

Internal Audit & Assurance

Update Report Oct 2018

Partnership Management
Committee

October 2018



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 2018

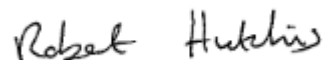
We have recently been successful in bringing new clients to the Partnership; these include Access Plymouth, a charity based in Plymouth for whom we will be providing Auditing services and Clarion Housing Group, for whom we shall be providing EU fund certification services. Both assignments have been achieved due to our competitive pricing, and our reputation for providing high quality services.

The Counter Fraud Team have settled in well since their transfer to DAP in May and have recently won the Team of the Year Award in the 2018 Alarm Risk Awards. We have publicised the work that they can do and are currently working with Mid Devon and Torridge councils to aid them in reducing error, and possibly fraud, in their Council Tax records.

We have created a Risk Management Group, bringing together risk management professional across the South West. Our work with Devon County has been recognised resulting in us being shortlisted for the CIR Risk Management Awards 2018.

We are again working with SWAP to deliver training sessions in October for senior management and audit committee members and in September we held our annual staff Development Day at the Kenn centre. We provided guidance and training for our staff covering a range of areas including Counter Fraud; using Office 365; learning from what went wrong at Northampton; and Risk Management and how we can use it in our everyday work.

In these times of change it is good to know that you can rely on the Internal Audit profession. Except, maybe, at Morrisons where Andrew Skelton, then a senior internal auditor at Morrisons' Bradford headquarters, leaked the payroll data of more than 5,000 employees, including their names, addresses, bank account details and salaries. He harboured a "considerable grudge" against the company after he was accused of dealing drugs known as legal highs at work!



Robert Hutchins
 Head of Devon Audit Partnership
 October 2018

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Finance and new business

Budget position

The Partnership has consistently remained within budget and at the end of 2017/18 carried forward a reserve of £181k. The out-turn for 2017/18 showed that a small surplus was achieved (£4k). Our projected financial position for 2018/19 shows a small operating surplus of £5,100. However, we know that things can, and do, change quickly and so constantly monitor the financial position to ensure we stay on track and within budget.



New Business

Access Plymouth – we provided a quotation to Access Plymouth to provide Audit services which was accepted. Access Plymouth are a charity, and this is our first client in the third sector. Being local, we aim to establish good contacts and use our work to develop products for other charities in the area.

Following a tender submission and interview in London, we have been appointed as First Level Controllers (FLC) for **Clarion Housing Group** regarding their EU funding bid. We now provide FLC services to four housing associations, and hope that this may provide a successful “stepping stone” to providing wider IA services in the housing sector.

St Christopher’s Multi Academy Trust accepted our internal audit quotation and wishes DAP to provide the internal audit service for 2018/19

We are currently awaiting replies in respect of Cornwall Local Energy Market and other EU schemes.

It’s not easy though....

We were unsuccessful with our bid to Catapult Energy Systems Feedback we received identified that our bid had strengths:-

- Experience with Interreg projects for both the organisation and the members of staff
- Methodological approach appears collaborative and client-focused,
- Pro-active approach with early planning with explicit risk management

But overall our proposal was ranked in 2nd place with the comment of “your commercial proposal was competitive, although not winning”.

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

Car Parking Income, August 2018 -
 “The audit **added value** in that it looked in-depth into issues I had concerns with. Very professional and sensible recommendations.”

ICT – Cyber Security, June 2018 - “It was useful to get an independent perspective on the area covered by the audit. The audit **added value** in that it will inform on the development of a cyber-security work plan for the Information Governance team moving forward. I am very satisfied with the quality of service received.”

Health & Safety, July 2018 -
 “**Value was added** in that the report received will have a direct impact on the way that we proceed to complete the remainder of the self-assessment. Your professionalism, patience and flexibility was greatly appreciated. During this, there were some potentially sensitive conversations which needed to happen, and delicate questions which needed to be asked. The Auditor handled this excellently, causing no uncomfortable situations, or upset to anyone. As always, DAP provided an excellent service. Thank you.”

ICT Adoption and Change Programme, July 2018 -
 “This is the first time I’ve worked with this auditor. He kept the whole approach professional and understandable, while meeting the needs of my service. The audit **added value** in that it provided recommendations to improve the programme and information useful for a further business case.”

Finance and Administration arrangements, June 2018 - Communication and pre-liaison planning, The audit was helpful in enabling challenge and providing the opportunity and forum to review practices. The audit will **add value** by helping us achieve greater administrative and financial discipline. The audit was a positive experience.”

Collaboration and Success



Risk Management.

Our work with Devon County has been recognised resulting in us being shortlisted for the CIR Risk Management Awards 2018.

We have set up a regional Risk Management Group comprising of Risk professionals from across the South West. The Group has representatives from the Met Office, Exeter University, Police, fire and a number of councils including Torridge, Devon County, South Hams & West Devon and Plymouth.

At our September meeting we welcomed Nico Lategan Head of Group Enterprise Risk for Transport for London. Nico shared his visual interpretation of risk via sharpcloud and challenged us all to get the message of Risk Management on the top table of all our organisations.



