during the audit. XX is very helpful and is always able to answer and help with any queries I have
- School - Excellent service, polite, efficient and practical
- Incident Problem Management - The service is professional and the auditor very knowledgeable XX was professional and knowledgeable
- School - Both XX and YY acted in a professional but friendly manner which is appreciated by all....
- Debtors – excellent interactions - able to discuss any aspect without judgement and also feedback on recommendations

Internal Audit Performance

Our analysis of performance for the first six months of 2020/21 shows that, overall, performance is OK, but the percentage of audit plan completed is less than expected. This is primarily due to the impact of Covid, where DAP staff have been assisting partners as they respond to the pandemic, but also due to some sickness experienced as some of the team contracted Covid, and also due to some audits taking a little longer than expected as the team have got used to working from home on a continual basis.,

Devon Audit Partnership - Performance monitoring 2020/21

Six month performance (end of September 2020)

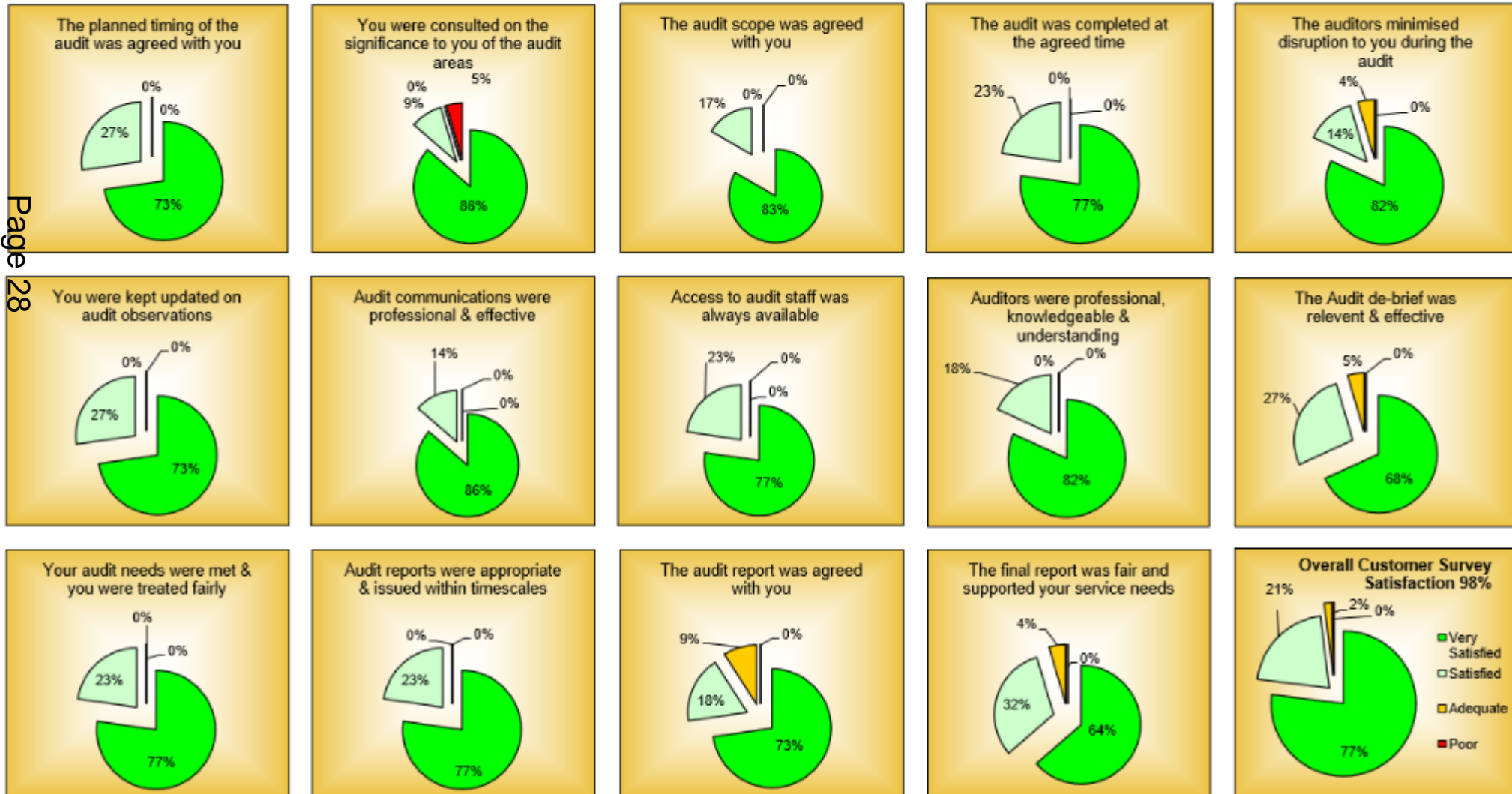
Local Performance Indicator (LPI)	Full year Target	6 mth Target	Quarter 2 2020/21	Quarter 2 2019/20	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100%	45%	48%	57.0%	↓
Percentage of Audit plan Completed	90%	40%	27.7%	35.1%	↓
Percentage of chargeable time	68%	68%	65.1%	64.3%	↑
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	98%	98.0%	←
Draft Reports produced within target number of days (currently 15 days)	90%	90%	95%	94.3%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	95%	100.0%	↓
Average level of sickness absence	2%	2%	4.9%	2.9%	↑
Out-turn within budget	Yes	Yes	Yes	Yes	↔
Percentage of staff turnover (4 staff (2 leavers & 2 starters) of 30 staff = 13%)	13%	8%	20.0%	3 leavers and 3 starters (+ apprentice)	

