



devon**audit**partnership

Internal Audit

Progress Report

Partnership Management Board

February 2018

CUSTOMER
SERVICE
EXCELLENCE



CSE



®

Auditing for achievement

Report of the Head of Audit Partnership

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

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

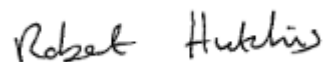
Update Report February 2018

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

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

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

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



Robert Hutchins
Head of Devon Audit Partnership
February 2018

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Finances



Budget position

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

What's in a Name?

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

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

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



Diversification – a Counter Fraud Service

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

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

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

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



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

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

Quality Assurance Improvement Plan.

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

Wider Assurance

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

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

This edition provided advice and guidance on topical issues including the

- Transformation
- Project Management
- Agile Auditing



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



Collaborating to improve services

An Internal Audit View

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

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

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

The Role of Audit in Transformation

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

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



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

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

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

Adding Value

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

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

Child Independent Placements, January 2018

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

Schools, October 2017

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

Creditors, January 2018

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

Procurement, October 2017

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

Payroll, January 2018

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

Schools, October 2017

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

Customer Service Excellence (CSE)

DAP continues to be successful accredited in the CSE standard.

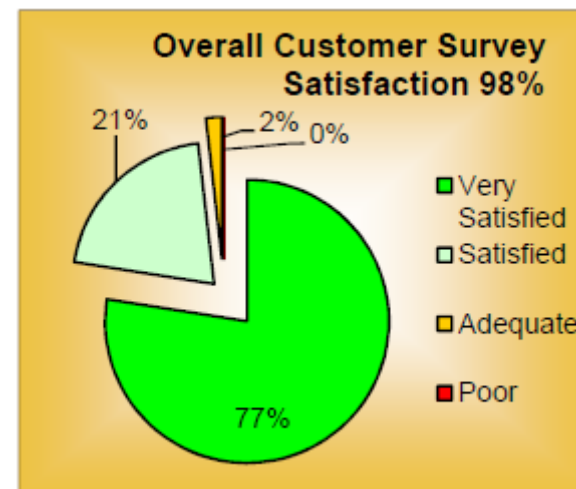
In June 2017, June Shurmer of G4S, our assessor, visited the team and evaluated our customer services against a rolling programme. The CSE standard expects and requires “continuous improvement”

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

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

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

DAP – Customer Survey Results 2017/18 to date



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

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

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

Commentary

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

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

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