Counter Fraud Service

We reported in June that the team had been selected as a finalist for the Team of the Year Award in the 2018 Alarm Risk Awards.

We are pleased to announce that the team **won** the award – well done to Ken and all the team.

We are now working with District colleagues to see how we can support them as they aim to eradicate error and fraud in the Council Tax process. Using data matching, we aim to identify areas where there is a concern that data is not correct and, for example, single person discount is being wrongly (and possibly) fraudulently claimed.

We have started work with Torridge and Mid Devon councils, and hope to work shortly with South Hams and West Devon as well.



Staff and Partner Development

Regional training for Audit Committees

We are again working with SWAP to deliver training sessions in October for senior management and audit committee members – (see our flyer details). Previous events have attracted members from 29 different public sector organisations and gave delegates the opportunity to mix, share experiences and to understand how similar organisations are addressing similar risks and challenges.

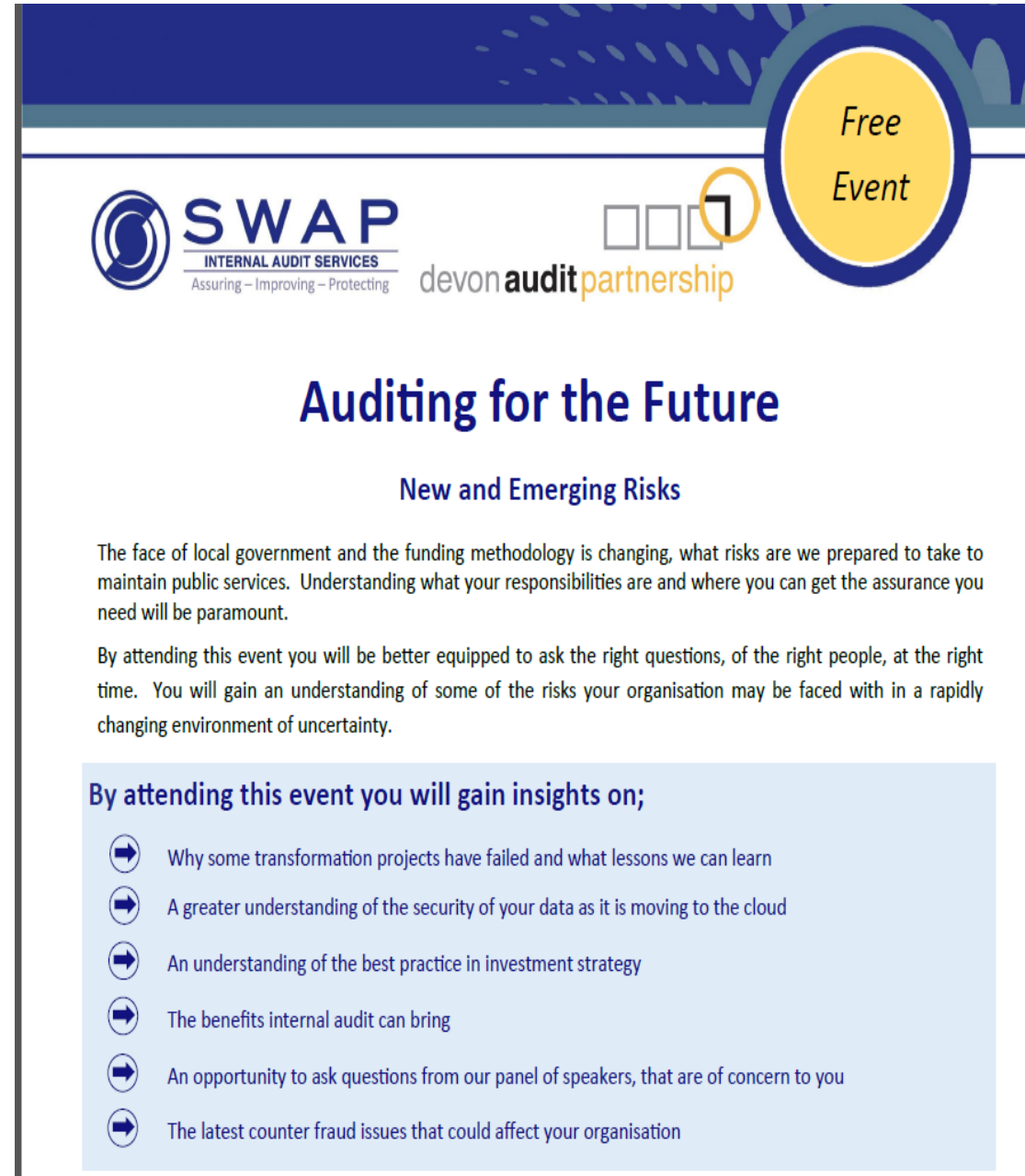
Staff Training and Development

In September we held our annual staff Development Day at the Kenn centre.