Appendix 1 - Customer Service Excellence Results – 2020/21

Customer Survey Results April 2020 to October 2021 - Summary of 22 responses

Customer Survey Results April 2020 - October 2020

The charts below show a summary of 22 responses received.



BUDGET MONITORING 2020/21 – Month 6

Report of Head of Partnership

Recommendations:

That members:

1. Note the projected financial outturn position of DAP
2. Note variances and reasons

Budget Monitoring Month 6

The Budget monitoring at month 6 indicates that Devon Audit Partnership (DAP) will generate a small surplus at the year end (circa £1k).

The table below analyses the projected spend and income for the year:

Table 1 DAP Financial position and projection as at Mth 6 2020/21

	2020/21 Proposed Budget	Mth 6 - year end projection	Over / Under spend
Employees	1,449,650	1,581,992	132,342
Premises	38,000	38,000	0
Transport	28,200	14,000	-14,200
Supplies & Services	64,800	64,800	0
Support	47,500	47,500	0
Income	(1,631,500)	-1,750,380	-118,880
Total (Surplus) / Deficit	(3,350)	(4,088)	(738)

Variances (items over £1,000):

Employees – Staff Costs £132k increase – mainly due to additional staff required to staff additional income gained. However, staff costs are circa £12k greater than anticipated as the agreed pay award was at 2.75%, not the 2% budgeted for.

Agenda Item 7

Transport - £14k reduction – home working, resulting in a considerable reduction in travel in the first six months of 2020/21. Further savings likely in the remainder of the year.

Income – £119k increase - due to carry forward of work from 19/20, additional work requests from partners , EU Fund projects and new work in relation to Torbay Council (SWISCO.).

Robert Hutchins

Head of Partnership

21 October 2020

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

DEVON AUDIT PARTNERSHIP – UPDATED RISK REGISTER NOVEMBER 2020

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 notes

1. the updated Strategic and Operational risk register
2. the actions in place to reduce risks to an acceptable level

Summary

The attached document sets out the updated Strategic and Operational risks facing the Partnership.

The risks facing the Partnership are constantly changing; risks are influenced by both “outside” factors (e.g. changes to funding) and internal issues (the way that we operate).

The key risks that we currently face include:-

- Change in priorities or dissatisfaction of one of the partners results in a partner leaving;
- The impact of Covid on our ability to deliver our work; and
- Impact on delivery due to factors such as employee absence.

Partnership management continue to monitor our mitigating actions to ensure that these risks do not materialise.

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>
-------------------------	-------------	-----------------

Nil

There are no equality issues associated with this report

Devon Audit Partnership - Strategic and Operational Risk Register Updated Oct 2020

Ref	Risk Description	Inherent			Mitigating control	Controlled			Further action required	By When
		Impact *	Probability	Risk *		Impact	Probability	Risk		
S3	Reducing Client base compromises viability of DAP	3	2	6	<p>Marketing programme / bids for new work maintains or improves the turnover.</p> <p>Diversification – offer more than just internal audit (e.g. risk management / counter fraud services)</p> <p>Best marketing tool is our staff – ensure that they are professional and add value</p>	<p>Oct 2019 3</p> <p>2</p> <p>6</p>		<p>Improved marketing to extend into known market areas e.g.</p> <ul style="list-style-type: none"> - EU funded schemes - Charities - Other local authorities - Health 	Ongoing (e.g. Cornwall and Health).	
					<p>Oct 2020 2</p> <p>2</p> <p>4</p>	<p>Develop and promote other services that compliment DAP (e.g. Risk Management, Counter Fraud etc)</p>		e.g. via Regional Risk Man Group		
Page 34	Reputational damage from poor quality audit delivery	3	2	6	<ul style="list-style-type: none"> • PSIAS – Assurance. • Quality review process in operation • CSE – delivery • Internal QA process. • Staff development – e.g.inter-organisational awareness and cross organisational awareness • Use of networks (LACAN & Audit Together) to widen understanding on audit subjects. • 	<p>Oct 2019 3</p> <p>2</p> <p>6</p>		<p>Revitalise quality review process. New Audit Manager to assist – bring a “fresh” perspective.</p>	Winter 2020	
						<p>Oct 2020 3</p> <p>3</p> <p>9</p>		<p>Annual CSE “inspection”. Last review June 2019 = positive, but currently “on hold” due to Covid. Next review needs to be scheduled.</p>	Winter 2020 (?)	
								<p>Further develop client relationship roles so that we fully know what each client wants, and aim to either</p> <ul style="list-style-type: none"> - Deliver what is required - Clearly explain why we cannot meet that need. 	Winter 2020	

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

Devon Audit Partnership - Strategic and Operational Risk Register Updated Oct 2020

Ref	Risk Description	I n h e r e n t			Mitigating control	C o n t r o l l e d			Further action required	By When
		Impact *	Probability	Risk *		Impact	Probability	Risk		
S5	Information Governance – non-compliance from multiple storage areas and data transfer means. Loss of data due to IT failure / unable to use secure data transfer arrangements	3	3	9	Good understanding and awareness of GDPR requirements. Part of DCC network – so lots of resilience. Data sharing agreements prepared and shared / agreed with each partner. Use of Mki – hosted software supplier. All staff to have completed Data Protection ELearning	Oct <u>2019</u> 3	2	6	Data sharing agreements refreshed / updated to reflect current legal advice / best practice. Staff to be reminded of GDPR at team meetings	Completed. Ongoing
						Oct <u>2020</u> 3	1	3		



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

Devon Audit Partnership - Strategic and Operational Risk Register Updated Oct 2020

Ref	Risk Description	Inherent			Mitigating control	Controlled			Further action required	By When
		Impact *	Probability	Risk *		Impact	Probability	Risk		