The event was attended by 30 of the team, with a range of sessions covering

- Counter Fraud
- Office 365 – what it is, how it works and the benefits to DAP
- How we learn and how we challenge previous assumption.
- State of Local Government Finance including what went wrong at Northampton – how can DAP assist?
- Risk Management – how DCC process works and how we can use it in our everyday work

The day was also a great opportunity for the team to share ideas and thoughts on how we help our clients gain assurance and how we as a team can further improve what we do.



Free Event

SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

devon **audit** partnership

Auditing for the Future

New and Emerging Risks

The face of local government and the funding methodology is changing, what risks are we prepared to take to maintain public services. Understanding what your responsibilities are and where you can get the assurance you need will be paramount.

By attending this event you will be better equipped to ask the right questions, of the right people, at the right time. You will gain an understanding of some of the risks your organisation may be faced with in a rapidly changing environment of uncertainty.

By attending this event you will gain insights on;

- ➔ Why some transformation projects have failed and what lessons we can learn
- ➔ A greater understanding of the security of your data as it is moving to the cloud
- ➔ An understanding of the best practice in investment strategy
- ➔ The benefits internal audit can bring
- ➔ An opportunity to ask questions from our panel of speakers, that are of concern to you
- ➔ The latest counter fraud issues that could affect your organisation

Customer Service Excellence (CSE)

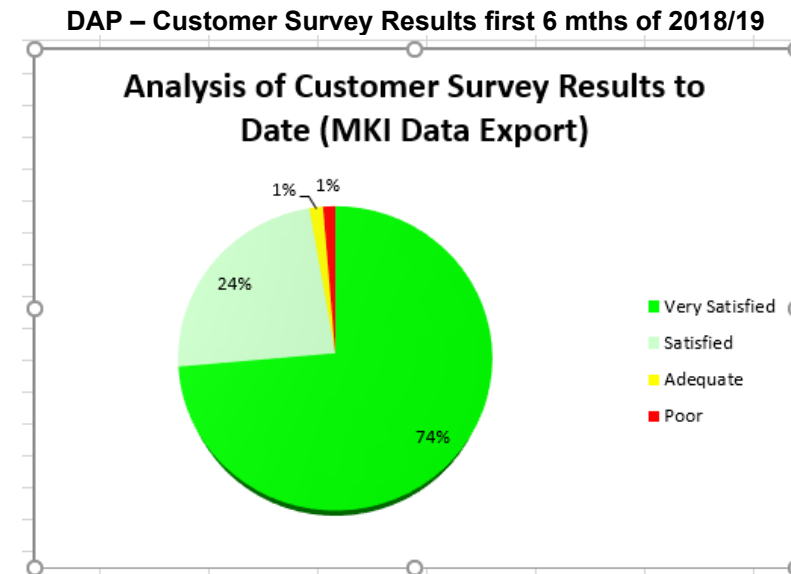
DAP holds the Customer Service Excellent award.

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 is shown below :-

- Direct Payments, July 2018 - "The report and recommendations were very helpful. Very good experience – thank you."
- Grant Claim, June 2018 - "Thank you for the professional, friendly and very prompt service that I always receive from you and your colleagues."
- Grant Claim, June 2018 - "Thank you very much prioritising the claim and completing all the work on such a tight turnaround. It's been an absolute pleasure working with you. Look forward to continue working with you on the future claims."
- Academies, June 2018 - "The auditor is always happy to help answer any questions I may have in connection with the audit. I also email her through out the year to check on anything I'm not sure about and I always have a reply which is helpful."
- Schools, June 2018 - "The auditor was polite and professional throughout and happily answered any questions we had and disseminated useful information. Report is clear and easily understood. It is useful to know that our processes are robust or if not, then the recommendations as to how to improve were invaluable. It helped identify some areas where additional training is needed."
- Better Care Fund, August 2018 - "The consultative approach and guidance as to process, approach and requirements was most helpful in getting the most out of this audit. It has produced learning."



Internal Audit Performance

Our analysis of performance for the first six months of 2018/19 indicates that overall performance is as expected. Audit work completed is below target and slightly less than this time last year, but we remain confident that we will be able to deliver our internal audit service to partners and clients. Customer satisfaction levels of 98% across the partnership are noteworthy.

Devon Audit Partnership - Performance monitoring 2018/19					
Six month performance (end of September 2018) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	6 mth Target	Quarter 2 2018/19	Quarter 2 2017/18	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100%	45%	55%	57.9%	↓
Percentage of Audit plan Completed	90%	40%	34.5%	35.3%	←
Percentage of chargeable time	68%	68%	69.80%	66.3%	↑
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%	92%	86.9%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	96%	93.3%	↑
Average level of sickness absence	2%	2%	1.4	3.2%	↑
Out-turn within budget	Yes	Yes	Yes	Yes	←
Percentage of staff turnover (4 staff (2 leavers & 2 starters) of 30 staff = 13%)	13%	8%	3.3%	1 starter (apprentice)	

Appendix 1 - Customer Service Excellence Results – 2018/19

Customer Survey Results April 2018 - October 2018

The charts below show a summary of

46 responses received.