Operational Risks

Page 36	<p>O1 Failure to deliver agreed plans in line with targets resulting in increased control risk to clients and lack of confidence in DAP as a provider.</p> <p>Wider product mix (Risk, Fraud IA etc) increases resilience, but introduces new challenges in monitoring.</p>	3	3	9	<p>Wider client base reduces exposure for individual clients.</p> <p>Close and effective management of work against all plans (IA, Risk, fraud etc). Clear understanding and control of time spent on “overheads” / non productive work.</p> <p>Additional management capacity secured, part of new managers role will be to support performance management and quality.</p>	Oct 2019 2	2	4	<p>Use other ways to measure “effectiveness” of services provided (e.g. value of funds recovered from Fraud).</p> <p>Strong and effective management to tackle areas of concerning performance.</p>	<p>Ongoing – working with Audit Together grouping on this. Winter 2020</p> <p>Ongoing</p>
	<p>O2 Due to Covid, - insufficient work is undertaken for some clients to support a well-founded assurance opinion; - Clients do not think they have got ‘value for money’ from the work this year (2020/21).</p>	3	3	9	<p>Clarity on how DAP staff have helped partners respond to the initial impact of the pandemic.</p> <p>Ability to “flex” plans to focus n key risks thereby giving assurance over the key areas.</p> <p>Development of Assurance Maps to provide assurance with reduced resources.</p>	Oct 2020 2	2	4	<p>Re-assessment of each Partner IA plan to ensure that resources are evenly allocated and that all partners have enough dedicated IA input to enable an assurance opinion to be provided.</p>	Oct / Nov 2020



New risk

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

Devon Audit Partnership - Strategic and Operational Risk Register Updated Oct 2020



Ref	Risk Description	Inherent			Mitigating control	Controlled			Further action required	By When
		Impact *	Probability	Risk *		Impact	Probability	Risk		
O3	Failure to work effectively across clients to identify cross cutting themes and issues, and report on best practice that relate to many of the clients – for instance on climate change and environmental considerations.	2	3	6	Managers educate and expect staff to consider the benefits of partnership working and to learn from partners. Make good use of supporting networks – e.g. LACAN, Audit Together.	Oct 2020 2	2	4	Reminder to all in team (including new starters) of the networks available, and the need to work across all our partners.	Management Team Oct 2020
O4	Insufficient revenue budgets: a) to deliver service effectively;	2	2	4	“7 year” agreement refers to flexibility for partners, and this provides a good solid base for IA plans.	Oct 2019 2	2	4	Annual review with each partner to firm up budget and requirement.	Ongoing
					Contracts with other bodies are more flexible and are “higher risk” but current trend is for an increase in demand, rather than reduction.	Oct 2020 2	2	4	Need to continually meet clients needs / provide professional and “value added” services.	Quarterly with each client
					Fraud work requires additional buy in from partners and others.				Work completed on CTax fraud support – significant support / guidance provided during Covid response phase and payments of grants.	Jan 2019 onwards
				Risk Management – potential to provide such a service in a wider context.				Regional RM group continues to be a good way to showcase our services.	RRMG working well. Covid has made this “virtual” which has lost some of the marketing potential.	

New Risk



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

Devon Audit Partnership - Strategic and Operational Risk Register Updated Oct 2020

Ref	Risk Description	Inherent			Mitigating control	Controlled			Further action required	By When
		Impact *	Probability	Risk *		Impact	Probability	Risk		
O5	b) – leads to reduce knowledge base	3	3	9	“Pool” of associate staff to provide additional skills.	Oct 2019 3	2	6	Continue to identify additional staff that we can add to our list of “associates”.	Ongoing
					Collaborative working arrangements e.g. Strategic Alliance with Audit West to provide alternate skills.	Oct 2020 3	1	3	Continue to extend additional collaborative arrangements.	Ongoing
					Bring in Apprentices so that we can train and develop them and provide some “continuity planning”.				Use of apprentices / sandwich students to supplement our resources	3 x apprentices taken on Nov 2020 & continued use of sandwich student (!)
88	Failure to adopt “modern auditing techniques” – resulting in lack of confidence. Reduction in effectiveness of auditing given remote working	2	3	6	Management Team to keep abreast of developments in the wider internal audit world. Awareness of new legislation e.g. GDPR.	Oct 2019 2	2	4	Continued team and individual professional development.	Annual review Oct 2020.
					Team to be shown how to make best use of home and remote working.	Oct 2020 2	2	4	Annual review of training needs via appraisal process.	Annual appraisals
									DAP Development Forum created – for all staff	w.e.f. Jan 2020

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

Devon Audit Partnership - Strategic and Operational Risk Register Updated Oct 2020

Ref	Risk Description	Inherent			Mitigating control	Controlled			Further action required	By When
		Impact *	Probability	Risk *		Impact	Probability	Risk		
O7	Higher than expected levels of staff sickness prevent completion of agreed annual internal audit plans / areas of development for the service.	2	2	4	Monitoring sickness levels (via PRISM). Work with HR colleagues to ensure that HR best practice is being followed. Understand our employees physical and emotional wellbeing – try to anticipate sickness pressures and take action to address.	Oct 2019 2	1	2	Understand our employees physical and emotional wellbeing – mangers to pick up through regular one to one sessions. Survey of staff needs – programme of workflow management and support network to improve feeling of wellbeing. Covid has had an impact – as has “longer term Covid”. Managers supporting all staff with “working from home”, but does not suit all	Ongoing Spring 2020 Summer 2020 and onwards
						Oct 2020 2	3	6		
O8	Staff Mental Health and Wellbeing arising from the ongoing need to continue to work from home	3	3	9	Managers require staff to complete H&S assessment to ensure working conditions are appropriate	Oct 2020 3	2	6	One to one sessions. Regular “team chats” where team building as important as management messages.	Since June 2020 and ongoing.

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New risk

Key to arrows:-



Risk Increased since Oct 2019



Risk decreased since Oct 2019



Risk unchanged

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

DEVON AUDIT PARTNERSHIP – Quality Assurance & Improvement Programme 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 notes

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

Summary

The attached Quality Assurance & Improvement Programme 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 1.10

November 2020



Auditing for achievement

Page 43

Document Control

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 document 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
Oct 2018	Robert Hutchins	Head of Partnership	1.8	Update following CSE and impact of GDPR
Oct 2018	David Curnow	Dept Head of Partnership		PSIAS review, Assurance mapping, training plans
Sept 2019	Robert Hutchins	Head of Partnership	1.9	CSE results, report writing, integration between internal audit & fraud
Sept 2020	Robert Hutchins	Head of Partnership	1.10	Covid

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 an 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 the 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 CIPFA 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”. We know our reports are our “product” and we will train and develop staff to ensure our reports are the best they can be.

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 June 2019 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. Our focus this year will be on the ‘Customer Journey’ mapping the delivery and customer perceptions.

People – we wish to ensure that we have all the elements of an excellent employer. As a management team we need 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 for improvement will be captured in this development plan.

Pounds – We have faced considerable financial challenges over the years. 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 times during the year.

At certain points it is appropriate to monitor what has been achieved, and what is still outstanding, and “capture” where we currently are with our development aims.

Devon Audit Partnership Plan – Key Priorities Development Plan as at November 2020

Ref	Specific tasks	Target Date	Resources (Days / £) in 2020/21	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>Use of “Theme” in MKI for</p> <ul style="list-style-type: none"> • GDPR • Cyber security • Tax Compliance • Audit recommendation tracking.
1.2	<p>Ensure that we can integrate Internal Audit and Counter fraud, getting the best from each service.</p> <p>One of the Counter Fraud Team to take on IIA apprenticeship – to learn how IA works, and develop the links between IA and Counter Fraud.</p>	Sept 2020	IIA apprenticeship	Ken Johnson/ R Hutchins	Staff member has greater awareness of both functions and shares that learning across.	Individual identified. Training underway

2	Process / People					
2.1	Re-examine and re-energise the quality management programme to drive quality and timeliness and delivery against expected targets. See also 5.1.e below	Nov 2020 onwards	15 days	Use of new manager to assist.	Clear and consistent understanding and application of quality standards.	New Manager started Oct 2020. Will bring new ideas and approaches that will assist us in re-invigorating this area.
2.2	Report writing. Ensure that all our staff can write a good report, that requires little editing and quickly and succinctly informs senior management of any issues or concerns.	Ongoing	Team meetings. Specific staff sent on training course.	DC	Quality of report writing improves, measured by limited managerial review and positive customer feedback.	Targeted training provided to 2 staff via specific course. DAP Development forum used for specific session, led by DC. Team meeting to be used to further engagement across all parts of DAP. Induction and Training to be provided to new apprentices.
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 	January 2021	10 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 each year. A new competency matrix was introduced this year which all staff will assess themselves against. This will better inform their training development plans. This will feed into Staff Skills Audit and the audit plans agreed with our partners / clients to determine training needs.

3.2	Revised and updated training plan created and implemented. Specific training plan for 3 x new apprentices required and needs to be delivered	January 2021 Sept 2020	2 days 10 days	Managers Managers	Apprentice Staff on new training plans linked to future direction.	Need to ensure we guide and support our new apprentices in this early stage of their careers.
3.3	Need to deliver agreed plans in line with targets and plans agreed with Partners.	Jan 2021	10 days	New Manager / RH / DC	Additional management capacity secured, part of new managers role will be to support performance management and quality.	Strong and effective management to tackle areas of concerning performance.
3.4	Understand our employees physical and emotional wellbeing – try to anticipate sickness pressures and take action to address.	October 2020 and ongoing	n/a	Managers	Recognising that Covid has had an impact – as has “longer term Covid”. Managers supporting all staff with “working from home”, but does not suit all	An effective and well supported workforce.
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.	November 2020		RH / BD		Last reviewed May 2018 Needs further revision to incorporate Home Working and impact of Covid
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.	Required for 3 x new apprentice trainees.
4.3	Seek views / input from Partners – recognise that “each is different”, and aim to meet individual needs and requirements.	Key partners, e.g. DCC.	5 days	RH/ DC / TR	Help develop and support “client relationships” at partners so that we are fully aware of their individual needs / requirements	Further work required – e.g. at DCC

4.4	We need to work effectively across clients to identify cross cutting themes and issues, and report on best practice that relate to many of the clients – for instance on climate change and environmental considerations.	All key partners and clients	As part of each audit	Managers	Managers educate and expect staff to consider the benefits of partnership working and to learn from partners. Make good use of supporting networks – e.g. LACAN, Audit Together.	Ongoing reminders to all in team (including new starters) of the networks available, and the need to work across all our partners.
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:- A Make sure that the CSE assessment process is a “team” effort not just RH. B Look at Customer Journey mapping – can this be introduced?	End of 2020	10 days	Management team	CSE Group set up (contains an officer from each location.) Evaluated. Need to try this on a customer group (Fire, Academies, Parish Councils?)	Group up and running, but needs to be re-invigorated. Process identified and presented to Partnership in team Meetings. Needs to be used further.
5.2	Ensuring that our communication and information with customers continues to be excellent and takes account of customer feedback:-	Dec 2020	5	Management Team / Tony Rose	Website is easily navigated and used by customers.	Considerable work done. Pages now looking good and content up to

	<ul style="list-style-type: none"> Website as an essential communication tool for existing and potential customers. Develop use of Linked to provide greater reach. 	Jan 2020	2	Ashley Varley	<p>Looks “fresh” and works effectively. Possibly works on mobile devices.</p> <p>Development of a linked in page complete. Now we need content !</p>	<p>date - but requires constant refresh to ensure up to date and relevant.</p> <p>Good start on a site.</p> <p>Need greater input from team to keep it live and interesting.</p>
5.4	Update / refresh Customer related policies on an annual basis.	December 2020	4 day	RH / Apprentice support?	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 2020/21- but loss of Plymouth Cast in Sept 2202. Review again in January 2021, taking account of provisional audit plans for 21/22 Have made substantial savings at all partners since 2009.
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 DCC Finance Colleagues Angela Stirland / Jess Maunder.	Senior management confidence.	Budget surplus of £7k at end of 2019/20

